

## Moving from permanent to contracting - case study 3

### Introduction

A first time contractor explains their reasons for quitting permanent work to go contracting and describes the issues and hurdles overcome on the way to their first contract.

### History and why I went contracting

The decision to go contracting was a fairly easy one to make and I have not regretted it for a moment.

I graduated seven years ago and my first two jobs were in fast-paced and exciting consultancies. Boredom was rarely an issue and the pay was good. As the dot.com boom started to collapse I left and joined a 'safer' end-user company.

However, at the new company the pace and quality I was used to as a consultant was not the same. I slowed down to accommodate politics and the overly relaxed deadlines. I got bored, lost all enthusiasm, left and went travelling for a year.

When I returned, despite having thoughts of starting my own company, immediate financial issues forced me to take the first job that came along. The people were lovely, the role was senior and the company initially looked good.

Sadly, it quickly became apparent that there were just too many core problems that were unlikely to be solved. I found myself in a frustrating and badly paid job with no clear career goals, working for a company I didn't believe in. I've learnt since that this is one of the [common reasons permies go contracting](#).

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First Time Contractor

My last two permanent roles had both left me wanting. I needed a more demanding environment and wanted to be paid what I felt I was worth. Also, after a year of travelling, I longed for greater flexibility to take more holidays.

Doing it myself, possibly in the form of contracting - the dream I'd had while travelling began to reassert itself.

### Researching my market

I first wanted to see what roles were available and my first stop was [Jobserve](#).

It became apparent that if I were based in London finding a contract would have been much easier than Bristol which had fewer roles available.

I conducted some preliminary investigation by calling the agents. They asked all sorts of questions to which I didn't know the answers such as what my daily rate was and whether I would fill in forms to contract out. It seemed it was time to do some more research.

[Ed. - See [Negotiating Rates with Agents and Building Relationships](#) and [Comparison of Hourly and Daily Contract Rates](#)]

### Researching contracting

One of the first websites I came to and the one that proved particularly useful was [www.ir35calc.co.uk](#) and its companion site [www.ContractorCalculator.co.uk](#). Another useful site was [Shout99](#).

I spoke to contractors I knew and those who employed contractors. Key things I learnt from my research which were immediately useful included:

- o rewriting my CV for the contract market as opposed to the permanent market
- o what [IR35](#) was
- o what contracting in and out means
- o what I'm worth as a daily or hourly rate
- o how to get the most out of conversations with agents.

[Ed. See [Determining the Contract Rate for Your Skills When Entering the Contract Market](#)

### Making the move

Every web site advised me to resign before applying for contracts due to the shorter lead time between looking and starting work.

[Ed – Agents will rarely consider a candidate if they are not 100% available, unless they are stuck for candidates. See [Should I Quit My Job Before Applying For Contracts?](#)]

I followed the advice and handed in my notice. In hindsight, I'm not sure how necessary this really was. It eventually took six weeks to find work and it was hard psychologically not to be working for so long. People going for contract work and who choose to quit their permanent role first should be aware that it may take a while to be working again.

The process of finding a job followed a fairly simple routine on a day-to-day basis; it's not completely different to getting a permanent role but it's more of a volume and numbers game:

1. Check Job sites for any new roles - you can set up to get them e-mailed but that seems to be a bit slow.
2. Apply for any new roles.
3. Call the agent half an hour to an hour after applying and keep trying until you get through. Absolutely don't rely on any messages left or that the agent will call you back even if they do get the message.
4. Keep a spreadsheet (or similar) of all the contacts you make and what you talk about. I had the role, company and location, the agent, their contact details, the status of the role and what conversations and other contacts we'd had and when. Keep 'dead' ones as well for next time you look.
5. Contact the agents on the roles you've been put forward for on a regular basis. Once again, don't expect them to call you back.

### Finding Work - Lessons Learnt

- o If you live somewhere other than London, be aware that it may take longer than you think to get roles.
- o You must, must, **must** learn to sell yourself. I thought I knew how to do it but I wasn't as comfortable on the telephone as I needed to be.
- o Call agents within half an hour of sending your CV, absolutely **don't** rely on them getting back to you... ever.
- o Don't be shy about contacting old friends and colleagues when looking for work.
- o Your CV **must** be short and to the point, every word counts. The guy who recruited me for my first role actually said that he often got CVs of 5 pages long from agents. He often didn't even try to read them. Don't rely on an agent to check your CV. [Ed. See [An Introduction to Good CV Writing for Contractors](#)]

### Own company or umbrella

I did plenty of research on the web and came to the firm conclusion that I wanted to have my own company.

Going contracting is part of a long-term dream of starting my own consultancy; I figured there was no harm in setting up the branding etc. early. I have a website, business cards and will create a long-term business plan.

I like the control I get from doing it all myself, however I reckon I've spent at least 40 hours in the first three months doing company related work completely unconnected to any contract and that I probably wouldn't have had to do if I'd gone for an umbrella scheme.

[Ed. See [Limited Company or Umbrella: Deciding on a Payment Structure](#) and [Joining a Contractor Umbrella Scheme](#)]

### IR35

I discovered that [IR35](#) is a big issue when contracting with [large financial implications](#).

I decided to get my contract fully reviewed for IR35 and chose the firm Lawspeed to do the review.

It was very useful and reassuring to have it done although the cost was a little scary as I hadn't actually earned any money at this point. However, I learnt that this is one of the [start up expenses that can be claimed](#).

Lawspeed's Business Checklist is very useful especially for a first-timer. I am pretty confident that it's outside IR35. However, it's been pointed out to me that I can't and don't see the contract between the agency and the client which may \*not\* be IR35 compliant. This is frustrating and annoying... as a lot of IR35 things seem to be.

I've done everything else I can to be IR35 complaint (running my business as a full business etc. etc.) and advice says that while the contract between the agency and the client \*can\* be used, it's the day-to-day working that's most relevant. Be aware of this.

[Ed. See [Getting Your Contract Reviewed For IR35](#)]

### Professional insurances

I first went with my bank's offer simply because I didn't have the time or energy to shop around. This turned out to be a big mistake and I managed to cancel eventually and go with a more competitive offer.

It seems a little hit and miss and all the options are a little confusing but this may be just because I didn't do as much research as I could have done.

[Ed. See [Contractor Insurance - Overview and Options](#)]

## Final thoughts

I am now 2 months into my first contract and I love it. I cannot imagine ever going back to a permanent job.

The work is interesting and there's always plenty to do. I don't have to worry about the long term prospects or the politics of the client I work for. I can take holidays when I want to (sort of) and the money's great.

I'm working hard but it's for something I completely believe in - myself and my company.

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”

First Time Contractor

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- [Common Reasons Why People Go Contracting](#)
- [Writing The Killer CV](#)
- [How to Find a Contract](#)
- [10 Tips For First Time Contractors](#)
- [Moving From Permanent to Contracting - Case Study 1](#)
- [Moving From Permanent to Contracting - Case Study 2](#)
- [Moving From Permanent to Contracting - Case Study 4](#)

### Related Calculators:

- [Permanent To Contracting Calculator](#)
- [Contractor Calculator](#)
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