

*A Practical Guide to*

# Working With Clients



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*Part I*

# Client Proposal



Negotiating with potential clients eats into your billable time - the time you could spend working on projects and earning money. But saying yes to the wrong client will cost you a lot more. That's why you need to screen clients, set the right budget expectations, and only take the projects that are right for you.

## Client Screening

Everything starts with the client. They need something (say a new website) and they're interested in hiring you. But first, they want to know much it'll cost. How you respond to this question sets the course for the rest of the project; if you don't do it right, the project won't go right.

After they tell you what they need, don't be afraid to give them a **ballpark figure**. It doesn't have to be exact or detailed. Just say it looks like a \$15k project, but you need more info to give a precise estimate.

The point is to get the potential client over **sticker shock** as soon as possible and anchor their expectations. If they're not comfortable with that range, you can both save time and money by quickly ending a relationship that's not right.

If they say they understand, the window-shopper becomes a prospect who's worth your time. Now you can start thinking about the project and invest more time in the relationship.

Your time is limited so you have to manage it carefully between working with leads and your existing clients. Think of it like managing long-term and short-term goals: one is more urgent than the other, but they're equally important; your job, besides working with the current client, is to keep the pipeline full and be ready to jump on your next project.

A **screener** is the best way to quickly assess if you're right for each other. It's a set of questions you give to a potential client to determine if you're the right fit for the job (only you won't name it Client Screener, but something positive, like Project Assessment).

In it, you ask:

- what the budget is and whether it's approved,
- the timeline and the goals of the project,
- and the requirements.

Based on their response, you'll know if you can take the project and start devoting more of your (billable) time to pursuing the business.

It's perfectly reasonable to want to **know the client's budget**, not

because you want to charge them that same amount, but to tell them what they can get for that money and guide them to an acceptable solution.

Once you know how much they can set aside for the project, tell them if they can have all the bells and whistles (what their marketing team envisioned), or if something else would be more budget friendly, yet still aligned with their goals.

## Giving an Estimate

Give them a general **item-by-item estimate** and explain the reasons behind each item. An itemized quote tells the client you're a pro and didn't just pull a number out of thin air. It should communicate the price as a meaningful calculation which took a lot of thought.

It'll also help them come to terms with the price. It's like when your mechanic gives you an unattractive price, but once they break down the cost (new parts vs. their hourly rate), it makes sense.

You don't have to create an estimate that's too detailed. Just **break down the project's major parts** and walk the client through. Highlight the benefit behind each cost and point out what's crucial and what's just nice-to-have. This will help your client prioritize their needs and agree on a budget they're comfortable with.

Some items (eg. research) **can't be removed** because they're an integral part of the project as other phases depend on it. Explain that with confidence and stand behind your quote. You have a good reason why you quoted that price and you have to show that. Don't cave in under pressure, as they're just doing the same thing as you - trying to get the best price.

They're not buying your time, **they're buying work and value** they get from that time. You can make a site for \$10k yourself, but you can't make \$100k from it - but they can. That's what you charge for: the value they'll get from your work.

Once you win the project, have a kickoff meeting to get a clearer idea of the scope of work, and create a **detailed estimate** that they'll sign off on. Keep in mind that the project scope is prone to change and your original estimate doesn't have to be the same as the final bill. That's why it's called an estimate. You'll have plenty of time to communicate any additional work and costs that pop up during the project.

← Estimates

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This estimate is won. ✔️ WON

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For  
Ethel's Bicycles  
6109 Heritage Drive  
Ashland, OH 44805

**Estimate for Bikes Website**  
Total: 11,327.00 USD

# Item	Quantity	Unit Cost	Amount
1 Research	1	1,000.00	1,000.00
2 Information architecture	1	800.00	800.00
3 Design - main pages	5	150.00	750.00
4 Coding - main pages	5	250.00	1,250.00
5 Design - blog	1	140.00	140.00
6 Coding - blog	1	350.00	350.00
7 Content - articles	12	50.00	600.00
8 Feature - SEO optimization	1	400.00	400.00
9 Feature - analytics integration	1	300.00	300.00
10 Feature - search	1	100.00	100.00
11 Expense - images	16	25.00	400.00
12 Expense - hosting and domain	1	50.00	50.00
13 Testing	1	900.00	900.00
14 One month maintenance	1	200.00	200.00
15 Two reworks	2	1,200.00	2,400.00
Subtotal			9,640.00
VAT (17.5%)			1,687.00
<b>Total USD</b>			<b>11,327.00</b>
Amount Paid			0.00
<b>Balance Due USD</b>			<b>11,327.00</b>

An estimate with an itemized breakdown

## Tips & Tricks

**Beware of small jobs.** Small jobs have the same overhead costs as big jobs but come with a smaller budget and tighter deadlines. You'll have to set aside your time and resources for the work, only you won't get a good return on investment. What seems like a quick win almost always turns out needing more work - while the budget remains the same because, you know, it's just that small thing you can get done quickly.

**Prepare a 14-page document** which outlines everything you do, plus give examples or links to sample work. You can even go a step further and tailor it to each client, giving them a teaser of what they can expect if they hire you. For example, SEO agencies do a quick keyword analysis and include it in the document; it takes only a minute to analyze the website but it'll tantalize the client and make them want to know more.

When communicating with prospective clients, **work in shifts** with someone so you can respond promptly to each client message. Aim to respond in under 5 minutes. Timely communication is important but do this early and you'll score some major points.

Keep a **one-page portfolio** close at hand so you can quickly send it to a client if they want to know what services you provide (and by implication, services you don't provide). It's like an offering card that sets clear boundaries of your work and clarifies your range of activities.

**Call yourself a consultant** and not a freelancer. When people hear "freelancer", they perceive your work and time as less valuable. Freelancers are perceived as staff augmentation: because a company has no long-term commitment to you, it's ok to give you the dirty jobs which will save them time and money. Consultants, on the other hand, enhance business and bring unique expertise that the company can't afford to hire full-time.

**Appear bigger** than you really are. If you're a freelancer or a small team, register yourself as an LLC. This way, a client doesn't hire you, the person, but another business. To gain more credibility, some companies rent a virtual office in big cities like London so they can say they're UK based agency, even if most of their workforce is somewhere less glamorous.

**Don't present yourself as the CEO** when talking to the client. This puts you in a weaker position: you're telling them they're so important that

they get to talk to the boss. Instead, let a project manager communicate with the client under your supervision and get involved in the closing stage where you can leverage your title better.

**Make it easy for a busy person to say yes** when pitching to potential clients. Spend a few hours studying their business and create a document outlining every change you'd make to their website, for example. It's easier for clients to tweak the document and say "I want this and this, but not this" than to start with a blank slate. Then you're the one framing the discussion, which isn't about whether they should hire you, but what they should hire you for. Be cautious though: it's a very time-consuming strategy, so use it only if you don't have enough work and/or really want the client.

