

Deciding Whether to Become a Contract Employee

By BNET Editorial

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"Contract employee" is another way of describing "work portfolio," a term coined by Irish author and philosopher Charles Handy in his 1989 book *The Age of Unreason*. Envisioning a new work structure, Handy contended that many professionals were increasingly likely to have not one career with one or two organizations but a collection of them, that is, a "portfolio" of experiences. A business with a task to perform would employ an individual possessing the desired capabilities and skills—with the clear and mutual understanding that the collaboration would continue only for as long as that task endured or for as long as the individual desired to perform it.

However described, the concept offers several advantages. Employers can reduce their payrolls and related costs and still retain a talent pool that is more flexible and responsive to business demands. Individuals, meanwhile, are free to seek work from more than one business and develop many transferable skills. Most important, they also assume nearly full responsibility for building their careers and blending them with personal aspirations. This is essentially what conducting business as an independent contract employee is all about.

What You Need to Know

Does being a contractor mean you have to be available to work at times when you'd rather not?

Working as a contract employee does demand a different mindset. Instead of organizing life into blocks—such as "work and non-work," or "day and night"—you need to create a more fluid daily routine that allows you to move smoothly from one mode to another. Try making the mind shift that accommodates more rather than less. Your attitude is what may be holding you back from being totally flexible in terms of when you're working and when you're not.

Contract work doesn't appeal to me. Can I avoid it?

You may not be able to do anything to prevent it. Besides, whether you are an employee or a contractor, organizations expect you to develop your talent, stretch your capabilities, and take on more diverse responsibilities. So it is always in your best interests to keep up to date, learn new skills, create a strong network, and maintain visibility. So, whatever happens, you'll be more flexible and more valuable to the organization as a result. It is also important to be positive about this workplace development, at least to your employer's face.

What if someone offers me a full-time job?

You may not realize how accustomed you have become to the freedoms contract work offers. Ask yourself what you'll gain by moving back into full-time employment. If it is stability—and you are certain that the job has a good chance of *remaining* permanent—perhaps it is a good move. Likewise, many choose to accept a full-time job because of valuable employee benefits packages like health insurance, retirement benefits such as a 401(k) program, and even stock options.

What to Do

Understand the Full Meaning of “Contract Work”

The linear, progressive career is becoming rare. It will remain an option for some, especially those working for long-established, global businesses. But a far greater number of professionals will operate around the periphery of such organizations, entering and exiting with the needs of the business. This relationship has advantages and disadvantages. Contract workers must be more versatile, but they enjoy more independence. Yet, they also must be the biggest risk takers: Their success (or lack thereof) is based not only on their skills and track record but also on their ability to market themselves and juggle a number of different clients or projects simultaneously.

A person pursuing a career as a contract employee needs to focus on the four primary elements, which are explained below.

Compensated projects

A contract employee must approach work as an entrepreneur. Finding your next paycheck is entirely up to you and depends on more than just your core competencies. Understanding how to position and sell yourself is all part of the game. You may be fortunate enough to have gained your expertise with one organization and still be able to work there once you are no longer a full-time employee. However, it is best to reduce your risk of unemployment by marketing your services to other companies at the same time. This may mean packaging and branding yourself slightly differently and targeting organizations that may need your skills for different tasks that you are used to tackling.

To prepare for this, think of your experience and skills as having immeasurably more potential to clients than during your days as a full-time employee. Build up your feelings of worth to others. Common sense itself is all too scarce a resource; adding that to your skills and capabilities makes you an individual with great value to clients. But remember, too, to be realistic about what you can promise, and always try to deliver more than seems necessary to satisfy a client.

Charitable and/or pro bono projects

Not all of your work will produce income. For example, you may be asked to offer advice or submit a proposal to a company that isn't yet able to hire you. Or, you may decide on your own to work for a charitable organization. Just because you are not getting paid doesn't mean the work you do isn't valuable. It is; it positions you in a new environment, raises your visibility and helps you develop a new network of contacts. All of these will broaden your sphere of operation, and may lead to a paycheck in the future.

