

Consultants: How to Make Sure You Get Paid for Your Work

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Consultant's Tasks

- Get the business (many courses offered).
- Do the work (your expertise).
- Get paid (principles rarely discussed, but important). If you don't get paid, you're **WORSE OFF** than if you had failed to get the job.

Is Non-Payment a Problem?

- Who here has ever had difficulty collecting for work done?
- Who here has ever failed to receive full payment?
- Who here has collected short by >\$2000?
- >\$5000?
- >\$10,000?

PREVENT Non-Payment Problems - 1

- **90% of clients are honest, but the others cause trouble far out of proportion to their numbers.**
- **"Cure" the problem is much more hassle than "Prevent" the problem. "Cure" wastes your time and money, and it causes mental stress.**
- **Get an initial deposit BEFORE beginning work, and ADDITIONAL payments as work is done.**
- **Stop work and contact the client if payment is more than 1-2 weeks late.**
- **Know the techniques that clients might use against you; be aware of what is being done to you.**

Prevent Non-Payment Problems - 2

- The legal system is useless for amounts between \$1800 and \$10,000.
- But just in case ... have good "Terms and Conditions" (see sample in text).
- Check references of a potential client.
- Put preventive measures in your proposal (see text).
- Get all agreements in writing. Include "What if ..."

Avoid Working for Free - 1

- "Brain-picking" discussions without intending to do business.
- Request for a detailed proposal, to get a free solution to a problem.
- Fixed-price contract for a task that is poorly defined, expandable with no price increase, or too risky. Propose a paid "Definition Phase."
- Change of scope without change of fixed price or of Time and Materials budget.
- Joint proposal with work for you "if" it wins.

Avoid Working for Free - 2

- YOU reduce your fee because CLIENT over-ran HIS budget ("share the pain").
- "Cooperate this time, and we'll give you a lot of business in the future."
- "This job will be a feather in your cap."
- "Start work immediately! The Purchase Order will come later."
- "We'll make the final payment after you have delivered everything."

Potentially Risky Clients

- Poorly funded company
- A manager who has a personal stake in a low project cost.
- Out of your state
- Attorney: HE has no legal costs; YOU do. HE knows, better than YOU know, how to take advantage of the legal system.