With that said, **don't accept spec work** before being properly commissioned and have a contract. If someone tries to convince you to work for free (and that it's actually a good thing for you), don't be shy to tell them how inappropriate their request is. Would they have the nerve to ask a lawyer or a maid to work for free? Respect your profession, stand up for yourself, and tell clients to refrain from proposing free work like it's an opportunity - the only opportunity any work should elicit is the opportunity to earn money and make a living.

**Trust your instinct.** The point of this initial phase is to see what type of client you're dealing with. If your gut tells you a client is more trouble than it's worth, you're free to turn down the proposal. You won't be the first one to do it and it's probably the best course of action for both parties. Explain that you're not the right person for the job and direct them to someone who is. There's no point in trying to fit a square peg in a round hole.

*Part II*

# Kickoff Meeting



After you give your client a rough proposal (and they say yes), you'll be tempted to start working right away - but that's not such a good idea. First, you need to flesh out the project scope, agree on how you'll be working together, work out a payment schedule, and sign a contract - and then start getting actual work done. It's important to set up ground rules from the start if you don't want to spend the rest of the project extinguishing fires.

## Before the Meeting

After the client hires you, **find out everything** you can about them. You already know a lot from what you discovered during the business development phase. Now, delve deeper and focus on providing value by solving their problems.

Use your **previous work experience** to generate some ideas. Think of similar businesses that you helped, brush up on them, and have them in mind so you can offer examples on the fly during the meeting. In the client's mind, previous success translates to future success. Show them you know exactly how to get them from point A to point B.

You're running the show and you want the client to trust your judgement - after all, they hired you because of your experience. By establishing yourself as the **expert**, you're setting up the tone for the rest of the project, and ultimately the final presentation. This is the best way to prevent the client from hijacking your work in a pang of distrust.

Write a short **meeting agenda** on a piece of paper in bullet points so you don't ramble randomly while skipping the important bits. Your agenda should cover:

- getting-to-know-each-other phase,
- agreeing on the collaboration process,
- defining project scope and budget,
- signing a contract.

Don't worry if the conversation takes its own course - let it flow but make sure you've crossed off each item.

Before the meeting, ask the client to send you a **standard contract** beforehand (if they have one) so you can see what works for you and what doesn't. The bigger the client, the more likely they'll have their own legal department, and the more compromises you'll have to make. This way, you'll come prepared and settle on an agreement faster.

Note that you don't need to prepare a **detailed project plan**. In fact, it's detrimental. The plan will be more accurate and emerge naturally once you sit down and talk it out. You can't afford to plan every detail only to hear the client doesn't have the resources, had different dates in mind, or decides on more/less work. Have a general plan in mind, including the milestones and dates, but keep it flexible so you can tailor it to the client's needs on the go.

You also don't want to arrive to the meeting with sketches, mood boards, mockups, or preliminary user research. First, you can't do any of that before you don't fully understand the project goals. Second, the client didn't get a chance to be consulted and making the pitch can look like you're not flexible. And last, you haven't been paid to work on anything yet.

One way you can make sure your prep time doesn't go to waste is by charging a **commencement fee** before meeting. If they're serious about collaborating with you, they need to understand you don't work for free. It's about trust, risk mitigation, and gaining leverage. If you're dealing with a big organization or a government institution, you don't have to be so strict because it puts an undue burden on the client with a complicated bureaucracy. In that case, have the meeting and let them pay later.

## Starting the Meeting

Every project officially starts with a kickoff meeting. It's best to meet the client in person because communication is more natural and fluid. But if you're working for a client that's far away, Skype is usually the norm. In that case:

- check if your headphones and camera work 30 minutes before the call,
- dress up and smile even if you're not at your office and the camera is off,
- find a quiet room you know no one will enter and put an intimidating "do not disturb" sign on the door.

**Start the meeting** by expressing enthusiasm and thanking the client for choosing you. Tell them a bit about yourself and present your team like they're superstars in their respective fields. Show what each team member does and share a story that highlights their talent. Clients are looking for reassurance and when you present your as experts, It'll subconsciously reinforce their trust and help them rationalize choosing you - because if you succeed, they succeed.

Then let clients **introduce themselves** and their team. You should know everything about them before the meeting, but be polite and let them talk. Let them know how you're going to need their expertise and can't wait to work together. Note who's responsible for what and make sure they feel acknowledged by asking for their contact information - even if you think you won't need to consult them later. You want them to be excited to work with you, knowing their contribution is appreciated.

Start the project discussion with the **client's goals**. Ask them what they want to achieve with the project, what they've done so far, and what they expect from you. Write down the exact words they use and how they phrase the problem - you can reuse those exact word when you present your work. Remember that the first meeting is all about listening (and the final meeting is all about talking).

Big companies usually have a huge list of clearly **defined goals** and know exactly what they want. They probably use KPIs to measure them and have forecasts for each quarter. In contrast, small companies with less experience can have a vague notion about what they need, so you'll have to fill in the blanks and talk about their goals for them. This is a good time to mention your experience, and show you know exactly what they need and how to get there.

**Business goals** are pretty much the same across all industry types so if you worked on one e-commerce website, you'll already know they want to maximize the number of sales and make purchases easy. In that case, you don't need to focus on getting newsletter subscribers or worry about ad placement, like you would when designing a blog or a web magazine. If you brushed up on your previous projects, you'll nail this.

Ask the client about their **company structure** and available resources. You want to make sure they can maintain your work once you leave. You don't want to end give your client a website that needs four full-time Ruby developers just to keep it going. You want to show the client you're thinking about the project's long-term sustainability.

This will also help you know whether to include training and other services in the final estimate. You need to discuss the need for **future work** (like bug fixing, maintenance, training and education), and if they'll keep you on a retainer.

## Agreeing on the Process

To avoid agonizing over why the client is calling you at 1AM or wants you to redo your work for the fifth time, always agree on the **collaboration process** beforehand, namely:

- how often you'll communicate,
- who contacts whom and when,
- how and when feedback is given
- who's in charge of the review,

- the number of reworks (and cost).

You can talk about your workflow and methodology, but it's usually too much information for them. They pay you for the final product and fulfilling their goals - talking about how you do sprints on a Kanban board doesn't contribute to that.

