

CONTRACT STAFFING FAQ'S



Contract staffing offers an excellent way to meet critical project goals, control costs, increase productivity, and manage risk. While the decision to use contingent staff should never be made lightly, the benefits can be substantial. By partnering with a professional technical staffing firm, you give yourself an easier and faster way to locate technical talent. And you give your business a competitive edge in the market!

Despite the benefits, and according to a recent study by IT Business Edge, bigger companies (\$750 million in annual revenue) used contract workers more than other companies (median of 10 percent for larger companies vs. median of 5 percent for others). (<http://www.itbusinessedge.com/item/?ci=41609>) So why are smaller to mid size companies behind? Consider the following frequently asked questions.

Q. Mid-level programmers on my staff make \$70/hour, while contract programmers may cost \$100/hour. Why should I hire someone who's more expensive?

A. Look behind the figures, and you'll find a few faulty assumptions. An employee's hourly rate is only a fraction

of his total expense. Add in payroll taxes, benefits, and administrative costs (which typically range from 30 to 50 percent of salary), and the hourly rate is almost identical.

Then, factor in hiring expenses. First come recruiting costs, such as advertising, assessment testing, and candidate travel. Add to that the productivity lost as project leaders are taken off assignments to manage hiring activities. And finally, consider extraordinary expenses such as the signing bonuses frequently associated with high skill positions.

With contractors, the hourly fee is inclusive. And when the project is done, so is the assignment. There are no termination costs or other expenses. But the greatest value of contract staffing is often the time savings. Time is your most precious asset. Think of the effort it takes to recruit, screen, test, interview, and hire personnel. With contract staffing, your staffing partner handles these activities, while your team stays focused on project work.

Contractors can also reduce project development time. Hiring a contractor is faster than hiring a direct employee. And the time you save increases the probability

of meeting your project schedules. In industries where product life cycles are measured in months, reducing time to market is critical.

Q. Contractors are not employees of my company, so how can they get on the same page with my direct staff?

A. Effective leadership is about guiding and motivating people to produce results. Whether those people are direct employees or contract, you're faced with the same challenge. But since contractors and direct employees are likely to be motivated by different needs and wants, it's often easier to lead a blended team and satisfy the varying needs of both.

To lead your team, start by practicing open communication. Clearly delineate the roles and value contractors and direct staff bring to the project. Usually, direct employees possess broader management skills and the specific company knowledge needed to manage the project, while contractors provide specialized skills. Cultivate partnerships between these two groups. Such integration fosters personal rapport and encourages team members to learn from one another.

Next, develop management standards. In part, that means making sure financial treatment is equitable. Consider paying direct employees for overtime. Offer bonuses to everyone when tight deadlines are met. And ensure that every member of the project team – contract and direct – has defined and measurable goals. In the case of contract employees, be sure to work with your staffing partner to set goals, provide rewards, and hold contractors accountable for results.

Q. It seems like contract employees are motivated primarily by money. Won't they leave my project when a more lucrative opportunity comes along?

A. For most contract employees, their primary motivation is not money – it's a combination of learning new technologies



and having job flexibility. They like the independence and challenge that comes from varied assignments. As important, they are able to work as little or as much as they want.

But to enjoy this level of flexibility, they have to be easily employable. And that means they have to be reliable. Competent contract employees recognize this fact, so they make sure their customers are satisfied with their work.

Q. What's to prevent a contract employee from using our acquired intellectual property for the benefit of another business – maybe even my competitor?

A. The technical staffing industry does not ignore intellectual property rights. Most staffing firms require contract employees to sign a confidentiality agreement – a legal assurance that they will not disclose what you share with them. Contractors working on sensitive government projects may even be required to obtain security clearances.

On a practical level, however, the likelihood of a contract employee “stealing” your intellectual property is quite slim. Usually, contingent staff are placed on assignment because they can provide needed technical expertise. When their piece of the project is finished, they leave. They don't have time to study project phases and formulate “big picture” implications – even if they wanted to!

In the final analysis, your company will probably take away more “intellectual property” from the contract employees than they will get from you. Use their knowledge to its fullest to improve your projects and enhance your staff's skills.

Q. Contract employees aren't my employees, so who manages them? Who – if anyone – do they listen to?

A. Contract employees work for your staffing partner, but when they are on assignment at your facilities, they are under your direction. They can and should be included in all project team meetings and process improvement activities.

When distributing important project information, don't forget your contractors. As stated earlier, you should work with your staffing firm to develop measurable goals for contract employees. Then, make sure they deliver. By ensuring that their progress is managed, contractors won't feel isolated, and you won't feel uninformed.

There are some responsibilities that should be left solely to your staffing partner, including pay rate discussions, end of assignment notification, and in rare instances, disciplinary action. A good rule of thumb? When in doubt, consult with your human resource personnel or your staffing firm.