

Contract Jobs Might Be a Good Fit for You

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Amy Lindgren, October 15, 2006

If you have expertise or skills that can be used in a variety of settings, you might be a good candidate for contract positions. These jobs are short-term by design, ranging from a few weeks to a couple years.

There are two main ways people work as contractors” by simply selling their services to the companies that need them, or by signing on with an agency that places contractors into companies with project needs. In the second instance, you might actually be an employee of the contract house (or consulting agency), or you might be on-call with them, ready to work when they have a contract available.

While you might think contractors are mainly used to handle IT projects, quite a few professions actually make use of this long-term, temporary labor force. You can find contractors working in everything from accounting to construction management. In my own case, I have been hired as a contract career counselor to help job search programs when they experience sudden influxes of laid-off workers.

To analyze whether your skills would work in a contract situation, try to determine if one-time projects come up in your field, or if employers experience cycles of work that might make permanent staffing difficult.

Working as a contractor generally includes some very appealing characteristics. You can command higher per hour rates than if you were on salary, you usually enjoy some scheduling flexibility, and you get the status of being an expert.

On the down side, you always have the sense of being an outsider, even to the friendliest organizations. You also bear the brunt of tough deadlines: As the contract, you’re expected to make things happen, no matter what.

And, if you’re working through a contracting house, you might find that you’re being doubly supervised. First you have to answer to your manager in the contract house, who isn’t on site and might not have a full appreciation for the situation, and then you have to report to the on-site project manager, whose only real power over you might be the authority to fire. This situation can make some contractors feel like they are walking a tightrope.

A Word for Self-Contractors

Oddly enough, working as your own contractor, without a contract house in the middle, doesn’t seem to eliminate the tightrope walk. In this scenario you not only perform the work, but you also communicate regularly with the company liaison to find out what needs to be done differently, which deadlines need to be adjusted, and what other work might need to be added to the project.

Another responsibility for the self-contractor is to handle the paperwork including filing quarterly self-employment tax reports. For that reason, your rates should be high enough to cover the administrative work of managing both your employee (you) and the contracts. As a starting point, add at least 15.3 percent to your rates, as that is the amount of each earned dollar that you will be sending to the government to cover the employee and employer parts of social security and Medicare taxes.

If this sounds even the tiniest bit arduous, do yourself a huge favor and arrange with a bookkeeping service to send out your invoices and prepare your tax reports. You can figure the cost of the service into your rates and save yourself a headache at the same time.

Speaking of headaches: as each contract winds down, you'll want to gear up your networking (that means sales) to tell other companies you're available. While this task of bringing in new work is not rocket science, it's tricky enough to drive some people from the field of self-employed contractors.

If you know you don't enjoy the marketing process, plan for it in advance: Join professional groups in your field and get your name into any directories or Web sites that they can sponsor, for example. You can consider hiring an agent. Or, you could put in an application with an established contract house or consulting firm and let someone else handle the marketing.

Whether you decide to work as a self-employed contract or on staff at a contract house, remember that nothing lasts forever. Long-term contracts nearly always have clauses allowing for cancellation and, as we all know, permanent jobs seldom are. Whichever route you choose, keep your resume current and your eyes peeled for the next opportunity.