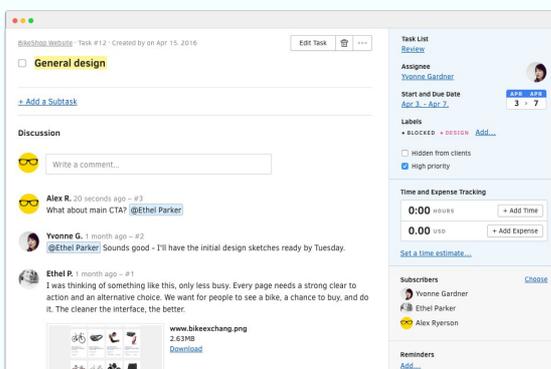
But they need to know **what you expect** from them. So for example, if you have To-Do, In Progress, and Review project phases, they need to know when you expect from them to provide feedback or reply to notifications where they're @mentioned.

Investigate how much they want to be involved and how willing they are to collaborate using a project management tool. Then you can propose to either:

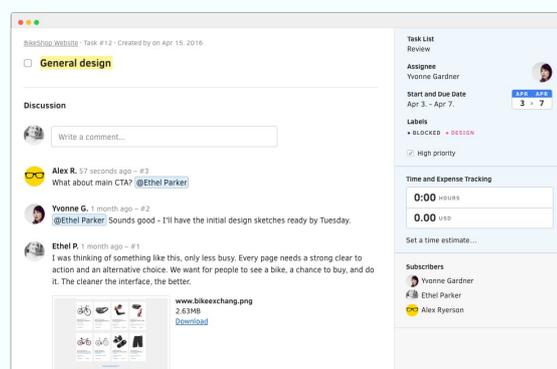
- invite them to Active Collab, let them see everything, and track your work, time logs, and budget
- communicate on an as-need-to-know basis via email and meetings/calls after each milestone.

Active Collab was made to ease collaboration so there's no separate client-side. This means clients can see everything you're working on and what they pay for. When you invite a client to the project, they'll be able to see tasks you're working on, comments, notes, discussions, and time records and expenses.

To make sure they see only what's relevant, each item can be hidden from a client. Hide with caution. When a client opens the project, they'll be unsettled by emptiness.



What a **team member** sees



What a **client** sees

Using a collaboration app lets you **open up your project** so clients can catch a glimpse of the process and see you're a hard-working professional. You'll also spend less time debriefing because they can track progress themselves. When you involve a client early and give unrestricted access, it gives them a sense of ownership and helps them champion the work to their management.

The **main concern with this level of transparency** is that clients will judge your work while it's unfinished and jump to conclusions. And it's a valid concern. If you make a mobile app that works perfectly but the design isn't polished, the client will latch onto the color scheme and won't be able to appreciate the complexity behind the app - all they'll only focus on how ugly it looks.

This is mainly a **client management issue** and a project leader's job. The above problem can be solved by using sketches. They don't look anything like the final product but they can serve to illustrate the functionality without distracting your client with other things..

The number one reason **why projects fail** is untimely communication. By opening up the project, you're letting your client see work in progress and raise red flags if they don't like something. It's a check-up mechanism that prevents false starts, and backtracking. Sure, you'll have to spend more energy explaining unfinished work to the client - but you also lower the risk of losing time and money. The earlier you can catch a mistake, the less it'll cost you.

You need to establish who all the **key players and decision makers** are and who has what authority over the project. When you have this information, you can involve those people early on and get their buy-in to avoid any grudges. This is especially true if their field of expertise overlaps with yours. For example, if you're a design agency, make sure you to make their in-house feel important: they can be your best ally or hinder you every step of the way.

Ask for the client's **activity timeline**. You want to know how much attention they'll be able to give you and when they're be busy. This includes vacations, company events, and each department's peak activity. You can later use this calendar to know the best time for contacting the client so you get their full attention. The last thing you want to do is schedule a presentation when they're stressed and prone to saying "yes" to anything just so they can get it over with - only later to tell you they don't like what you've done.

Finally, agree on the ground rules, like what are the **off-hours** when you don't work and can't reply. You don't want to let the client think they own you and that you must drop everything the moment they need you.

## Defining the Project Scope

This is a good opportunity to talk about **milestones and deadlines** because that's when you're officially presenting your work and asking for feedback. This part overlaps with payment talk because the client will want to know the costs, how much time you'll spend on it, and the timeline.

But defining project scope shouldn't be **overwhelming for the client**. There's a lot to take in during the meeting and the client can get bored or lose sight of the big picture. So be brief. Outline all the steps and describe how each contributes to their goal. Always keep in mind that the point of the meeting is to see what the client needs, then agree on the dates and the budget.

You can start the talk by **iterating the agreed estimate**, going over it once again, and clarifying each item. Outline the project phases, deliverables, time estimates, and show how each phase contributes to the final product and how it benefits the client's goal.

First, suggest as a professional **what the client needs** and when. Then calculate how fast you can deliver it, how many man-hours you're going to need, identify whether you have the resources to do it, and if you'll need outside contractors. Then negotiate.

Focus on **fulfilling the client's goals** and let the price be an afterthought. You don't need to constantly bring it out unless you sense that the client is extremely price-sensitive. But if they use you for hand work, keep them updated about your hourly rates so they don't get surprised when they get a huge bill. If you do great work, better than the most, don't advertise your affordable pricing. Decide what your competitive advantage is and focus on that during the meeting.

### **CODING** \$40-75

Backend development  
Frontend development  
Custom coding  
Compatibility engineering  
CMS customization

### **MARKETING** \$45-65

User research  
User testing  
Consultation  
Sales funnel setup  
SEO, SEM

### **DESIGN** \$35-60

Information architecture  
UI design  
Interaction design  
Mobile design

### **PRODUCTION** \$25-55

Video production  
Motion graphics  
Graphic design  
Custom illustration  
Copywriting  
Content production

### **OTHER** \$25-45

Maintenance  
Localization  
Content migration  
Hosting setup  
Technical support  
Quality assurance  
Education and training

If the client asks you for a **guarantee** that your work will improve their business, ask them to add an incentive clause to the contract and pay extra if you hit the goals. They'll move to the next subject before you finish the thought.

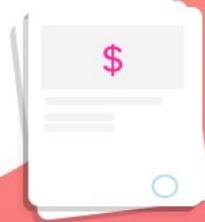
When talking about the scope, have a **checklist** with you because you're sure to forget something during the meeting.

Once you know everything that needs to be done, **outline all the project steps** and indicate where and when you need the client and what their responsibilities are. There are some services they may not even be aware they need - like content migration or accessibility compliance - this helps them discover and agree on whether they'll handle it themselves or hire you.

The project **scope will change** during the project, but if you do the project kickoff right, it shouldn't deviate much. But even if it does, it can be a good thing. If you get more work and the client is happy, it just means you're great at collaboration.

*Part III*

# Finance & Legal



Once you've covered the project scope and collaboration process during the project kickoff meeting, it's time to talk about money. You have to protect yourself from undercharging your work. Never start working on a project before you make sure who pays what, why, and when - and have a backup plan if the project fails.

