

## The Sourced Guide to Contracting



So maybe you've made the leap and have decided to 'go contracting', or perhaps you're currently in a permanent role and trying to find out more information. Who can blame you? Contracting is an excellent opportunity to capitalise on your experience and expertise in a particular field, and in most instances, be well rewarded for it. But is it all it's cracked up to be? How does it work? What are the benefits and where do you start? This blog aims to answer these questions, hopefully allowing you to decide whether contracting is right for you.

### What is a Contractor?

By definition, an independent contractor is somebody who runs their own business, works for clients on a temporary or fixed term basis, and has a well-developed set of specialist skills. Contractors can often work for multiple companies each year, and on occasion work for more than one company at once.

The concept behind contracting is that you see yourself as a business rather than an employee, and charge out your services to clients. In the current market there are usually a range of different contracts available, providing a wide variety of work options. Contracts can be anything from a few weeks through to more common 6-12 month arrangements.

The major noticeable difference is that as a contractor you aren't entitled to the same benefits as employees, such as sick pay, holiday leave, ACC contributions and Kiwisaver. To compensate for these factors, and the increased levels of role insecurity, contracting nearly always carries higher rates of pay.

### What are the Benefits?

Depending on where you are in your career, contracting can come with many advantages over traditional employment. For more experienced professionals with a proven track record and a well-honed skill set, the benefits include greater flexibility, exposure to varied and high profile projects and less

involvement with company politics.

## Greater flexibility, varied and high profile projects and less involvement with company politics.

On the contrary, if you don't have a wealth of experience but feel like going independent might be for you, then contracting could be a viable option for a number of reasons. For example, contracting can give you the opportunity to ease yourself into the workforce. If you're straight out of study or coming back into the workforce, contracting can give you a chance to start off part time, or on a fixed number of hours per week. This can be extremely useful if you're feeling unsure about immediately working full-time after a break.

Right now is arguably the best time in the last few years to start contracting. **The IT market is exceptionally busy** meaning skills are in high demand and expected to remain this way for the foreseeable future. Our experience has been that most contractors regularly have their contract extended and if not, can pick up a new contract within a number of weeks, effectively leaving no gap in employment.

In addition to this, with the advent of cloud computing, so much of what we previously had to be in the office for is now accessible from the comfort of your home. This allows for even more flexibility than contractors previously had, and gives many the opportunity to work from home for at least some portion of the week.

### Is Contracting for You?

Though there are many benefits to contracting, that doesn't mean that it doesn't bring its own responsibilities. There are certainly things you need to know before venturing out. First, assess whether you could conceivably not work for a proportion of the year, or be without work at relatively short notice. Contractors are also often the first people to go if redundancies are being made, as they are usually higher paid and it is easier to cancel a contract than to dismiss a full time employee. It's also important to keep in mind that contractors are only paid for the hours they do. So, for instance, if your company is shutting down over Christmas, you won't be getting paid for that time.

Contractors' taxes are not withheld, which means you have to pay your own taxes. This way of earning can be stressful, and requires sound budgeting. If you don't pay your year-end tax bills, even by accident, you can get into serious legal trouble, so it is wise to consider getting an accountant. Contractors also need to cover their own liability insurance, which is an added cost. However, if you contract through an agency (such as Sourced!) then this is often covered.

Take things like the time of the year, or the projects currently happening in your area, into account too. Are there certain projects going on around you that you can contribute to? Is there a certain time of the year where your skills are more in demand? If so, try and plan out how much you'll be earning in that time.

Because of this whole new world of taxation, levies and insurances that contractors have to manage, you'll need to get **the right advice** early on (alongside some careful budgeting) to ensure you're protecting yourself and your future earnings.

You also have to think about your skills and the demand for them. By positioning yourself as a business, you have to present yourself like a business. Make sure you're able to demonstrate to clients that you have a deep set of specialist skills that are worth paying for.

Part of this is being able to sell yourself, as your personal brand is a vital part of contracting. Work on that elevator pitch, and get your skills across clearly and succinctly. For more on this, take a read of our **guide to personal branding** to get yourself off on the right foot.

THE PROS AND CONS OF BEING A CONTRACTOR	
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Better pay	No sick or holiday pay
Greater flexibility	No Kiwisaver
Varied work	Less stability
Less politics	Taxes aren't withheld

If you cannot see the demand for your specific skills in your geographical area, then you also have to think about whether you're comfortable with working remotely, or, more likely, moving to somewhere that you are more valuable.

### **How do You Start?**

Contracting is an excellent career choice for those seeking a more flexible working arrangement, and who are confident enough to manage themselves as a business and handle everything that comes along with that. In addition to the above, [networking](#) and [strengthening your personal brand](#) are also great pieces of advice for anybody looking to step into contract work, and our guides to those topics may be of use to you.

Contracting through a recruitment agency carries several benefits. For a full guide on what it is like contracting through Sourced please [click here](#). If you're looking for a contracting opportunity, feel free to get in touch with the team here at Sourced, and we'll see how we can help you take charge of your career.