

Moving from permanent to contracting - case study 1

[This article was written for us by a contractor who we mentored during the transition from Permanent to Contract.]

Introduction and Background

I was an associate director at a small niche software house. The decision to go contracting wasn't easy. After 10 years, the job was so comfortable I could almost anticipate future project issues before the planning stage.

Reasons for moving

I wanted to stretch myself at work, have the opportunity to earn more and hopefully work more flexibly. Contracting seemed like the obvious solution. [Ed. See [Can I Get Part Time Contracts?](#) and [Common Reasons Why Permanent Employees Go Contracting](#)]

Evaluating my skills

I needed to know if my skills were marketable, what rate I could command and how to approach contracting. [Ed. See [Am I Good Enough for Contracting?](#)]

Initially I wrote a CV which focused on all of my skills. This was challenging since I hadn't written one in ten years and, more importantly, it was difficult to know what marketable skills I actually had. I hadn't attended regular training courses, having "learnt on the job", so formally quantifying my skills, which I took for granted, was quite a lengthy process.

[Ed. See [Writing The Killer CV](#)]

Looking for contracts

After listing my skills, I searched the employment web sites for contractor vacancies which matched my skill set.

I soon realised that my permanent job wasn't one I could do sensibly as I contractor. I was more of a technical generalist than a specialist. Most contracts were looking for specialists in one area. My lack of formal qualifications definitely caused a problem in that area.

However, my skills as a generalist within two business areas did play into my hands. I fell neatly into a 'business analyst' role with very broad technology skills and the experience of applying those skills in niche markets. My skills could also be applied outside of the business areas in which I had experience.

Establishing my worth

The advertised jobs do not display the rate that the contractor could expect so I started contacting people who knew contractors. One proved particularly useful as she employed and managed contractors for her company. I had worked out exactly how much I needed to earn per month in order to survive financially and she confirmed that common contracting rates were above my minimum requirement. I also planned carefully how long I could afford not to work before I got a contract (not long in my case).

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

Handing in my notice

My notice period of three months was too long for any client to wait for a contractor. [Ed. See [Should I Quit My Job Before Applying For Contracts?](#)]

I decided to hand in my notice and then plan the exact details of moving into contracting. This was the riskiest part of the plan but I felt I'd done enough prior investigation to convince myself that I could get some work as a contractor. [Ed. See [Am I Good Enough for Contracting?](#)]

Preparing to go contracting

I spent two months polishing my CV, taking as much advice as possible from anyone willing to listen. It was during this time I realised the main difference between contracting and permanent employment – contacts. As a contractor, especially when you start out, you rely on people who have done it before and are willing to share their experiences. Cultivating a network of like minded individuals struck me as being key to the contracting process.

I also started to look into whether I should set up my own company or use an umbrella company (I choose umbrella). I wanted to have

as many of these aspects of contracting out of the way as possible for when I started.

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

Finding a contract

A month before the end of my notice I started applying for business analyst roles and got two interviews that month.

Preparation for the first interview felt lengthy with me getting details about the company, signing up to their newsletter and generally reminding myself of how to approach an interview. I also had to unlearn many of the standard techniques used when applying for a permanent position and learn the tricks of a contracting interview. [Ed. See [The Killer Interview Technique](#)]

I was offered the second contracting role conditional upon the company retaining the contract with that government department. They didn't so I continued to apply for other positions and had two more interviews after my notice period had ended. The second of these was successful and I have now started my first contract.

IR35

Getting the contract was, I thought, the end of my problems. I organised [professional indemnity insurance](#), arranged for references and other paperwork and started a week after the interview on a three month contract. What I hadn't really paid enough attention to was IR35. With only three working days between the interview and the start of the contract I felt under pressure to sign the contract.

The contract should be outside the scope of IR35 but I signed and hoped to deal with it afterwards. I now have to deal with cajoling the agent into agreeing to have the standard contract amended or accepting an addendum to the contract. He is unlikely to do this as it is more work for him with no benefit. So now I have to decide whether I should pursue it, ignore it and make amendments when the contract is renewed or battle a renegotiation.

[Ed. See [Negotiating Your Contract for IR35 Compliance](#)]

Reflecting on the first time experience

In hindsight, I am pleased that I was forced to plan my move into contracting by my three month notice period.

The creation of an appropriate, targeted, CV took a long time and a great deal of input from friends and associates.

The job search was less arduous than I expected. My area of expertise wasn't what I had originally expected which could have come as a shock if I had been doing all of this in a month.

My umbrella company is proving very good. It costs a percentage of my earnings but I don't have to think about company regulations and this is more than worth the amount that it costs. I can always move to an off the shelf company should I choose too.

Although I was disappointed that my first contract didn't succeed, I am now pleased that it didn't. Working outside my area of expertise may have added more stress to the culture shock that I am currently experiencing as a first time contractor.

I am now two weeks into my first contract and am getting into the routine of producing timesheets and invoices. I am also getting into the routine of not having to work longer hours or go the extra mile just in order to please the boss. I now work for myself and see everything in terms of days worked (my insurance costs me five hours, my monthly travel costs me two hours etc.).

I'm treating the first contract very much as a learning experience. After speaking to fellow contractors I'm already learning much more that I can take into my next contract.

At my interview I was asked if I was looking to contract or just waiting for a permanent role to come along. I said that I definitely wanted to contract and my experience to date just reinforces that feeling.

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