## When and How You'll Get Paid

You may be shy when it comes to talking about money. But what about your landlord, electricity provider, IRS, and your employees? They're not shy when it comes to money.

You provide a valuable service and if you're going to be coy about the payment, don't expect your good manners to be appreciated. If you want to keep the lights on and make the payroll, approach the conversation as a professional and never feel intimidated.

As you iterate the proposal and talk about the project scope, you'll **refine the final proposal** on which the client will sign off. The estimate doesn't have to be the same as the final total you're going to bill. You'll discover new information during the project and the scope will change; you can't predict everything this early. But it's good to have a foundation and then adjust the budget when you revisit the contract as the project unfolds.

Some clients aren't comfortable with hourly rates. You can say work will take 40 hours, but it might take more - the client has no guarantee the project won't exceed the budget. You can address this concern by **capping your fee**. For example, if you estimate 40 hours, cap your fee at 50, and work for 55 - then charge the client for 50 hours.

An alternative to hourly rate is a **fixed fee**. Clients prefer fixed fees over hourly rates because there are no surprises and the risk is transferred from them to you, which can be both good and bad. If you're productive and quickly finish the project, you're rewarded; but if you underestimate the time, you'll end up undercharging your services.

The client will **try to lower the price**. Don't jump and change your hourly rate - instead, negotiate the scope of the work or ask for concessions and more favorable terms (like extending the deadline, getting your

- Choose a **fixed fee** if the project is formulaic, simple, you've done similar projects and know exactly how long it'll take. This way, you can charge more and the client will feel more secure.
- Choose an **hourly rate** if the project has a lot of moving parts, you don't have much experience, and can't be 100% sure in your estimate. This way, you're protecting yourself from uncertainty and from clients who want more work than they've paid for.

name on the work, or the permission to reuse it). See how the project can be scaled down and where you can cut corners while still fulfilling the client's goals.

Save talking about the **payment schedule** for the end of the meeting, when you work out the project scope. For a smaller project, aim for 3-4 payments. The bigger the project is, the more often you should get paid.

Another benefit of **invoicing frequently** is that the amounts are smaller and don't need much paperwork. Some companies have strict guidelines when it comes to payments and if the amount is above a certain threshold, the payment has to go through a complicated approval process.

Make it clear that you **won't continue work** until you receive the payment after a milestone, as per the agreed schedule. You need to overcome your fear of confrontation and look out for your interests too. Have a clear deadline when the client needs to pay or you keep the deposit and aren't obligated to finish the work. Don't learn this the hard way.

Tie payments to **clear milestones**, the ones you can control and measure. "When the client is happy" isn't milestone, and neither is "when the site is live", especially if you don't control that part.

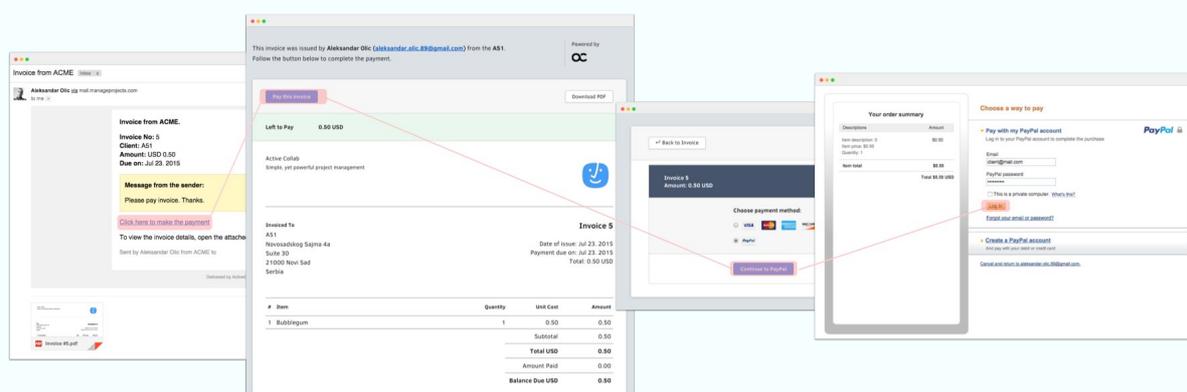
The milestones at which you should get paid are:

- before the kickoff meeting
- after the meeting,
- after doing research but before designing,
- after the comp but before coding,
- after the last presentation.

Don't start working before the client pays you a **deposit**, which is usually 50% of the total amount. The deposit can be non-refundable or you can use it as a collateral and return it if the project fails (subtracted by the amount the client owes you).

This also forces you to **work out the payment process** and the details so there's no room for stalling and excuses like "bank account blocked", "limited internet access" or some other "force majeure". This is your chance to raise red flags and run away before it's too late. Plus, once the client pays the deposit, they're more involved because they have skin in the game and are more likely to meet their appointments and deadlines.

Define when and how you'll get paid (PayPal, credit card, money transfer). You can use online payments in Active Collab so when you send the invoice, the client just has to click the link in the email, enter their PayPal or credit card, and pay with no hassle. This is good for you because it leaves little room for excuses like they didn't have the chance to go to the bank.



1. Client receives an **email**
2. Client sees the **invoice**
3. Client chooses the **payment method**
4. Client logs in and **pays**

A deposit **mitigates the risk** in case the client changes their mind but you already spent a good deal of time on research. Deposits are normal in any line of work where you create a custom product that can't be resold to anyone else and you set aside time for the client and can't take other work in the meantime. The deposit makes sure both parties have a vested interest in the project.

Don't forget to calculate **expenses** into the estimate. Expenses don't have anything to do with your work and include everything that you pay for, like stock photos, research incentives, domain registration, and subcontractors. Also, separate the expenses from your hourly rates in invoices and estimates so the client can see how much they're paying you. There's nothing worse than surprising the client with a bigger bill than they were expecting.

You should avoid paying expenses yourself and waiting for the

reimbursement. But if you do, include an **interest fee** (like banks do) because even money has costs. It's best to ask for the funds before you need them so there's no waiting. You can also instruct the client to make payments themselves but that involves more work, time, and coordination. Before spending money, always get the client's approval and then save the receipts/invoices so you can forward them to their accountant.

When it comes to **invoice due dates**, there are several options: upon receipt, NET 10, NET 15, NET 30, and NET 60. This refers to how many days can pass before the client is legally obliged to pay the invoice in full. The more time they have, the better it is for them and the worse for you. The earlier you can collect the payment, the less you risk missing a payroll or having to ask for a loan to cover overhead costs. This is where you can negotiate (and use as leverage if you have healthy cash flow).

You might want to add a **late fee** to the contract, which specifies what happens if the client misses the payment due date. The standard rate is 1.5% per month. This should be easy to add to the contract because the client doesn't want to appear flaky and of course they're going to pay on time. The clause shouldn't scare a good client, but it'll give you protection and leverage in case delays happen.

