

## **CONTRACT OR DIRECT: what's the best way to get work done?**

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**"We got the Helix job!"**

Keith Radford, partner in a mid-sized technology provider, jumped up and exuberantly punched the air, "Whoop! Awright!" He turned to his partner Mike smiling, "Which parts?"

Wide eyed, Mike said quietly, "We got the whole thing."

Keith slumped down into his chair. "The whole thing?! The whole thing?! Mike, we don't have the resources to do it all. They need application and server development, mainframe support, systems analysis, architecture...they're even looking for web development! Most of our people are tied up on other jobs right now! Whoever thought we'd get the whole thing? What're we gonna do?"

Mike swiveled in his chair, opened his top desk drawer and began rummaging through its contents... "Remember that guy we met with a few weeks ago...from that technical staffing company?"

"Yeah. What? You're thinking contract hiring? We can't afford that."

Mike pulled out the business card he'd been looking for... "I thought so too. Our business had leveled off...we didn't have much new on the horizon, our staffing and business needs didn't call for contract employees. But maybe now things are different."

Keith stood up and began to pace, "I dunno. Maybe we should just start on recruitment... run some ads...make some calls...I know a couple of guys..."

"We don't have much time, Keith. Do you remember how long it took us to bring in our last programmer? While we can get a flood of resumes in here, good techs are still hard to find. And besides, what are we gonna do with these people when the job is over? This is only an eight month project."

Keith nodded. "Yeah, I know, I know. But I feel a little leery about bringing in a bunch of strangers to join our team. Who knows what they could pick up...who's to say they wouldn't go to work for one of our competitors next, and pass along our methods... and our contacts?"

"C'mon, listen to yourself, Keith. These contractors are pros. They wouldn't last long in the field if they were in the habit of stealing information from their clients. It's not in their interest to do that. And y'know, I think a few of our younger people could benefit from working with guys

who have been around. They could probably learn a few things. And when the job is done, the contract workers are off our books. The initial extra expense of contract hiring is easily offset, in this case, by the payoff from getting really experienced people with the technical skills we need in here fast...when we need 'em. It's a win-win."

Keith nodded. "Let's make the call."

### **Contract or Direct?**

The popularity of contract staffing has grown dramatically in the last decade as the "just-in-time" way of doing business, particularly in the technical arena, has created new strains on competitive service delivery. For many businesses, contract hiring is an effective strategy for controlling costs and payroll obligations, managing risk, and accessing advanced skills for a specific project need that would otherwise be difficult, expensive, and time-consuming to bring on board.

Is contract staffing the perfect solution for every must-hire situation? No. Each business must always weigh its short and long-term needs, its available financial and human resources, and the demands of the marketplace. What makes sense in one situation may not be advisable in another.

Generally, bringing in contract professionals makes sense when:

- organizational capacity is strained
- time demands are tight for project deliverables
- projects are of limited duration
- specialized expertise is needed on an interim basis
- project managers lack the time for a full-scale recruiting effort
- project talent cannot be easily located

Let's face it, it takes time to hire talented, competent people. Many organizations have found that contract staffing offers a high level of flexibility and response time that's difficult to replicate through the more traditional direct hiring route. Projects with high technical skill demands coupled with relatively short life spans lend themselves ideally to this type of response. In this situation, the client informs the staffing provider of his needs and timeframes, and the contractor then manages the personnel functions of hiring, oversight, performance evaluation, and overall coordination of the contract staff. This approach frees project leaders from the demands of ramping up staff levels and allows the client's management team to focus more intently on project deliverables.

There is a substantial bottom-line cost affixed to recruitment/hiring, orientation, and training new

staff. That payout is not always added into the expense of wages, benefits, severance (as needed) and overall personnel administration when comparing contract and direct hiring.

### **No One Size Fits All**

There isn't any formula for making the call as to when to use contract hiring services. In the case of Keith and Mike, they needed to quickly bring on a number of highly skilled technical staff to help in planning, designing, and implementing a large project with a demanding timeline. For them, hiring contract staff allowed them to accept a major contract that otherwise, they might not have been able to manage.

In today's fast paced and highly competitive marketplace, the most effective businesses always pay close attention to their options, especially when it comes to workforce management. Contract or direct? It depends...what are your needs, when are your needs, what alternatives are available to satisfy those needs, and does anyone really have the time or inclination to manage recruiting in-house? Just pick the option that most cost-effectively helps you get the work done!

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