

The contracting seasons

Introduction

Like the best farmers, the best contractors know when to sow and when to reap, and when to stay indoors.

The contract market has its own rhythms. A farmer knows when to plant, and when to harvest. A contractor should know when to be looking for work and when to be safely in a long-term contract.

The contract market has *seasons*. Just as we know when winter is coming, contractors need to know when the market is slowing down. If you're reaching the end of a 6 month contract, and your CV isn't generating the buzz it did before, you should focus on getting an extension rather than risk being **left out in the cold**.

If you're reaching the end of your contract, and you're getting lots of attention from agents, then you can probably get more money somewhere else. It's worth putting out the feelers every now and again to see what the **market temperature** is. It's not because you want to finish your contract early. You just want to know what the weather's like outside.

The most successful contractors have a *market barometer*. They keep one eye on what's going on out there. By doing this, they build a picture of the seasons and rhythms of the contract market.

Contracting Seasons

- o **Spring** – after winter, the market starts to warm up and flower buds start to appear. Listen for the first *cuckoos* – your phone will ring just that little bit more often, and the rates on offer will be just that little bit higher. Keep the feelers out, as summer is on the way.
- o **Summer** – your skills are in demand and rates are looking better. This is the time to start a new contract, as it's all about finding the right people at this point.
- o **Autumn** – traditionally, this is *harvest time*. This is the best time to renegotiate. The highest contract rates are usually paid to people who've proven their worth. If your client sees you as too valuable to lose, you're in a strong negotiating position.
- o **Winter** – the best place to be in winter is **indoors** in the warm. Even if you're not 100% happy with your current contract, the weather outside can be far harsher. *Hunker down and sit it out* until spring comes round again.

Contracting Cycles

The contract market has short-term and long-term cycles. It has two annual cycles, driven by the financial year and holiday seasons.

- o **Jan/Feb** – after the Christmas holidays, clients start to galvanise into action. New budgets are approved and hiring starts. This is the equivalent of *spring*.
- o **Mar/Apr** – this is the equivalent of *summer*. Arguably the best time to look for a new contract.
- o **May/June** – *autumn*. Time to bring in the harvest. If you can secure a 3 month contract in March, you'll be in a strong negotiating position in June.
- o **July/August** – *winter*. Holidays break the rhythm of the market, and hiring becomes a low priority. If you're not in a contract by the end of June, you may end up unemployed until September.
- o **Sept** – spring **again!** After the summer holidays, kids return to school and the HR department awakens from its slumber.
- o **Oct/Nov** – another summer brings better paid contracts. Another very good time to be on the market.
- o **Dec** – autumn and winter come around quickly. Many projects are scheduled to deliver in the week before Xmas, which means that this is the perfect time to renegotiate. By Dec 24th, the market goes dead until the New Year.

There is a longer cycle that can last up to a decade. The demand for contractors mirrors the growth – or lack of it – of the technology market very closely, as we are the *easiest people to hire*, and *the easiest to get rid of* when times are hard. You're probably best off watching the growth of the market (NASDAQ is a good source of data), and looking out for a plateau – **the edge of the bubble after which it's likely to burst**.

- o When times are good, **invest** in *less volatile markets* (like property, for example). You want to store as much *financial fat* as you can.
- o As the market nears a plateau, start making plans to become *less easily expendable*. This might be a good time to go permanent, or to start lecturing at a University. Generally, building a **second source of income is advisable**.

- o As things start to warm up again, you want to be in a position to take advantage. If you're in a job that requires 6 months notice to quit, getting back into contracting might be difficult.

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