Continuing education, learning and development

If you are to flourish as a contract employee, you will need to transfer your core skills to different companies and industry sectors, to avoid being tagged as having too narrow an expertise or skill set. Staying current is your responsibility. Find ways to stimulate your interests and gain expertise at the same time, then make it pay off by applying for wider range of projects. Self-motivated study may take dedication, commitment and discipline. However, there are ways to make this more rewarding by joining study groups, forming self-learning circles, or attending courses and conferences where you can mix with others from similar professional backgrounds.

Creative “detours”

Involving yourself in some sort of creative activity is necessary to keep your life in balance. A little periodic “freewheeling” gives your the mind a chance to rest, and it helps you find a wealth of new ideas that “logical thinking” kept hidden. Creative outlets can include sports, artistic pursuits, a hobby, films, theater, reading, travel, or listening to music. Upon emerging from your creative detour, you will feel refreshed, re-energized and ready for the next challenge.

Fear Not!

Many people become contract employees after being fired or laid off—as often as not through no fault of their own. It often creates fear and resentment. However, with a little courage, self-discipline, and some careful planning, this can lead to a life rich with choices, opportunities, and the rewards of being self-sufficient. Once you experience the freedom and flexibility contract work offers, you might never ever go back to traditional full-time employment.

What to Avoid

You Don't Plan Your Time Carefully Enough

Many contract employees spend too much time on each separate contract or project. They also forget that about 25 percent of their working time should be spent on client relations (making sure they're

happy), networking, and marketing (to assure future earnings), as well as administration (their own billing and paperwork).

Organization is essential! Itemize the elements of your workload on a large piece of paper, then plan the number of hours that can be spent on each. Logically speaking, how you apportion your time depends on the percentage of your income each client or project represents. But the *potential* future income of some clients will be larger than others, so you occasionally will need to “spend more to earn more.”

You Don't Know What You're Worth

People can be hesitant to charge enough for what they do. However, it is important to represent yourself confidently and propose a fee consistent with your market value. Find out what other people charge for similar services. If you have demonstrable skills that are in high demand, don't be shy about charging top dollar. However, if you are new in the marketplace and have more established competitors, you may want to charge less initially as an incentive for organizations to hire you. Once you become well established in the field, you can begin to raise your fees.

You Don't Clearly Define Your Boundaries

You need to be clear about exactly what you are offering to the market, even if the lines separating your distinct skills and competencies are somewhat fuzzy. Confusion in your own mind will be evident to potential clients, who then may not know how to deploy your skills. So they don't employ you at all. Try to keep the different areas of your portfolio well defined, so you can send a clear message. And don't try to be everything to everyone.

You Jump In Without Doing Your Homework

Lots of people become contract workers to seize a particular opportunity with one organization, perhaps a former employer. That's risky. More often than not, that opportunity will eventually disappear. If you haven't taken the time to research other prospects, you could find yourself out of work with no options. Always try to plan for the next opening before you need it. Think of yourself as a company; treat your varied skills as distinct products and services. You'll find it's easier to sell yourself to more clients. Identify your own competitive advantages, as well as your competitors—so you can compare and market your skills against theirs.

You Lack Patience

Launching a career as a contract employee is no different than launching a business. It's apt to take a time. While stories of instant success abound (and can be inflated, to boot), there are just as many stories of success being preceded by struggles and periods of doubt—and a temptation to throw in the towel. Don't give up! Just be prepared for periods of modest or meager activity; if you work diligently on all the above points, days of ultimate success *will* come!

Where to Learn More

Books:

Handy, Charles. *The Age of Unreason*. Harvard Business School Press, 1998.

Halstead, David H. *Make It Happen: Create Your Career [and] Control Your Life*. Morgan James, 2007.

Web Sites:

The Contract Employee's Handbook: www.cehandbook.com

The Professional Association of Contract Employees: www.pacepros.com