The next thing you should talk about is the **kill fee**, which you get in case the client decides to cancel the project. When you take on a client, you invest your short term future in them. In case they cancel, you don't have anything to work on next, don't have money, and can't pay your employees. This fee gives you time to find new work but it should be proportional to the project's total cost.

You can also add a **rush fee** if the client decides to move the deadline during the project. Changing dates can mess up your resource pipeline and jeopardize your other projects, so make sure this fee is high enough to make it worth your while.

## Covering All Bases With a Contract

A contract won't mend a broken relationship or help you when things go wrong, but it can prevent bad things by raising red flags before it's too late. If there's a misunderstanding, you can always point to the agreement. Signing a contract is a normal business practice and if the client refuses, take it as a warning sign.

Think about having a **lawyer** on retainer, especially if you have big, high-budget projects. There are a lot of types of lawyers and you need the one who specializes in arts and intellectual property. They cost money but they can save you from financial mishaps further down the road. A lawyer will make sure you get paid for your work and not trap yourself in a bad contract. Plus, your lawyer can take a complex contract template and simplify it so it won't be so intimidating to smaller clients.

Some companies will ask you to sign **their contract** and won't sign yours. Having a lawyer go through it and handle their lawyer will ensure you get the most favorable terms possible and not sign something that can harm you. Never talk to the client's lawyer, even if it's a minor thing like changing a few words, because even the tiniest changes can have a huge impact. Instead, let lawyers handle all the minutiae among themselves. Your lawyer is on your side and will protect you from any loopholes and "alternative interpretations" of the contract.

An alternative to having a lawyer:

- Read books, like the "Business and Legal Forms for Graphic Designers", and write your own contract;
- Use templates, like the AIGA's Standard Agreement, and adjust it to your needs;
- Visit a local university's business law clinic for a free consultation.

In case the client has **their own contract**, negotiate. Just because something is in the contract, it doesn't mean you have to sign it that way. Ask them to remove things that don't suit you, add protection clauses, and explain your reasoning. Both you and the client will need to make concessions so make sure you know on which things you're willing to budge and use them as leverage.

It's best to **separate a contract from a statement of work**. A contract specifies the relationship terms between two parties. A statements of work, on the other hand, is specific to each project and covers its scope, list of deliverables, number of revisions, etc. You can sign a contract with a client once, which will cover all projects with them, and have a new statement of work each time that client hires you again.

Limit the **number of revisions** (and additional hours they'll incur) and be clear that you'll do only what's in the statement of work. You don't want to end up with a client who believes they hired you to get the project done, which to them means much more than what the statement of work covers. In case the client doesn't accept the work, you should have

the opportunity to fix or remake your work.

If there's more work, first sign a **change order** (describing the additional time and money needed) and then start work. If there are substantial changes, it's cleaner to make a new statement of work instead. A substantial change can be defined as anything that exceeds 10% of the original proposal's budget or schedule

You must add a **limitation of liability**, specifying that you aren't responsible in any way if something bad happens and can't be sued for damages caused by your work or be prosecuted for violated copyright issues which you didn't know about while creating your work. People sue people for all sorts of reason and this protects you from frivolous lawsuits and patent trolls. To assure the client of your good faith, specify that you won't include anything that might harm them in any way whatsoever to the best of your knowledge.

Sometimes **deadlines are missed**. This can happen because you miscalculated your resources or the client didn't respond on time. Define what happens if there's a delay in the schedule. If you miss a deadline, agree on what happens next, like whether you'll work harder, give a discount, or renegotiate the contract. Have a contingency plan in place and know what the repercussions are.

This goes both ways. Sometimes projects are late because the client doesn't respond on time, which hurts both the project and your business (as it disrupts your resource schedule and commitment to other projects). Negotiate for a **delay penalty** if that happens or at least find some other way to protect yourself.

If you're going to access their private accounts (servers, Google Analytics, etc.), add a clause to the contract that you won't use the information for any purpose that's against the company's goals. Assure that everything you find out during the project is **confidential** and you won't share it with anyone. Clients are reluctant with sensitive information so make them feel a bit safer.

Optionally, you can discuss **accreditation rights**, like including the work in your portfolio, submitting it for competitions, or showcasing it to other clients. Clients don't understand what these rights mean and will have reservations and fears - after all, they don't get any benefit out of this. Negotiate about including "made by" on the website because it can bring you new clients and offer the client an incentive, eg. a discount or something.

Add a **no solicitation** clause so the client can't make job offers to anyone on your team. These things do happen and you don't want to lose your best team members. Companies love to hire good workers and watching someone deliver results is better than any job interview. If they offer to hire anyone, you're at least entitled to a placement fee, if not damages.

Lastly, talk about the **IP rights** (intellectual property): who owns all authorship rights to the work and when those rights transfer. Most of the time, all rights should be transferred from you to the client upon full payment. This means a client can't use any part of your work until they settle the last invoice. You can also transfer the rights upon project cancellation but only once they settle the bill and pay the cancellation fee. Be clear that they can't use any part of your app or design until they pay you (or they risk a lawsuit).

You can also negotiate about IP rights and **structure the deal differently**. In addition to transferring all rights upon full payment, you can retain all copyright and grant a license for limited usage to the client. This way, they pay a lot less but you can re-purpose work and re-license it to other clients.

Keep a **checklist** of the things on which you're willing to negotiate. On one side keep all the things that would benefit your client, and on the other things that would benefit you. Keep the most important things at the top and weigh the tradeoffs during the negotiations.

## Preparing for the Worst Case Scenario

Sometimes a client will take your work, disappear, and never pay. In that case, no contract can help you, especially if you're working for a foreign client. That's why you always need to have leverage to protect yourself - and the best leverage is **access to assets**.

Never give away **working files** until you're fully paid for a graphic or a photo. Export a PNG for feedback and send the vector or PSD only after you get paid in full. When you're collaborating and sharing work files, hide them from the client if you sense risk. Also, consider including a watermark across all the images.

If someone uses your unpaid work, **spread the word** until they pay you or take down the work. Go to their social profiles and sites where they

post ads and share your experience. Warn other people that the client is highly risky and has a habit of not paying. They'll usually offer to pay you so you stop damaging their reputation.

If you're building a website, it's a good idea to offer a client to set up **hosting** for them. If you want extra security, offer to do it for free. This way you control the log-in information and domain name which the client can't get until they pay.

When presenting the website for feedback, keep it on your **own server** and share a link. A client can see how everything works, but can't access the backend code and database. Making dynamic sites is safer because the client can't inspect the server-side source code and steal it.

