

## 15 tips when renewing your contract

Your current contract is due to finish raising the prospect of a renewal: Do you and the client wish to continue? And if so how can you negotiate effectively to maximise your financial position?

**Renewals look good on the CV.** If this is your first contract with the client then it will appear much better on your **CV** if you obtain a subsequent renewal. This is very key for first time contractors – it shows you have staying power and clients like you.

**Line up alternative contracts.** Applying for other positions gives you a chance to research the market and line up an alternative contract, which enormously strengthens your position during negotiations – (“pay me the market rate or I go elsewhere to get it!”).

**Buffer of money.** It is always useful to have a buffer of six months money in the business bank account in case of surprises.

**Blow your own trumpet - gently.** Discreetly remind the client of the value you've added to their business what you can continue to offer.

**Judge the strength of your bargaining position if asking for a rise.** How keen is the client to keep you? Can they afford to lose you? Are you under paid? Can the client afford to pay you more? Do you have other offers? What's the market demand for your skills?

**Be realistic about agents.** Agents brokers your services to clients and try to obtain the maximum margin they can. They earn significantly more focusing on new deals than renegotiating existing ones. They might not have your best interests at heart. The longer you've been with the client the more you can squeeze their margin.

**Pitch to the decision maker.** The first thing professional sales people learn it to pitch to the person who makes the decision – the client.

**Appear indifferent to staying.** If you appear too keen to stay you will weaken your position.

**Timing.** Avoid getting into negotiations until four weeks before your current end date, otherwise you will not have a chance to line up alternatives.

**Avoid holding the client to ransom.** If your departure would damage the project then avoid holding the client to ransom by asking for a rise (“Stick 'em up or the project gets it!”). Burning bridges is not a good strategy - long term contractors get repeat business and referrals from previous clients.

**IR35.** If you are caught by **IR35** then negotiating terms to make yourself outside IR35 will probably give you a better net return than negotiating a better rate. Use the IR35 Calculator to find out.

**Don't continue without paperwork.** Don't continue working unless you have the contract terms agreed and the paperwork signed. There will be no legal recourse, and if you have a draft contract from the agent then they could argue that by executing the contract (starting it) you have accepted the terms. This rarely happens, but something you should be aware of.

**Renewal length.** When the market demand is high a renewal for six months ensures you'll get another bite at the cherry sooner rather than later. If demand is low then the longer the better.

**Do your sums.** Calculate the cost of downtime if you leave and have nothing else lined up – you might find the cost of sales (time without a contract) is more than the rate rise you are pushing for.

**Don't burn bridges if you are leaving.** Ensuring a smooth departure will maintain a healthy client relationship – always advisable for providing good references and a source of future work.

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