



## Is Contracting for You?

A Talentlab Job Seeker Guide

## **What Are Some of the Trends in the Current Technology Market?**

In the early 80's, mid 80's and early 90's, we've gone through recessionary cycles. Each time, a lot of large companies have laid people off, so there's a whole new mind set now. People are taking ownership of their own careers, rather than depending on an organization to do that for them. They really have decided that "employee for life" is not really what they want to do. The new mind set seems to be, "I work in the technology industry and I happen to be employed at XYZ Company."

Another prominent trend is that companies are trying to get products to market even more quickly. We're now living in a global economy, so products need to get to market quicker than the other guys' product. You can't wait until your team has a skill set down-pat and mastered. You need to deliver the product, and you can't wait to hire someone, fully train them and get them up to speed before you set them to work. We're on web time now and time to market is vitally important.

Companies are doing whatever they can to get products out to market and contract labor is one way of doing that. We'll have clients call on a Monday, then have new people starting with them on the Friday. That's how quick the cycle can be. A short time ago, it was graduate, train, invest, and in the long-term, the person would be productive. Now, because of the web economy, the digital economy, the global economy, all of these things have to converge together.

## **What Are Some of the Advantages for People Who Decide to Contract for Shorter Periods of Time in a Position, as Opposed to Signing On for Full-Time?**

The number one advantage is that they take ownership of their career. They get to control who they work for, what projects they work on, the technology skill set that they work in, the type of applications that they develop, and the income that they generate.

Also, a contractor is generally paid hourly, billing like a lawyer or graphic designer does. There's certainly some real up sides to this. If a client needs a project finished, there's not the same expectations that you'll work through the weekend and that it's just a part of your job, the cost of earning your salary. If you're a contractor, you'll bill for all of your time, like a graphic designer would. Economically speaking, this can be a great advantage.

Further, in Canadian tax laws, there are many advantages to being self employed. Obviously we can't guarantee these advantages for every individual person, but people are usually able to significantly increase their net incomes because of their tax situation.

Here's another great advantage. One of our candidates works four to six months on a project, will take off a month and travel the world, then call or email us and say, "I'm coming back in 2 weeks. Can you have a contract lined up for me?" The bigger need for her is to have freedom. She wants freedom to take time off when she wants to.

A final thing, and this is something that you don't always hear about, is a lack of politics in the work-place. You're a hired gun, so you get to come in and work on a project, and then you get to leave. You don't really have to deal with a lot of the internal politics that happen with a lot of companies. It can be very freeing.

### **What Are Some of People's Fears of Contracting?**

One of the biggest fears is, "Will I have a contract once I'm finished this one?" Obviously, we can't guarantee that, because we don't control the economy, but we very seldom see a person with good quality skills having a lot of down time between assignments (unless they want to).

There are circumstances where we miss out on a cycle or something happens and you're out for a month or so, but generally our contractors finish their contract on a Friday and start their new contract on the next Monday.

It's funny when we talk to people and they say, "I really want to get into contract labor because independent contractors have more control over free time." Then they end up hardly taking any time off, they're so busy working and making a really good income. We often encourage our people to take a holiday once in a while. You need to relax a little sometimes.

### **What About the Money, Then? How Much More Money Can I Make as an Independent Contractor Than in a Permanent Position?**

On average, it's generally 30% to 40% more gross income. If you're earning \$50,000 to \$60,000 a year, you will usually increase your income by \$20,000 or \$30,000 per year, depending on where you're coming from. It's generally 30% to 40% more on the gross side and on the net side, it

could be as much as 60% more, because of the tax benefits of being self-employed.

### **What About These Tax Advantages?**

Any investment you make as far as technology, books or things that you need in order to retool yourself or reinvest back in your own company are things that you likely would have done anyway, but as a self-employed individual there are certain tax advantages and you can claim a lot of these things.

### **What Are Some of the Disadvantages that Come Along With Contracting?**

On one hand you're not a part of the frustrating office politics, but on the other hand, you're also not an indispensable part of the core of the company. You're an independent consultant and not quite in the loop with everything. It's one thing that not everyone feels comfortable with.

You have to be prepared for this "outsider" mind set, prepared to live with the fact that in 6 months time, you're going to be working on a new project with new people that you've likely never met before.

Basically, you have to be adaptable, and that's not for everyone. Some people love to know where their coffee is, where they're going to sit, what they're going to do, and they love having some stability or consistency. Other people love variety. The person we discussed before, who travels in between contracts, loves variety. For her, it would be a downside to be somewhere for 10 years or 5 years doing the same role with the same people.

So, you've got to be adaptable and prepared to live with the uncertainty of variety. Though, really, what is certain these days? There's no job for life, whether you're contract or permanent and we all know that. The uncertainty is more of a mind set than a reality.

### **What About Benefits?**

We have some relationships with suppliers that are pre-screened and pre-selected, with reduced rates for benefits for our clients. But, for some people, we don't recommend that they get benefit plans, other than short-term or long-term disability. Here's why. If you really look at the cost of what you spend on, for example, your dentist, it's generally a fairly small amount. If a person spends \$500 a year on that stuff, it would be

surprising. That's \$40 a month, but a good benefit package will cost you a lot more than \$40 a month.

Though you've got to think about what your needs are, ultimately you've got to protect your family. You need to minimize any risk that you or they could be left high and dry. So for about \$200 a month, you can get a great benefit package, if you need it. It's up to you.

### **Can Anybody Become an Independent Contractor?**

Anyone can, but the question is, what skills do you have to offer. Remember, what clients are ultimately hiring or buying from you as an independent contractor is your skill set. So, what talents do you have to offer?