Put **copyright information** inside the code (you can hide a txt file with copyright inside an inconspicuous image, like a favicon). This way, if all else fails and a client starts using your work without paying you, all you need to do is contact the hosting provider, request the website to be taken down due to copyright infringement, and show them the evidence.

If you don't have the time or resources to collect the payment, you can sell your debt to a **collection agency** for a fraction of the total due amount and let them collect the payment. This way, you'll at least get some money out of a bad deal and won't have to lose time and energy on lawsuits.

*Part IV*

# Client Collaboration



No collaboration workflow is complete without the client. They should be the biggest collaborator on your team but many agencies make a mistake by building a wall around what they're doing..

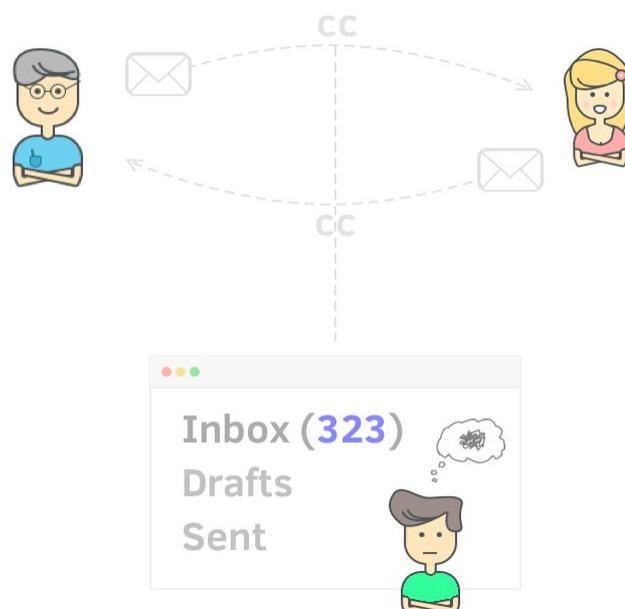
## The Client Collaboration Process Is Broken

In most agencies, only the project/account managers deal with clients directly. A client never gets in contact with the designers, developers, and copywriters; they never see how the sausage gets made. That makes sense sometimes - creatives have a reputation for being divas and difficult to deal with. If a client asks to make the logo bigger, a creative's response might lack the required social grace and diplomacy.

In order to successfully deal with clients, all a person has to be is normal and detached. It's very difficult to remain neutral when someone criticizes your work, and respond with tact. That's why project managers take on all the communication. Plus, it's easier for clients to deal with one person than several.

Sometimes, **clients micromanage everything** on a project if they get access. They tell your team members what to do, when their deadlines are, and introduce panic. The team ends up frustrated and feel like they can't collaborate among themselves because the client is watching, monitoring, and judging their every move.

So what usually happens is that **project managers act as intermediates** between the team and the client - thus excluding the client from the process. When a designer needs something, they need to ask a client through the project manager. It's like asking person A at a dinner table to ask person B to pass the salt - it's ridiculous. Not to mention all the CCs and BCCs that overflow your inbox with 300+ emails a day.



Many agencies exacerbate the problem by **building a wall** around what they're doing and leave the client on the other side. The client then feels animosity and distrust, because they're shut out. That's a huge mistake - the client should be inside, doing the heavy lifting and being your biggest collaborator.

These are some of the reasons why agencies build walls around what they do:

- They don't want the client to know the agency outsources their work;
- They're afraid that the client will see how messy the process is;
- Creatives are like wild animals and totally lack soft skills;
- Employees mustn't know anything about hourly rates, tracked time, or other financial details;
- The agency fears the client will poach employees;
- There are a lot of restrictions about who can see what, NDAs, red tape, C.Y.A, and general paranoia;
- Clients tend to micromanage or require too much hand-holding through projects.

These are all valid concerns if you have a broken processes and a shaky organization. It's like when you have bad software and instead of replacing it, you make suboptimal decisions - but sooner or later, that house of cards will collapse.

## Types of Clients

### Other Agencies

Most creative and marketing agencies outsource work to other specialized agencies and freelancers. So one agency will do a marketing strategy and hire agency A for production, agency B for post-production, agency C for promotion, and so on.

Other agencies are easiest to collaborate with because they know how things work. In Active Collab, the main agency will create a project and invite people as team members from other agencies (and categorize them by company).

### SMBs

Small and medium size businesses aren't usually familiar with the collaboration process and need a lot of hand-holding. The good news is they're flexible and you can get a lot of things done rather quickly. Invite them to a project and show them how you work behind the curtains -

they'll appreciate the show and get a chance to learn something new.

The hardest question for them seems to be "name 3 websites you like, 3 you dislike, and why" because they don't know where to start; so make their job easier by suggesting some solutions yourself and asking them what they think.

## Corporations

Corporations are the most difficult to collaborate with because there are a lot of stakeholders involved, with varying degrees of authority, needs, and wants. There are a lot of approval stages, hoops to jump through, and CCs to exchange before any decision can be made. You often get assigned a contact person in the organization through whom you'll have to go to in order to get anything, which can be time consuming.

The key to dealing with corporations is to make the job for the other side easier and save them time by keeping all the information structured in one place, with a written trace of every discussion and decision.

## Involving Clients From the Start

The most pain free way to work with clients is to involve them from the start. Make it clear that you see them as a team member and expect cooperation and support during the entire project. Go one step further and specify in your contract what exactly you expect from them.

Honesty is the always best policy, for both sides. Disclose what you do and if you outsource work to contractors. The client probably won't care because they hired you to get something done and how you do it doesn't matter as long as you deliver.

*Good designers take orders and hand over exactly what a client wants. Great designers dive deep to uncover what a client actually needs.*

**Invite a client to a project** so can see what you're working on - that is, if they're interested. Even if they don't track progress by going through task themselves, it's an act of good faith. When you show them you have nothing to hide, they'll trust you more. Plus, you show them how hard you work so they know where their money goes. Then they can see what you're working on, provide feedback, and upload the content and assets you need.

In Active Collab, clients can see what you're working on, provide feedback, and upload the content and assets you need.

Some agencies don't want the client to see everything so they create two projects: one for the client and one for the team. This is not a good solution as it requires double the work and upkeep - and neither are billable activities. It's much easier to let clients see.

If you have some sensitive information or just want to discuss something internally within the team, you can hide individual tasks, discussions, and files. This is particularly useful when you don't want clients to see preliminary designs or hi-res documents before they pay.

Clients have limited access, but if you have a client who's especially collaborative, enabling the Client+ add-on will let you assign tasks to the client - after all, clients do have responsibilities, just like everyone on the project. They still won't see other projects, hidden stuff, people on other projects, or any contact info.

