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TRY BEFORE YOU BUY: HOW BEST TO UTILIZE CONTRACT EMPLOYEES

By Tracy Cutone

There is inherent risk in hiring new employees. Despite a hiring manager's best efforts—thorough vetting of each candidate and a comprehensive interview process—there is no guarantee the new hire will be a good fit for the company.

Of course, the best way to fully discern a person's value is to watch him or her in action, working alongside colleagues and becoming an active part of the organization's culture. Candidates, for their part, must also decide whether they made the right choice when they begin a new job (Do I fit in here? Is the company living up to its interview promises?) With the uncertain economy and tightening budgets at companies across industry lines, there is no room for a bad hire.

Some companies are turning to contract employees to help fill vacant slots and ease some of their organizations' imminent hiring needs – and worries. But hiring managers and company leaders shouldn't just look at hiring contract employees as a short-term fix in a volatile economy. Utilizing contractors can be a viable long-term strategy for organizations looking to get the most out of every hire. Here are some of the advantages of using contract employees:

Better retention - With the skyrocketing costs associated with recruiting and hiring new employees, hiring managers are always looking for ways to improve their retention strategies. Fortunately, contract hires have great retention numbers. In fact, contract-to-permanent hires have half the fall-off rate of those who are hired directly to permanent posts.

All parties can "try before they buy" - Hiring contract employees allows organizations to "audition" candidates before offering them a permanent position. In fact, employers and candidates can consider a contract engagement an elongated working interview. The intangibles that are often difficult to determine during the traditional interview process can be revealed during contract employment. Does the contractor get along with team members? Are his or her specific skills as deep and strong as expected?

Are they a good fit culturally? Are they happy working at the company?

More buy-in from colleagues - If a contract employee is offered a permanent position, he or she usually has the support of colleagues. That is because unlike a traditional new hire, members of the team have a say and a stake in the hire. They may not make the final decision, but they can give feedback to the hiring manager about if the person is a good fit.

Gain new perspective - An interim employee is not familiar with—and, therefore, not caught up in—office politics, which can sometimes be the fresh perspective a department or organization needs to jump-start a stagnant project. Contractors can serve as objective third parties, and people tend to be honest with them, because they have nothing to lose. Alleviating the political obstacles can be just what the organization needs to accomplish its goals.

Fewer consequences - If a permanent employee turns out to be an under performer, it can be difficult to start over or remedy the situation. Many times, employers must spend time and money into coaching and training the person so they can live up to their promise. This can be draining on resources and deflate the morale of teams. If contractors aren't working out, it is an easier transition for them to terminate their work with the organization.

Can help refine a search - Most hiring managers think they know what they need at the beginning of the hiring process, but a contractor may make them change their minds. When they bring in a contract employee, they have a chance to determine if that person's experience and skills matches the company's needs. This could help refine the requirements for that position and avoid over- or under-hiring.

Fewer start-up costs - The nature of contract work requires candidates to "jump right in" to their work, so there is less cost associated with on-boarding, orientation and training. Contract employees also don't require the same benefits as permanent employees.

Shorter ramp-up time - Since contractors bypass the traditional orientation period, they are ready for assignments as early as the first day of work. They learn on the job—as they do their work—and don't expect to be coddled or hovered over during their engagement. And if they are offered a permanent position, they are already familiar with their co-workers, the company and how things are done in the organization's culture.

Self-motivated candidate pool - Candidates who are drawn to contract work are familiar with the lack of orientation at new organizations—and they thrive in that type of environment. They are accustomed to a quick ramp-up time, and are determined to show results quickly. Contractors often describe themselves as resourceful, results-oriented and driven—all qualities employers are looking for!

Targeted skill-set - Contract employees are often hired because they possess a highly specific skill set. Employers can hone in on the exact experience they need to fill a certain post or complete a project, instead of hiring a permanent employee who may only meet some of the hiring criteria.

Get it done - Employers can also temporarily fill a position to get the work done while they continue the search for a permanent candidate. This can help alleviate the urgency of making a hire so HR managers can be sure they have the best person for the job.

Aside from finite project work, ideally most contract hires will turn into permanent employees. While contract employees are drawn to short-term work, most are eager to accept permanent posts if the company gives them what they need. Here are some best practices to follow to ensure your contract employees will want to continue with the organization:

Engage early: It is important to establish a connection with contractors at the start of their assignments. Make sure they have a manager they can go to, and that the supervisor periodically checks to see that things are running smoothly. Give contractors as much of a taste of the culture as possible.

Keep lines of communication open: It can be tricky to continue a search while you have a contractor filling in, but it is important to be honest. Let contractors know where your search stands. That way, you can ask for the same in return if they are continuing to look for permanent work.

Challenge them: Contractors thrive on providing value quickly. Give them the opportunity to deliver, and let them know their work matters.

Include them: Be sure to invite contract employees to staff, brainstorming and client meetings. Their input can add value, and you are demonstrating your commitment to them. It is also wise to include them in social work events. This could include formal office gatherings like retreats and parties, or informal smaller outings like lunch or coffee breaks.

The hope in hiring a contractor is that there will be a natural progression toward a permanent position. Both parties will know when it's right. Hiring contract employees is an effective option for companies looking to strengthen their retention numbers while saving valuable resources. While it can be a cost-effective hiring tool to implement during a turbulent economy, it should really serve as a long-term hiring strategy to help businesses become more effective in their hiring processes. It is an ideal way to make every hire count.

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