

Contractors urged to think like businesses, not employees, to survive the downturn

Whilst there is no doubt that the contracting market is extremely tight, even worse than after the bursting of the dotcom bubble, the market appears to hold much promise for those contractors who can exploit it. This, according to online publisher James Leckie, is because the contracting market is significantly more developed nearly ten years on.

Leckie, the founder and CEO of start-up IT contractor website [Contract Eye](#) and the small business online resource [Byte-Start](#), explains: "Contractors are more embedded into organisations than before, and clients have become much more educated about the benefits a highly skilled yet flexible contractor workforce can bring to their organisations."

Market conditions

Leckie was an IT contractor during the mid-nineties, working for household names like British Airways and Honda. He then focused his attention on online publishing early in the electronic publishing revolution and has operated a number of successful contractor and business websites over the past decade.

"Publishing online resources initially for contractors and then small businesses has enabled me to collate a wealth of anecdotal evidence on market conditions on an ongoing basis," continues Leckie. "It all points to the fact that the current recession has the potential to hit poorly prepared contractors much harder than before."

However, Leckie's view is that twenty-first century contractors should be able to turn the poor market conditions to their advantage, if they are prepared to access and take on board the huge amount of advice and resources available to them now.

As he points out, that valuable knowledge was simply not there during previous recessions, and has only become available through sites like his own and ContractorCalculator's.

Think like a business, not an employee

So, what steps should contractors take to survive this recession? Leckie emphasises that above all else, they must adopt the right state of mind: "Contractors need to start thinking like the small businesses they are, rather than as the employees they were."

"Taken as a group, contractors are notoriously poor at selling their businesses and the benefits they offer to clients," he says. "Contractors who take the time to invest in 'contractor skills', which are no different to those required by any small businessperson, will prosper."

He emphasises that adopting good habits, which may be as simple as keeping an up-to-date CV on file, tailoring new contract applications to the role advertised and learning sales, marketing and negotiation skills, can keep a contractor in work.

Contractor survival - cash flow

As contractors are small businesses like any other, cash flow is also a key ingredient of survival. Leckie explains: "Many new contractors get excited about their sudden explosion in earnings, which is great because that's one of the many reasons that people choose contracting in the first place.

"But ideally, contractors should have six months operating costs in reserve at any one time in case they cannot win a contract, or are unable to work for any other reason. This money is not as attractive as a new car on the drive, but it is one of the good habits contractors should adopt."

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James Leckie

Leckie also strongly advises contractors to ensure they save and securely ring-fence tax liabilities, avoiding the temptation to raid these sums, particularly if money is tight because the contractor cannot win work.

Online contractor resources

"Contractors today have access to resources that I could only have dreamed of when I was contracting nearly 15 years ago," says Leckie, "and there is no excuse for contractors to claim they 'did not know' if they come unstuck."

In addition to providing IT contractor start-ups advice through his website [Contract Eye](#), Leckie also provides small businesses with a wealth of guides and resources through small business portal [Byte-Start](#).

He concludes: "Learning good habits and investing in acquiring contractor skills will ensure that canny contractors not only survive, but also thrive through this recession, coming out of it in a much stronger position."

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