The screenshot displays the Active Collab interface for a project titled "BikeShop Website". The left sidebar contains navigation options: Projects, Updates, Activity, and Calendar. The main content area is divided into several sections:

- Tasks:** A list of tasks categorized by status:
  - To Do:** Gallery (Yvonne G., Jul 19 - Jul 21, NEW, 1 comment, 7 views), Sell your bike page (Alex R., Jul 18 - Jul 24, NEW, 4 comments), Blog (Dora U., BLOCKED, NEW), Images for blog (Dora U., Jul 17 - Jul 20, NEW), and Emoji Support (Jul 26 - Jul 29).
  - Next:** Guide for choosing a bicycle (Yvonne G., Jul 20 - Jul 30, NEW), Homepage (Alex R., Jul 24 - Jul 25, BLOCKED, MAIN, 2 comments), and About & Contact (Dora U., Jul 28 - Aug 2, MAIN, 1 comment).
  - In Progress:** Footer (Yvonne G., Jul 12 - Aug 1, IN PROGRESS, MAIN, 2 comments) and Articles (Dora U., Jul 20, CONTENT, IN PROGRESS, 11 comments, 4 views).
  - Review:** General design (Yvonne G., Jul 12 - Jul 14, BLOCKED, DESIGN, 3 comments).
  - Finished:** Search (Dora U., Jul 22 - Jul 27, 1 comment).
- Summary Panel (Right):** Provides a high-level overview:
  - View List, Column or Time:** Includes icons for list, column, and time views.
  - TASK LISTS:** To Do (5), Next (3), In Progress (2), Review (1), Finished (1).
  - ASSIGNEES:** Dora Underwood (5), Yvonne Gardner (4), Alex Ryerson (2), Unassigned (1).
  - DUE DATE:** More than 1 week (10), Less than 1 week (1), Not Set (1).
  - LABELS:** NEW (5), BLOCKED (3), Main (3), IN PROGRESS (2), Not Set (2).

## Dealing With Non-Collaborative Clients

Involving client sounds nice in theory but it's difficult in practice. Some clients don't want to be overwhelmed with information or too involved, which is perfectly fine.

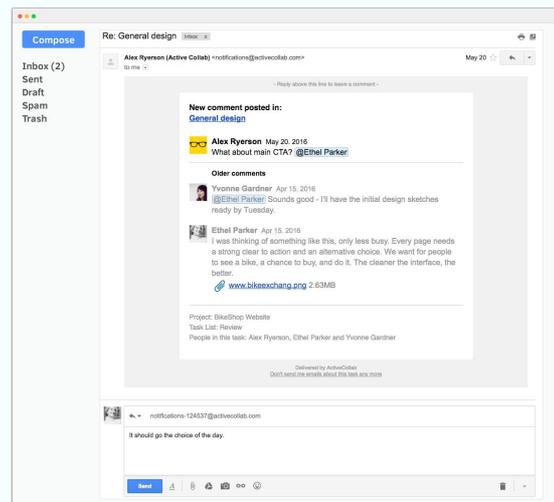
In those cases, a project manager will personally work with the client, update them, ask for feedback, and review progress.

Sometimes, it's not the collaboration itself that bothers a client but the medium: **all they want is simple email communication**. If you work with contractors, your project management software is yet another thing they have to learn. For your clients, the collaboration tool shouldn't interrupt their day or annoy them. So don't force them to use anything they're not comfortable with.

Clients can reply to Active Collab tasks and discussions via email without ever having to use Active Collab. You simply set up an account for your clients using their email and subscribe them to tasks where they'll receive notifications when there's a new comment. This way, they get updates automatically and they can reply from their inbox.

Clients can even send an email to a project address and it will be converted to a discussion. The team can then treat those discussion as new tasks initiated by the client, convert them to a task.

Each project gets a random email address, which is hard to remember for clients. To make it easier to remember, set up an email forwarding so all email from one address goes to the project. For example, if you own @agency.com domain, you can create a new account, like client-project@acme.com, and set up email forwarding so every email that goes to that account is forwarded to the project's email address. This way, a client can easily remember the address when they want to make a request.



## Keeping Clients Updated

Clients hate surprises or not knowing what's going on. So you have to make it a habit to update them on your progress, even if they don't ask for it explicitly.

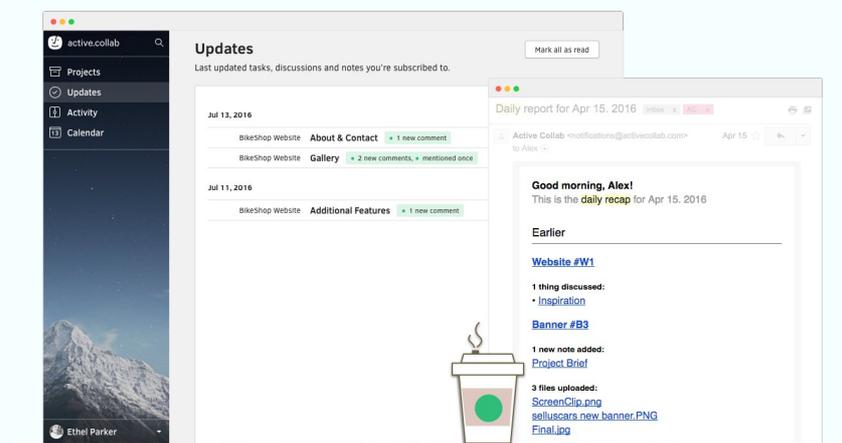
Not getting updates on progress is incredibly frustrating for the client. You can't just hide yourself and all the work from them - you have to **constantly communicate progress**, even if it doesn't contribute to the work directly.

Update your client weekly on what's going on by sending them:

- A list of completed tasks from the previous week;
- Tracked time broken down by type of work;
- Spent vs remaining budget;
- Planned tasks for the upcoming week;
- What you expect from the client this and next week;
- Tasks that are slipping over budget/schedule, why, and how they'll impact the project;
- An executive, one-page summary.

Projects somehow always end up slipping behind schedule. By keeping clients updated each week, you can address the problem on time together. Plus, negotiating additional time or budget will be a lot less awkward.

Active Collab can save you a lot of time by automating reporting for you, especially if your client wants to stay in the loop. The client gets an automatic recap email every morning at 7 AM so they can see what happened the day before. If they want more information, they can access the Activity page to see what happened on all their projects or check Updates to see if they have any notifications that concern them personally.



**Answer client messages** as soon as possible. When a client doesn't hear anything from you, they can get paranoid - the primary concern being that you're twiddling your thumbs while collecting a fat paycheck. When you're in the same city, the client feels that if something goes wrong, they can at least get a hold of you in person. But when they're remote, they get agitated and suspicious when you don't return their messages.

No matter how much you communicate through messages, find some time to schedule a call to keep them updated. It's better to lose some time rather than damage the client's trust. If you're working remotely, be very available and return calls and emails as soon as you can.

