

## Contractor doctor: should I accept an early contract renewal offer?

Dear Contractor Doctor,

I've been offered an extension to my contract for the same rate for another year, but it is 2 months before it expires. I think I can earn more money elsewhere though but I know I can't really start looking until I've got 4 weeks left on my current contract. Apparently the client cannot afford to pay more. What would you advise?

Thanks

[Name supplied]

Contractor Doctor says:

Ah ah, that old chestnut!

Firstly, well done on doing such a good job that they have asked you to renew. Having contracts renewed looks great on the CV and is very comforting to prospective employers. If this is your first renewal it would be wise to renew for this purpose. If it is your first contract then definitely renew. I cannot stress how important it is to have contracts renewed. Contractors who have lots of short contracts on their CVs and no renewals smell of doing a poor job.

Now, down to the negotiations. Firstly, try and negotiate directly with the client. You are in a better position than your agent to sell yourself. Also, bear in mind that the agent has a different set of motivations and will be working to get what they want, not what you want.

With regard to the duration, if you do not wish to renew for a year then you could ask for 6 months. It is unlikely they will say no.

On the subject of rate, there is no such thing as 'cannot afford to pay more'. In your case I suspect the reason for renewing early might be that you are in the middle of a project and the client wishes to mitigate against the cost of you leaving and having to be replaced. If this applies to you then you are immediately in a good bargaining position to have your rate increased. There is always a cost of being replaced, but if you are in the middle of a project then it might be higher and you have more to bargain with.

If you are being paid under the market rate then you are certainly in a position to ask for more. If not, then it is not a good idea to try and get more just because you are in a strong position of them not wanting to lose and replace you. Remember that you do not want to burn bridges and you have the reference at a later date to think about. Being reasonable is key.

Asking you to renew 2 months before expiry is a classic tactic that prevents you from looking for another contract. You can't look for another one because no one will be interested in someone who can start in 2 months. Having another higher offer in the bag when it comes to renewal gives you the strongest chance of negotiating a higher rate. However, be careful about going into the market solely to play contracts off against each other. You will get a bad reputation. Only seek another contract if you genuinely feel that it is unlikely your current client will increase your rate to the market rate.

Given it is 2 months before then I'd suggest asking for a higher rate and stand your ground. If they say they will not pay you more then I'd suggest holding out until about 4 weeks before expiry. At that point they might start sweating and you can also look for something else. Bear in mind that it is also unlikely they will start looking for a replacement 2 months before they need someone as it will be very hard to find someone.

You'll probably find that they will offer you something to stay rather than boot you out and incur the cost of replacing you.

If the difference between the offer and the market rate is not much then bear in mind the cost of looking for another contract and potentially being out of work for a little while. See [Financial Considerations when Deciding to Take a Contract](#)

Good luck with it all.

Contractor Doctor

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