### **What Would the Ideal Contractor Look Like?**

The ideal person would be somebody who has a skill set that's in demand, such as semiconductor development or hardware design. Most skill sets within the technology sector are in demand somewhere.

The key, however, is adaptability. Generally, someone who has two to five years of experience minimum to start, has worked at a company on a variety of projects, has proven their ability to do great work independently, yet still being a team player. The ideal contractor needs to have a strong education background, whether it's at a community college or a degree program, and is someone who can express themselves well. Keep in mind that the starting contractor should have at least two years of experience to start.

### **What Should I Do if I'm Ready to Become an Independent Contractor or Want to Look Into this Further?**

Put together a resume or a profile that breaks down what you have to offer in the marketplace, and is a synopsis of your previous work experience.

About 90% of contracts come through third party search companies or agencies like Talentlab, so don't be afraid to talk to somebody like Talentlab about contracting and what you need to get started.

Search firms often get negative press, and there are some challenging things going on in the search industry, things that question its integrity. But as with anything, you don't want to "throw the baby out with the bath water". Our industry, at its best, has a lot to offer if you work with

people who are professional and genuinely interested in you and what you're looking for. The down side of the industry is that, in a lot of cases, it's a commission-based industry, so people are driven by dollars instead of what's right for the client.

But, by talking to somebody in the industry who is honest and real, you can get some perspective. You could sit down and spend a half an hour or so discussing who you are and what you've done and get a real sense of your value in the marketplace. Often, we've sat down with someone that wanted to get into independent contracting, and an hour later they walk out of the door, both parties deciding that it's not the right time for them or that they should retool and get some experience in another area first. The key is that whoever is giving you advice needs to be concerned about you and not their own paycheques.

You can get a lot of valuable information on the current job market from a company like ourselves or another search firm. Talentlab has some really amazing third-party analysis tools that are exclusive to us, that we've spent a lot of time in R&D developing, that can help our clients make sure that they're all set to become independent contractors.

## **So, Why Do Technology Companies Usually Go Through an Outside Agency Like Talentlab?**

The main advantage for organizations is that they're not directly hiring an employee. If you're hired directly by them, directly invoicing them, and being paid directly by them, from Revenue Canada's perspective it's very difficult for that company to justify that you're not a direct employee of theirs. They really want to avoid any employee/employer relationships that will complicate their tax situation. If you're under a search firm's umbrella, that's easier for them.

Another element is time. Clients are very busy, and they need people yesterday; an impossibility when the company is busy doing what they do best, which is build technology, not hire people. We're doing what we do best, which is look for quality people and help our clients hire them. We worry about hiring, they worry about innovating.

Business today is really all about efficiency in relationships. Through our model, we can be highly efficient for the candidates who are looking for a position. They can come to us and have a portal to 30 or 40 or 50 different opportunities at any one time. It's much more daunting if they go out into the talent market themselves. They have to present a resume and

wait for feedback, then go through that whole cycle which could take 2 or 3 weeks, maybe longer. When they come to us, we can present 3 different opportunities from 3 different companies and within a week their job search could be completed.

### **What Kinds of Resources Does Talentlab Have Available for People Who Want to Pursue Contracting?**

There are a bunch of tools on our web site ([www.talentlab.com](http://www.talentlab.com)). The Technology Job Report™, which is a weekly e-zine, goes out to thousands of people each week. It's got our newest jobs for that week along with hot career tips that can really help. To sign up for this, go to [www.jobreport.com](http://www.jobreport.com).

We also have The Leadership Report™, a weekly newsletter for technology managers that want a quick digest of great management tips and our latest management jobs. To sign up for this, go to [www.leadershipreport.com](http://www.leadershipreport.com).

Want to know how much your skill set should fetch you in the current high-tech climate? Our site has seasonal salary surveys that will tell you what you could be making, and what you'd make if you changed career directions. Visit [www.talentlab.com/salary](http://www.talentlab.com/salary) for a look at this.

But the biggest thing that Talentlab has to offer is our Talent Agents. We've got a dedicated team of professionals that are really high quality, high-caliber people. Everyone in our company is an owner of the company, as well, so they're genuinely interested in a long-term relationship with our clients and in the candidates who are searching. We're not a commission-based organization, so we're out looking for long-term relationships with people.

### **What 3 Steps Should I Take Right Now if I Want to Get Into Independent Contracting?**

To recap, the first step is to put together a profile of yourself. The second step is to talk to a firm like Talentlab or another firm that has integrity and a genuine concern for people, and get an assessment. Simply sit down with a Talent Agent and figure out if your background would be a good fit with contracting, how you would go about becoming an independent contractor, what your market value is, what some of the risks may be and what some of the current opportunities are.

The third thing, assuming you've met with a talent scout and you're ready to get started, is to have the Talent Agent start presenting opportunities while we work with you on getting you set up as an independent business.

Once you're online and set up as a business, we really try to work on having no down time for you, unless you want it. It's such an important factor to keep in mind - that Talentlab really works with our people, moving them from contract to contract so that they don't need to have any down time. We want to work with you on a long-term basis and make sure that things are working out for you.

### **What About My Resume?**

Our site has a great resume-building tool. Visit [www.talentlab.com/resume](http://www.talentlab.com/resume) to enroll for free in The TalentMatch System™ and put your resume at our fingertips so we can start looking for positions for you.

### **Who Should I Talk to If I Want More Information About This?**

Call us!. We're really flexible in meeting with people during daytime and off-hours ... whatever is needed. Our number is 613.271.8181.