**Let clients see for themselves** how much you work. Even if you're working like a dog and can't spend additional time debriefing the client, you have to. Agencies often spend more hours than they bill because they don't have any proof of work. The solution is to track time on everything you do and let the client see the work and timesheets for themselves. They'll start valuing your work much more once you get organized and gain real leverage.

## Dealing With Change

During the project kickoff, you agreed on the scope, budget, and schedule with your client. But things you can't predict change the full project scope. Sometimes a client finds out they need something else in the middle of the project; or a project is more project complex than you estimated at first.

There's nothing wrong with changing the scope - it's actually advised that you set aside time in your plan for reviewing the initial agreement. Revising the statement of work will come up naturally during the conversation with your client if you kept them updated throughout the project.

When you first notice a project slipping in small places, you have to **inform the client**. Small slips here and there build up into significant schedule and budget problems over time. Don't sweep things under the rug hoping not to let the client down. Slips happen and it's better to talk about them openly than to inform the client the budget is spent, without them knowing where it went. People are optimistic by nature so don't let them assume everything's going great when it's not.

Sometimes you'll miss a milestone because the client didn't leave feedback on time. This is another problem that regular updates solve. If you make it clear to your client that you're running late because of them, they'll know it's not your fault. Plus, you can catch the problem early and discuss how to improve the workflow in the next stages of the project.

But what usually happens when scope or schedule change is that people:

- Keep quiet about the delays from the client, hoping the team will catch up,
- take on additional requirements and "small" jobs without updating the timeline, budget, and statement of work.

For example, the client forgot to think about the content or icons and asks you to come up with something. You need to revisit the statement of work and see how it impacts the project and your bottom line.

Sometimes by taking work, you're actually hurting your profit. **Never take on "small jobs"** without negotiating. Some clients are reluctant to revisit the contract because they want to use you as much as they can and get their money worth. The solution is to add small jobs as extra line-items in your weekly budget reports so the client can see how they impact your budget and schedule.

Try not to please a client too much or else they'll start pushing you around. If you try too hard and take additional work without negotiating, you'll lose money. Project managers usually justify the loss by cross-selling or upselling services, hoping to gain more business in the future, but that's a risky road. What's worse, you'll drive your team to work more (without paying them more), and you risk losing your best workers that way.

When you change a project requirement to factor in more work, give the client a preliminary estimate, a revisited schedule, and the proposed addendum to the statement of work. Just like you did during the client proposal, explain the benefit behind each item. If you're doing a responsive website, don't just tell it'll look better on mobile - explain how it impacts their SEO, user satisfaction, and their bottom line.

Be sure to consult the Project Timeline report to see how this new work impacts your responsibilities to other clients, and price accordingly.

## Presenting Work

People think a client hires you to slave for days and finally present your masterpiece in a grand reveal, which the client loves and showers you with praise and money - except it doesn't work like that. In fact, it's the opposite.

**Work approval isn't a one time event** but a process that happens quietly throughout the project. The exceptions are small items (like banners and icons) but even that's up for debate.

Your goal is to make the final approval just a formality since the client knows the end product and already gave their blessing. To get to this level, you need to:

### **Know who the decision maker is**

Going into a project, you need to know who on the client side provides input, who gives feedback, and who approves it. If your point of contact doesn't have the decision-making authority, plan for it by setting aside some time for decision making as your contact will have to push their busy bosses for feedback, which will take time.

### **Get political buy-in**

Try to talk to each stakeholder on the client side even if you don't need their input. You never know who can affect the decision making so talk to each department that's affected by your work purely out of political reasons. Plus, inquiry is flattery and inviting people to participate empowers them.

Remember that there are more stakeholders than you might initially think. Executives have to defend your work as a part of the overall strategy; customer service has to support it; sales has to sell it; and production has to maintain it. Make them all your allies by involving them, and they'll defend your work because they are in part responsible for it.

If you don't include others, you'll have a hard time presenting your work because the group you skipped will challenge your recommendations and ask why you didn't consider this or that - thus turning the presentation into a debate. But if you involve them, by the time the formal proposal comes up for approval, the decision will already have been made and the final meeting will just be a formality.

## **Show work often**

When you show work often, you can get a feel of how the client thinks and steer the project accordingly. Plus, you chip away at a client's natural situational anxiety. Once a client pays you a big deposit, they're anxious to know what they're paying for. When they see results, they'll feel better about the relationship. That is one more good reason to invite them to projects.

Be careful what you present though. If you're presenting backend, keep the frontend very rough because clients cling to visuals; if there are no visuals, they can focus on functionality.

Don't let clients have a lot of options. It's better to have three good initial designs than presenting ten great ones - more choices make clients indecisive and less happy with the end product. In fact, presenting only one is a completely viable strategy. Steve Rand had a rule of making only one logo and no rework, and the client had to pay fully for the work even if they didn't like it. It's suffice to say, clients were very happy. Sometimes, less is more.

When showing work, be sure to let a client know how you arrived to the latest iteration. Show the the first draft, why it didn't work, what you did then, your thought process, and the steps between. This will stop comments like "make logo bigger" because you've educated the client and made them like you.

## **Get rejected early**

The faster you can find out what the client wants, the faster you can finish a project and the less time you'll spend on solutions that don't work. 90% of your job is being rejected and getting upset isn't worth it. Being rejected is the hazard of doing creative work.

It's extremely helpful when you learn the "why" of the rejection because you can address and bypass the objection. Sales pros have a clever technique called the "alternative close". Instead of asking:

*"Do you like the solution?"*

...you tell them:

*"We can pursue this direction or that direction."*

By doing this, the negotiation becomes not a matter of "if", but "how".

But if arguing about a task is going to take as long as doing the task, it's better to just do it.

Some clients reject the first draft and don't even bother reviewing it. They expect the first idea won't be good and they're waiting for you to step up your game. Once they reject you a few times, you earn their attention.

Other clients are afraid to hurt your feelings by saying no and end up unhappy. You need to make it clear to them that if they see something that isn't working, they need to point it out. Otherwise, you will show them the same thing again and again until the project runs out of time and money and the client gets stuck with a solution they don't want.

### **Arrange pre-meetings**

When it's time to show your work during an official meeting to multiple stakeholders, arrange several informal pre-meetings with each of them to avoid the "big reveal". These may seem like unnecessary conversations, but during your presentation, the stakeholders will smile knowingly and affirmatively nod their heads. There won't be any puzzled "I'm processing it" expressions because you gave them the time and space to think, establish their opinion, and give you their support.



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Find out how to plan projects and then monitor progress using agile techniques.

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Learn how great teams collaborate and how to involve your clients in the process.

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Track time you spend working and bill in under a minute.

