



# A guide to freelancing

**Chapter 01** – Be your own boss

freelance  
corner

# Have you joined the revolution?

Hello and welcome to the IPSE guide to being your own boss. If you're thinking of striking out on your own, or have already done so, then you're in great company. The way we work has gone through a major revolution. You no longer have to belong to a big firm to be taken seriously, or to be thought of as having a "proper job".

The solo self-employment sector has seen huge growth over the last 10 years with a 35% increase, driven largely by highly skilled freelancers.

Currently around one in seven of the UK workforce is solo self-employed. Did you know that the solo self-employed contribute £275 billion to the UK economy? That's 14 times more than the British automotive industry!

Research findings by Professor Andrew Burke, one of the world's leading experts on entrepreneurship and innovation, concluded that, "independent professionals are vital for the performance of the modern British economy, helping it to be more flexible, agile, entrepreneurial and innovative." So much so, that they are being heralded as Britain's secret weapon.

## ABOUT THIS GUIDE

This guide is aimed at independent professionals, such as freelancers, contractors and consultants who sell services to companies. If you're just starting out, it will show you what to do, all the way from launch to running a successful business a few years down the line.

And if you're already established, it's a great way to check that you're on top of the latest rules, regulations and ideas for improvement. Whatever your profession, whether you're a creative, developer, business consultant or expert in a very specific niche, this guide will help you make a living from your knowledge.

Please bear in mind that this is aimed at UK based pros, so any tax issues and other legalities mentioned here are governed by

British rules. All content within this guide is correct at time of print and relates to figures for the financial year 2019/2020.

The guide has been produced by IPSE, the UK association of independent professionals and the self-employed. IPSE is a not-for-profit organisation dedicated to improving the landscape for Britain's 4.4 million solo self-employed, through an active and influential voice in government and industry.

We also provide a wide range of services to help our members succeed in business, including tax and legal helplines, IR35 support, and compensation for illness/injury.

We're here to support your professional journey every step of the way. You'll find a wealth of advice on [www.ipse.co.uk](http://www.ipse.co.uk).



# Get real

## What's it like to work for yourself?

**Sonia was in high spirits. It was a beautiful summer and she had finally packed in her job to branch out on her own. Sick of being told what to do, she was sure she could fare better as an independent consultant. After all, she had seen the whopping fees being charged by the freelancers she encountered at work and wanted a slice of the action. But by Christmas, the realities of working for herself had really started to sink in.**

"It's no bed of roses," she admits. "I used to think that freelancers got paid a fortune compared to what I was earning as a salaried employee, but I now realise I was comparing apples and pears. The rate that a freelancer charges has to absorb a whole range of costs that you completely underestimate – all those

little things like paying for your own phone, laptop, printer, accountant, email hosting, website, insurance, book-keeping system, you name it – they really add up!

My house is getting more wear and tear, because I spend so much more time in it. And working every day from the sofa was giving me a bad back, so I've had to splash out on a proper desk and an expensive ergonomic chair."

**There were other challenges as well. Sonia had an excellent network from her previous job, and this had helped her gain a foothold. But not everyone was that helpful.**

**Some of the people who Sonia counted as allies were acting slightly frosty towards her now that she was freelance – they seemed to view her as a potential competitor.**

**Despite all this, Sonia doesn't regret the decision and loves the fact that she's in control of her own life.**

**She's not alone.**

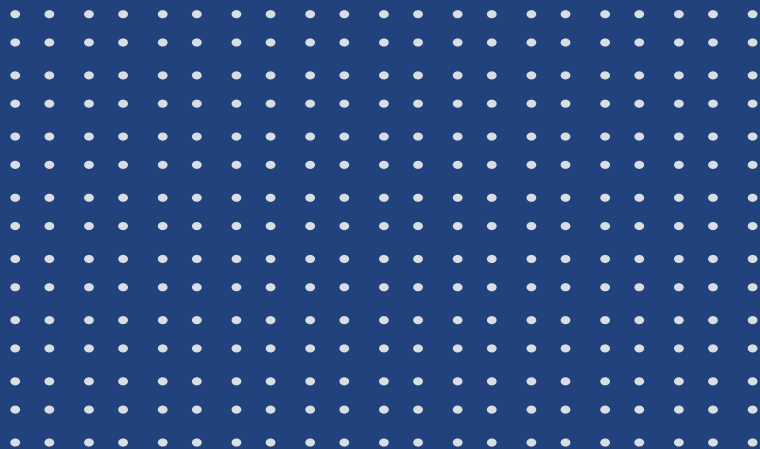
**An in-depth study by IPSE examined the rise of Europe's independent professionals. The study showed that independent professionals "find this way of working fulfilling. Many choosing to work in this way have rejected standard employment, which they feel requires conformity and represses creativity."**

