The Freelancer's Guide to Hiring and Working With Subcontractors

This handbook is for experienced freelancers who want to grow their businesses by building a team of subs. We will cover:

- The advantages of using subs.
- The team-building approach you need to do this effectively.
- Methods for hiring, onboarding and engaging your team.

To Take Your Business To the Next Level, It Helps To Have a Team

One way to earn more money as a freelancer is to offer your clients more comprehensive services with more value. But for that you'll need help.

You may think getting help means hiring employees and ceasing to be a real freelancer. But not necessarily. It is possible to maintain the independent working model you are enjoying and also to grow beyond your solo business.

Essentially, working effectively with subcontractors means building a network of people who will come together as a team under your direction when you need them but who aren't depending on you for regular work. To do that, they have to really like working with you.

But you have a head start on that goal. As a freelancer yourself, you already know what it takes to be a good client to your subs.

Which allows you in turn to provide more value to your clients. That means bigger contracts and better rates for your own time.

The 3 Main Advantages of Using Subcontractors

1. Economies of scale

This means you can offer your clients more of what you do. If you provide web development services, bringing in an extra pair of hands mean more of the same. By providing more volume, you can get bigger contracts and make a profit on the value of hiring and managing the sub.

2. Economies of scope

This means you can offer your clients something you don't do. If you provide web development services and you know that your clients also need web design, photography or copywriting for their websites, then you can bring in other freelancers to offer a more complete solution. Again, you can get bigger contracts and make a profit on the value of being a more complete solution.

3. You improve your positioning

This means that you offer your clients services within your domain but further upstream in the management, planning or strategy process. If you use subcontractors to provide the basic direct service, that frees up your time to concentrate on advising them and managing the project. The web developer using subs can begin to play a design or product manager role. Your own contribution to the project can billed at a higher rate reflecting the value of that advice and management.

Two Common Reservations About Using Subcontractors

1. "It will be faster to do it myself."

You're right. It will be faster to do it yourself . . . the first few times that you hire a subcontractor. It will take time to find the sub and then to explain the job. Then you'll probably need to clarify all the ways that you didn't explain it well the first time.

2. "I can do it better myself."

Again, you're right . . . the first few times that you hire a subcontractor. You know the client and the job better, and to make this profitable, you'll probably have to hire someone less experienced than you. You will probably have to put in a lot of time fixing their work.

But you shouldn't let this keep you from building a team of subcontractors.

Push Past the Learning Phase

That initial phase when you first use subcontractors is temporary. You will get better at giving them guidance and at picking good freelancers to work with. You'll also learn to budget your time for checking and revising their work.

In other words, this phase is an investment in your own development. You will be training yourself as a project manager and positioning yourself as an industry expert.

Let's say you spend $500 paying a subcontractor whose work turns out to be 80 percent of what you need it to be. You then must spend another $1,000 worth of your own time cleaning up the problem.

That sounds like a disaster at first.

But, if at the end of that experience, you have a process that allows you to charge 10 percent more on projects that are fifty percent bigger, won't that be worth it?

There are a lot of "ifs" in that scenario. The rest of this handbook is about making this transition effectively.

Be Your Subs' Best Client

When you hire a subcontractor, you are now the client from their perspective. Make it your goal to be their best client.

Lucky for you, this is one area where you compete. You may not be able to pay more than other companies. You may not offer the prestige of working with other companies.

But you can be better to work with in every other way that matters.

Think about all your own clients . . . particularly the mass of "so-so" clients who don't communicate effectively. You probably have many clients who aren't disrespectful exactly but who just never think about your role that much.

Most companies that hire freelancers set a very low bar that will be easy for you to clear now that you are in the role of client.

Your goal is to have freelancers choose you. When they get busy, you want them answer your emails first.

Find and Hire Subs

Sourcing subcontractors is the hardest part of the process. Once you get past this, you'll be fine.

You can post an ad on Craigslist or Upwork. These sites are popular because they are effective in certain circumstances. But if you are an experienced freelancer, you probably also know the limitations of these sites.

You can explore the emerging freelance sites that work differently or that are more exclusive of the kinds of talent and kinds of jobs they let in. One that Nation1099 recommends is Moonlighting.

