

Ensuring Payment

by Ted Wozniak

Late payments are the bane of the freelance translator. Non-payment, or less-than-full payment, while not as pervasive or as frequent, is even more harmful. As moderator of the Payment Practices list, I think I have seen every possible reason clients have given for not paying or not paying the full amount billed.

Based on all of the various reports I have seen over the years, I have developed some strategies for ensuring payment in full. Most of these suggestions are geared toward a new client, but some apply to every project that a freelancer undertakes. These are suggestions, rather than hard and fast rules. As a business owner, you must establish procedures and make decisions for running your business. That is really the only rule I can give you: freelance translation IS a business and it is YOUR business.

I. Before Accepting a New Client/Project

1. Gather Contact Information

Never accept a job until you have the full contact data for billing. At a minimum, you should have the client's full name, physical address, mailing address, if different, phone and fax numbers, and the contact's name and email address. Other information you may want or need could include the client's URL, tax ID number, business registry number and court (if applicable), accounts payable department contact data if the client has a separate A/P department. If the client uses a PO system, the PO will normally include all the data necessary for invoicing. If they do not use POs, have the client provide the data by e-mail in the confirmation. If the client has a Web site, this information is usually available there ("contact us," "legal," "Impressum"). For owners of domain names, this information can be found by doing a WHOIS search.

- <http://www.betterwhois.com>
- <http://www.uwhois.com>
- <http://www.whois.net>
- <http://www.allwhois.com>
- And hundreds of others

2. Beware of Freemail

Never accept a job if you only have a free e-mail address (Yahoo, Hotmail, etc.) While not all clients will have a domain or a company e-mail address, all serious clients will have a paid e-mail account. Verify this e-mail address before accepting the job. The same applies to PO boxes. Many companies do use PO boxes for mail, but if worst turns to worst, you cannot serve papers to a PO box.

3. Do Not Bow to Pressure

Do not accept a job immediately without all your contact information. No job is so urgent that the client cannot take 5 minutes to send you the information that you request. Besides, you want to look at the files anyway. How many times has a client said "It's just a couple pages of non-technical stuff" and

when you get the file, it's a legal brief for a lawsuit about engineering defects in a laser and computer-controlled widget manufacturing system? And while you are doing that ...

4. Ask for References

There is a wide variety of sources about client payment practices now available. I encourage you to use all that may apply to your language pairs. Yes, you will get a lot of e-mail from the various lists, and most may not apply to you. But by using e-mail filters to sort the mail into folders, the number of e-mails and the time required to look through it is easily managed. You do not have to read it all when it comes in. Do it once or twice a day when you take a break from a job or first and last thing during the day. Save ALL the reports on "bad" payers. You may want to do this to a separate text file to save space in your e-mail program. While the instance reported may not involve your language pair, the agency might have a project in your pair in the future. Isn't 10 or 20 minutes of your day worth ensuring you do not work for free for 2 months?

Depending on who the client is, there may be other sources of information such as the Better Business Bureau, Dun & Bradstreet, credit agency reports, court records, and company registries. So while you are waiting for contact details, looking at the files, etc., search the archives and/or post an enquiry to the various lists. Send an enquiry to all of them. Be aware however, that it may take up to a day to get a response as we are spread out over the entire globe.

A. Online Resources

1. The Black and White List www.go translators.com/Engl/Reports.php

This online database can be searched by name, country, E-mail address or URL. It contains over 140 reports of bad payers as of Oct 07, 2004 – FREE

The list provides client contact data and narrative responses about dealings with the client, including respondent's name, email address, and report date. Respondent's "certify" that the information provided is accurate.

2. Payment Practices Tools In The Translation World - www.go translators.com/Engl/BPTools.php

Free list of Websites/lists concerning payment practices

3. Blue Board - Proz: www.proz.com/?sp=agency_list

Available to Platinum members (USD 120) but non-Platinum members can use BrowniZ points or pay USD 0.50 to view one report. Searchable by country or name. 4430 agencies listed as of Oct 07, 2004. (Not all listings have reviews)

4. Hall of Shame - TranslatorsCafe: consultation is included in the Master Membership (70 USD).

B. Mailing Lists

1. Payment Practices www.trwenterprises.com/SubscribePP.htm

This is the "Grandfather" of all lists and was started in 1999 by Karin Adamczyk. It is a strictly moderated mailing list exclusively on the payment practices of clients in the translation and interpretation sector. Inquiries and replies follow a set form that also allows them to be cross-referenced and put into a database. Except on rare occasions when the moderator opens the forum for discussion of important singular issues, there is no discussion. Membership is open to all members of the translation and interpretation profession. PP now has over 2,300 members and 8,500 enquiries/responses in the Yahoo archives.