**(You can see all of IPSE's research findings at [ipse.co.uk/our-work/research](http://ipse.co.uk/our-work/research))**

**That said, working for yourself is only fulfilling if you go into it with the right mind-set, are prepared for the realities, and have enough of a financial buffer set aside to weather the inevitable pattern of feast and famine. Sonia explains:**

“Not long after going it alone I joined IPSE, the Association of Independent Professionals and the Self Employed. One of the most important things IPSE taught me from the outset was that I was now running a business. This took a bit of getting used and in the beginning I still had a bit of an employee mindset. As I gradually developed a more business-like mentality I became a lot more proactive, which made me better at winning work and delivering projects.”

(Sonia is not her real name by the way – she’s a bit shy and asked us to keep her identity under wraps!)



# What's an independent professional?

There are many different ways of working independently. Independent workers use different terms to describe what they are, e.g. freelancer, contractor, consultant, independent professional, interim, portfolio worker, self-employed, business owner.

Some people work on long term contracts, doing a full week at the client's office for several months until the contract is finished or renewed. Others work with several clients at a time or on a series of fast turnaround projects.

Independent professionals can run their businesses by being self-employed, which means they set up as a sole trader or partner in a partnership. Alternatively they choose to incorporate their business and operate as a director of their own company.

Others prefer to work through an umbrella company, which is a service designed to take the admin burden away from running your own company. You become an employee of the umbrella, and the umbrella service provider sorts out your invoicing and paperwork. You then focus on finding contracts.

Independent professionals might brand themselves using their own name, or else create a completely separate business brand and logo, presenting themselves as a small business rather than an individual. Some work through agencies, others directly with their clients. Some charge by the hour, some by day or week, and others give a fixed project fee.

The unifying factor is that they are their own bosses and have commercial, business-to-business relationships with their clients. So the key thing to remember is that, once you work for yourself, you're running a business. This is true even if it's just you in the business.

It's also true if the business goes by your own name – think of any fashion designer for example. There is a difference between Tommy Hilfiger, the person and Tommy Hilfiger, the business.

# Building your own career ladder

Not everyone is cut out to work for themselves. There are risks. It's not an easy option.

In fact, a survey conducted by IPSE showed that the general population was more satisfied than the freelance population when it came to working hours, time for themselves and time with family.

However, with risk comes reward. In the same survey, freelancers were shown to be happier overall than the general population. IPSE's annual membership surveys consistently show that most people go into it because they want to, not because they are forced into it through redundancy.

Only 3% plan to use it as a stopgap while they find a permanent position. Two thirds of freelancers continue to work as freelancers because of the autonomy it gives them. To make a success of it you will need to build your own career ladder and work out how to structure your business in a way that frees up your full potential.

To work as an independent, you don't necessarily have to be in the traditional areas associated with freelancing such as media or IT. More and more people are finding creative ways to exploit their skills in all sorts of areas such as business development, environmental consulting or even offering training in niche areas, for example selling to government departments.


The business will also need to be supported by some kind of promotional activity to ensure a sustainable level of work. And when it comes to deciding which marketing technique works best, there is no magic wand. There are almost as many views on effective marketing as there are freelancers.

As with so many things, you have to take what works for you, adapting the techniques that best fit your style and industry. It's a good idea to revisit your goals and long term plans regularly, benchmarking your journey and adjusting course if necessary.

There is nothing wrong with switching business models or re-inventing yourself completely at different points in your career. For example, someone starting out as a programmer can later morph into a project manager and eventually into a management consultant charging a premium fee.

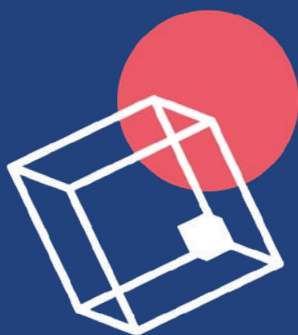
Starting out on your own can seem overwhelming at times. It's tempting to think that you have to have everything in place before you venture out into the market, including a perfectly polished website and an award-winning logo. But in fact you don't need all that much to start earning money as an independent professional – just sort out the basics and then you can add and refine as you develop your business.



A wooden step ladder is positioned diagonally across the frame. The ladder is made of light-colored wood and has three steps. The background is a solid blue color with a pattern of small white dots. A white rectangular box is overlaid on the lower part of the ladder, containing text.

**“Just as travel broadens the mind, a freelancer will have a broader and more colourful experiential mind-set than executives or owner/managers”**

Tony Lahert CEO, Step Solutions, Argos Direct



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