You can also draw on your professional networks. This is partly why mastermind groups and coworking have become so popular -- for what you learn, for the gigs that may come to you and for the people you meet who you can bring on to your team.

Ultimately, you're going to need a process to evaluate and test your subcontractors, especially if you're building a team for the long term. Therefore, some freelancers find it effective to "open the gates" via ads on Craigslist and to spend their energy on a good evaluation process.

- Know what is a good low-risk test assignment for your field.
- Know what you're looking for.
- Prepare your interview questions.
- Start the process before your client work becomes urgent.
- Anticipate that some of these test assignments will be bust.
- Plan to gradually increase the involvement of good freelancers after the test assignment.

Treat freelancers like you want to be treated by clients.

Have a Clear Contract With Your Subs

You're going to want to have a clear contract. We have a much longer discussion of subcontractor agreements on Nation1099.

Here are the basics to consider:

- Clear payment terms, particularly when you pay. Remember, you are going to owe the sub even if the client never pays you. Don't make them wait.
- Deliverables.
- Change orders and kill fees. What happens if the client wants to revise the project? It may be okay with you, but it's more complicated if you have already asked the sub to start part of the project.
- How and when the agreement ends.
- Confidentiality and white labeling. Whatever agreement you have with the client about confidentiality needs to be passed on to the subs working for you.
- Classification. Make sure to put in writing that the sub is not an employee of yourself or of the client. (And be sure to treat them like a freelancer rather than like an employee.) You don't want to find yourself on the hook for unemployment insurance and payroll taxes.

Remember to have your lawyer review your subcontractor agreement.

Onboard Your Subs

Onboarding and orientation are how you make sure the people working for you know the big picture and all the little details. Onboarding is a process to remove all the friction that could slow down a freelancer while they are trying to provide good work to you.

Imagine the first day on the job for a new hire in a traditional work situation. They are asking: Where do I park? How do I get a security pass? What's the wifi password? Where's my desk? Who are all these people?

And that's before they ask: What are we trying to accomplish here, what's my role in it and what's the background I need?

Good employers establish systems to cover all this for new employees. Ineffective employers let new hires wander the halls asking strangers how the printer works and when they get paid.

Clients and freelancers need to think about onboarding and orientation too. As a freelancer yourself, you've probably had clients hire you and then not be available for basic questions about the project. Essentially, they are failing to onboard you.

Now that you are the client, make sure your subs know:

- The vision and values of your business.
- The vision and values of your client.
- The goal of the project and their role in it.
- All the little details about how you will work together.

Set up processes that remove friction to get getting good work done.

Onboarding Checklist

What does a new subcontractor need to work with you? This is where you:

- Set the tone.
- Set up for success.
- Begin what is hopefully a long relationship.

☐ Invites to collaboration software

☐ Documentation on your working process

☐ Step-by-step instructions on the software you use

☐ House style guide

☐ Creative brief on your business

☐ Creative brief on the client

☐ Creative brief on the project

☐ Existing work product that give background on the project.

If you find yourself writing the same email twice, turn it into process documentation.

Engage and Retain Your Subcontractors

Remember we said earlier that your goal is to be your subs' best client? Here is your chance to stand out.

And it's pretty simple. It just boils down to communicating a lot.

- Assure them you are available for questions.
- Check in with them about progress.
- Send them updates about what's going on with clients.
- Send them resources that will help with this project.
- Be highly responsive to their questions.
- If you know a way for them to improve, offer it.
- Help them connect to one another. cc: them where it's helpful and get them all on the same collaboration tools.

And then communicate in between projects. Don't wait until you need something to be in touch.

- Write a reference for them on LinkedIn.
- Share their other work on your social media channels.
- Recommend them for gigs that you aren't involved with.

Finally, when the client project goes live, make sure your subcontractor knows about it and how important their role was in it. If they eagerly share that project and include it in their own portfolio, then you know they are engaged.

Your want your subs to respond to your emails before anyone else's.

Last Thoughts: Start Small, Learn and Plan to Expand

Like we said earlier, the first few times you hire subcontractors, it's more about you learning to be an effective project manager than it is about getting that project done smoothly.

Once you have found a quality freelancer who you can work with effectively, make sure you have good systems in place for onboarding and communicating with the next sub and the next sub after that.