2. Untrustworthy Translation Agencies www.translationdirectory.com/non-payers.htm

This free newsletter periodically sends out a Black List of bad payers. An agency is included in the list based on submitted reports and if the respondent did not break the translation agreement. Details are not included, just a list of names.

3. The TCR List (Translator Client Review List) www.tcrlist.com

"TCR is a private list service and Web site that serves the international community of freelance translators. On the list, translators discuss payment experiences with different agencies and companies with whom they have worked, as well as discussing other related topics on a separate discussion list. The annual subscription is USD 12. There is a one month free trial subscription available to new subscribers, as well as free memberships and scholarships for those who need them." There is no data available on the number of subscribers or messages.

4. Transpayment www.smartgroups.com/groups/transpayment

Free mailing list on agency payment practices
About 1,680 messages. Membership data not available

5. Translation Agency Payment finance.groups.yahoo.com/group/translationagencypayment/

Free. 386 active members. About 270 messages

6. TradPayeur finance.groups.yahoo.com/group/tradpayeur/

Free. 224 active members. About 160 messages, list is in French.

7. Betaalmoraal groups.yahoo.com/group/betaalmoraal/

Free. 263 active members. About 600 messages, in Dutch.

8. Zahlungspraxis de.groups.yahoo.com/group/zahlungspraxis/

1111 members, 7,006 messages, list is in German.

II. Agree on the Terms

Agree on the price and unit of measurement, counting method, payment due date, bank fees, outside proofreading, other costs, any advance fees, or partial payments for large long-term projects. Again, if

the client uses a PO system, this information is normally included in the PO. If not, get an email confirmation of the terms. Or send your own "contract" outlining the terms of the project and have the client sign it and fax it back to you.

And this brings up the question of who sets the terms. You or the client? In theory, you do. The client is contracting for your professional services. But in the real world, it doesn't always work that way. It all depends on who the client is. A private individual or direct client will probably accept the terms you dictate. However, translation agencies and large corporations have accounts payable systems that simply are not flexible enough to handle your individual terms. The organization has a set policy for accounts payable and you either accept that or not. Small translation "agencies," while potentially more flexible because they are small, simply may not have the manpower to handle individual terms for each project. In short, you and the client must negotiate and agree on acceptable terms.

What are acceptable terms? In the U.S. and Canada, and increasingly in Europe, some form of 30 days is the "standard" payment term. This might be "net 30," i.e., 30 days from the invoice date, net 30 EOM, i.e., 30 days from the end of the month in which the invoice is received. Other countries, notably Italy, Belgium and others, traditionally have longer payment terms, such as 60 or even 90 days EOM. A few agencies may accept terms such as "2/10, net 30", which means they get a 2% cash discount if they pay within 10 days of the invoice date. Otherwise, they pay the full amount within 30 days. At least one agency has terms like these as their standard terms.

As many of us work with European clients, a note on EU Directive 2000 35 may be in order. This directive entered into force in August 2000 and required national implementing legislation by August 08, 2002. In August 2004, the Council was supposed to verify that there have been improvements in combating late payment, and if not, may propose amendments. The Directive does NOT stipulate payment terms. That is left to the national implementing legislation. However, it does define a "reference period" of 30 days from receipt of the invoice or receipt of the goods. It does stipulate penalty interest, retention of title, a recovery procedure for unchallenged claims, and compensation for recovery costs. Note that the Directive **does not apply** if the parties agree to other terms, e.g. an agency's standard terms and conditions. The leaflet on EU Directive 2000 35 EC is available in EN, ES, DA, DE, EL, FR, IT, NL, PT, FI, and SV at http://europa.eu.int/comm/enterprise/regulation/late_payments/index.htm

Andere Länder, andere Sitten! A 2003 study by Intrum justicia found a wide range in European contractual payment terms and actual payment practices. Contractual payment terms ranged from a low of 23 days in the Czech Republic and Latvia to a high of 73 in Italy. The average delay beyond the average contractual terms, ranged from a low of six days in Finland to a high of 38 for Portugal. The point here is that while you may desire payment terms of 30 days, if you are dealing with clients in a country that has a different "payment culture," expecting to be paid within 30 days (or even on time regardless of the terms) may be pie-in-the-sky.

To summarize, before you accept a job from a new client, ensure that you have full verifiable contact data, ask for references from the various online sources, and agree on all of the terms regarding the project. In short, know who you are dealing with and what is expected of each of you.

III. Additional Tips and Hints

This section covers strategies to use during and after the project to ensure you receive payment in full. Based solely on anecdotal evidence, I believe the most common reason for clients not to pay (or more often, taking a "discount"), is that the freelancer did not abide by the agreed terms and conditions. Here are a few common sense rules for ensuring that the client cannot use that as an excuse for withholding payment.

