

## Staying in work during a contracting slowdown

With the recent banking crises, increased inflation, and slower growth there is talk of the UK going into a recession. In recessions budgets get cut, projects are cancelled, and there are often headcount reductions - with contractors being the first out the door. So what can contractors do to make sure they stay in work?

### Don't Panic!

"The first thing is not to panic," says Martin Hales, a contractor since 1994, who managed to ride out the last slowdown when the dot com bubble burst. "If you are really good at what you do, and you apply yourself well, you'll be able to stay in work." says Hales. "But you'll need to work hard to secure your contracts."

Hales is right. Whilst the number of contracts available will decrease, there will always be a demand for contractors. The market doesn't get completely wiped out. Some firms even use it as an opportunity to hire highly skilled contractors at a reduced rate.

And whilst there is still a significant lack of workers in many of the highly skilled sectors, your worst case scenario might be to go back to permanent employment for a while. Some firms will be happy to snap up your expert skills at a fraction of the going rate, as many did after the dot com bubble burst.

But for some, this option can be avoided...

### Sales and Marketing

We often point out on this site that it's not always the most highly skilled contractors who secure the contracts, but the ones who know best about securing them. Which means you need to hone your own selling skills.

Dave Chaplin, CEO of ContractorCalculator, who was contracting before and after the dot com crash confirms this: "After the bottom fell out of the market lots of highly skilled contractors couldn't find work because they just didn't market and sell themselves effectively. But there were still plenty of less skilled ones who were in contract."

"In times of high demand securing a contract was simple - you just posted your CV on the job boards and waited for the phone to ring. But when the market switches you've got to be very proactive to stay in work. This means marketing yourself well, and picking up the phone and chasing down agents. Also, you should be making use of your extensive network of contacts," adds Chaplin.

It's certainly time to brush up on your sales skills if you want to remain in contracting and ride out the recession.

### Prepare For Lower Rates

When it comes to negotiating contract terms you'll not be able to be as aggressive as before when the market was hotter. It may well be a case of "take it or leave it."

During the times when contracts are scarce, having a bit of money saved up will be very useful. For starters, it will mean you won't have to accept a contract because you are pressed for time financially. Also, you really don't want an agent detecting you are desperate and in a weak bargaining position, otherwise you might find your rate drop further as their margin is increased. It takes a lot of courage and good sales skills to negotiate a favourable deal when you are in a weak position.

Even if you are still in a contract, and convinced it will be renewed beware - your client might decide to offer reduced rates for all its contractors. They are entitled to do this, and did so after the dot com crash. Some contractors were told "Take a 20% cut, or we won't keep you."

### Another Option - Take Time off?

A more pleasant option might be to take that trip around the world you've been putting off for a while.

Gary Davis, an IT contractor since 1997, took a year out to travel, just as the dot com bubble burst. "On my return I secured a new contract via a friend, but the rate was just under half what I was getting before. It then took another 18 months before rates bounced back," says Davis "but the trip was life changing."

### Things you can do

In addition to keeping an eye on your personal finances, as Tony Harris of ContractorFinancials [explained last week](#), here's some additional tips to help stay in work:

1. Make sure your [CV is highly targetted](#) for each role you apply for.
2. Be prepared to accept a much lower rate than you are used to.



3. Brush up on your [sales skills](#), and be prepared to proactively chase for contracts.
4. Keep in touch with everyone in your network - take previous clients out to lunch.

With a bit of smart action on your part, and by keeping your spending low, you should find that you'll be able to reach the other side of the recession accident free.

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author of the Contractors' Handbook.

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