One goal you should consider reaching for -- depending on what kind of services you provide -- is a closely held and carefully curated team of subcontractors. If you have a core group you can provide frequent work to and who you know will take your call, then you can confidently sell complete solutions to your clients.

In short, you keep the benefits of being a solo, but you add the benefits of having a more sizeable team -- bigger contracts with more value, more interesting work and more profit.

Nation1099 develops career and business advice for experienced freelancers and consultants. Our mission is to empower you to reach for the financial security and career satisfaction you deserve.
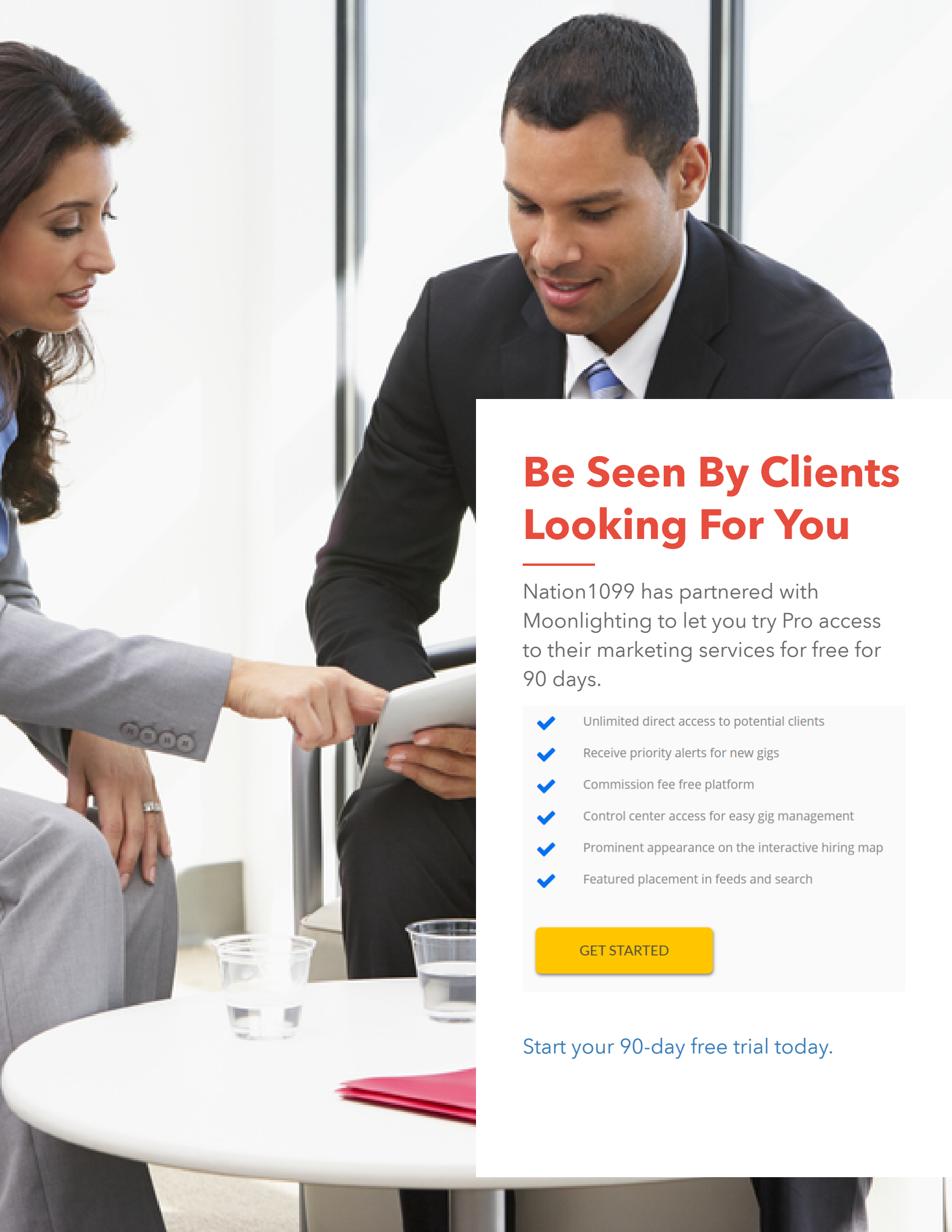
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