Follow instructions (glossaries, file format, etc.) If the client supplied a glossary, use it. If they

requested a particular target file format, e.g. Word 97, Times New Roman font, provide it. If you encounter any problems in following the client's instructions, **keep the client informed**. Call or email the client and find a solution if possible. If the client agrees to any changes, or issues new instructions, **keep a record** of these changes. Ask for verification by email or write a memorandum for record. Then continue working and **MAKE THE DEADLINE!** When you deliver the completed project, **ask for verification of receipt of the project** (and remind them about problems/changes). If possible, send the invoice with the project files. That ensures the client can't say they didn't receive the invoice.

Invoicing Format: When preparing your invoice, provide complete details (IBAN/BIC/SWIFT, a note about who pays bank fees, etc.). Localize your invoice for your target country. Your contact may know English but his bookkeeper/accountant and tax office may not.

Handling complaints about your work: A client might argue that your work required extensive editing or that the end client was unhappy with the quality of your work and the job had to be redone. How do you react? First and foremost remain professional! Stay calm. It's natural to become defensive and emotional when our work and qualifications are questioned or criticized, but remember that the client is already upset. Don't exacerbate the situation by allowing your emotions to come through. Ask for the revised file so you can see what changes were made and to fully understand the discrepancy between the client's expectations and the work you delivered. Do not dismiss the client's complaint out of hand. Acknowledge the "possibility" of the complaint at least tacitly. When you receive the revised file, wait a day before your review. This will give you time to cool down and be more objective. Review the client's revisions or feedback. After your review, and possibly asking other colleagues for their impartial opinions, and if you feel the revisions were unnecessary stylistic changes or too extensive, defend your position firmly but remain professional. If you discover mistakes on your part try to reach a compromise.

Late payments: How should you react to clients who are in default? Again, it's your call. I suggest waiting at least one week before sending a reminder. In some cases, 10 - 14 days after the due date may be appropriate. Allow time for postal delivery, Friday A/P runs and even wire transfers take time. And remember those "cultural differences." If you do send a dunning letter, stay friendly and professional yet firm. Check the legal requirements of your target country. Some countries require specific information for a dunning letter to be effective, such as giving a specific date, instead of a period, before which payment must be made. There are generic dunning letters available on the Internet that you can adapt to your needs and clients. The standard practice is to start out friendly and become progressively tougher with each subsequent dunning letter. In the U.S., businesses generally send dunning letters when payments are 30, 60, 90, (and possibly) 120 days past due.

IV. Overdue Payments/Collecting

If a payment is more than 4 months overdue, chances are the client will not pay voluntarily, Now you have to ask yourself what other steps you are willing to take to collect your money. Most of the remedies remaining to you now will cost you both time and money. It is your call whether the amount in question is worth the effort or whether the principle is more important to you than your lost time and the extra expense.

Collection agencies charge a percentage of the monies they collect and some may charge an up front "processing" fee. There are thousands of collection agencies around the world and the Internet has allowed for cross-border collection. The fees are generally higher when the two parties are in different countries, but collection is generally possible.

Small claims and other courts are another option. There is a trend in the U.S. and some foreign countries towards online filing. This makes it easier to file if you are in one location and your debtor in another. Collection fees and court costs are normally borne by the loser, but note that enforcement may still be difficult. You need to check the local legal requirements.

Perhaps the best and most cost effective method for collecting from a distant location is to use a local colleague. One of the greatest aspects of our profession is our willingness to help each other. Provide them with a limited power of attorney, if necessary.

If you are paid late or not paid at all, please inform the rest of us by using the various mailing lists. When reporting a "bad payer," stick to the facts. Do not get emotional and refrain from "libelous" remarks. To provide the rest of us with the full picture, I suggest you report as much of the following information as possible: What were the agreed payment terms? When was the invoice issued? How late was it received? Approximately how much money was involved? How long have you been working with this client? Did the agency answer your inquiries about payment? And perhaps most important for others, would you work for this agency again? Additional comments will enable us to get the whole picture. If the client had "complaints," tell us what they were and also give your side of the story. Also, tell us where you are located, as geography often plays a role in delayed payments.

By adapting the suggested strategies to your own needs, your clients' culture, and diligently researching new clients, by agreeing to all the terms and conditions for the project up front and fulfilling your side of the bargain, you should be able to avoid non-payment or late payment in most cases.

Ted R. Wozniak is a freelance German > English translator specializing in finance and accounting, and moderates the Payment Practices mailing list. He resides in San Benito, Texas and may be reached via www.trwenterprises.com