

Contracting lifestyle guidebook



YOU'RE IN CONTROL

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How to make the most of the contracting lifestyle

Have you heard of contractors who spend half the year contracting, and the rest hopping between beach resorts, and wondered if you could ever get to that point? The answer is yes – if you structure your contracts in the right way.

People who decide to leave the security of their full-time job to go out on their own as a contractor usually do it for both the potential to earn more money and the freedom to be their own boss.

But earning enough through contracting to support your current lifestyle, let alone the lifestyle of your dreams, is going to take careful planning and prudent self-management.

Becoming a contractor involves effectively selling your skills and time to an organisation for a set period of time, at an hourly or fixed-project rate. Whether you work for yourself or an umbrella organisation, you will be able to pick and choose which projects you work on and how much work you want to do at a given time. Leaving the security of full-time staff benefits and a regular salary is risky, but can also be much more lucrative and rewarding.

The team at iContract is here to help you launch yourself as a contractor and make the move as successful as possible for you. In this guidebook, we draw on our team's vast experience and share some of the industry's latest tips to help you make the most of the contracting lifestyle.



Is contracting for you?

If your full-time job involves a few weeks of exciting projects, followed by months of downtime during which you find yourself getting bored, then yes, you should seriously consider contracting. Contractors are usually brought into projects when there are obstacles to overcome and plans to execute, and when it's complete, they move on to the next challenge. So if you're someone who thrives on a fast pace and high energy, contracting could very well be for you.

Similarly, if your full-time job gives you very little say in which projects you work on and if you have been pigeonholed as the person who performs one particular role on the team, then you could try exploring different roles through contracting.

Contractors can find themselves working on a diverse range of projects, sometimes simultaneously. Many say this variety of work keeps them motivated, allowing them to think more creatively and in turn, motivating them to strive for better results.

Financial rewards and job satisfaction are both hugely motivating, and many contractors feel they are living an overall more fulfilling life than they did when they were working with one organisation full-time.

If freedom and better financial rewards sound like everything you've ever wished for from a job, then you should quickly set up your iContract profile, if you haven't already.





Are you the contracting type?

Contractors have a wide variety of professional backgrounds and skill sets, but they do tend to share many similar traits. Because they are so reliant on their networks to land contracts and need to be self-motivated to earn enough to sustain the lifestyle they want, most contractors are vivacious, likeable and high-energy people.

Successful contractors are also ambitious, with a strong entrepreneurial streak, which allows them to turn their skills and experience into their own enterprise. They can spot a business opportunity when it arises and successfully turn it into work for themselves. An example is when someone is contracted to an organisation to help with a specific project, and when striking up a friendly conversation with other employees in the same office they notice other areas of the business that could benefit from their expertise. A successful contractor will have a knack for offering their services in a way that is not pushy or inappropriate, and with the right approach,

one seemingly casual conversation could result in a series of different contracts for the one client.

They are also strong-willed and resilient, meaning they will not let setbacks like not winning a contract dampen their resolve to find work and they will not let harsh criticism of their work affect them emotionally – they will instead take this as feedback to help them improve.

At the same time, they have the ability to read a situation and know when their own advice is wanted and when it is not. Contractors are specialists in their fields, and as they come into a business as an outsider, they often see ways it could improve its day-to-day operations. But some organisations simply want the contractor to do the job they are paying them to do and do not want to hear any advice beyond that. On the other hand, others might be very willing to tap into the reservoir of knowledge while it is on site. A successful contractor will be sensitive to this, and will only offer advice when it seems appropriate.

Moving from site to site and working with different workplace cultures as well as different tools and budgets, means contractors need to be flexible. Someone who is stuck in their ways and finds it difficult to adapt to the working style of others might struggle in the contracting world. The flipside to having so much freedom means that some contractors can find themselves positioned as more of an outsider on teams, meaning that even if they are based in-house for the duration of the contract, they are not embraced in the inter-office camaraderie in the same way that a full-time staff member would be. But this can suit those who are relieved not to have to be swept up in office politics and instead concentrate on just getting the job done.

Finally, contractors also need to be able to set themselves goals and deadlines and then make sure they meet them. As well as carrying out their contract work to a high standard and to deadline, they need to keep on top of their own behind-the-scenes admin tasks, especially their taxes. Read on to find out how to structure your contracting calendar so that you can make the most of the lifestyle.

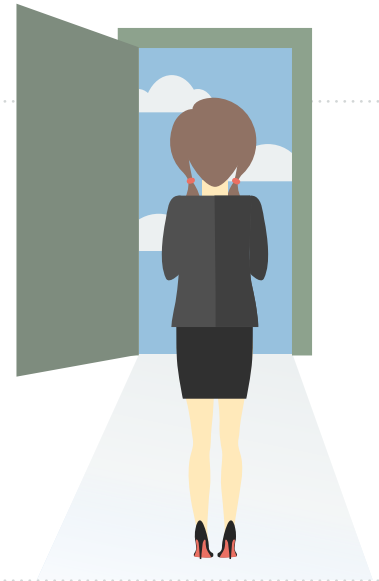




Your first steps as a contractor

If all of this sounds like you and you're ready to leave your full-time job for the world of contracting, make sure you take a moment to prepare for your big move. You'll need to make sure you're in the best possible position to find, accept and carry out the work.

The iContract team believes you need to have the following sorted before you leave the comfort of your full-time gig.



Establish your area of expertise

Businesses can only justify the cost of supplementing their resources by hiring a contractor if they can prove that their full-time staff members were unable to do what is required to the same standard. This might be because their own staff are too busy with their day-to-day work to take on an additional project, or it could be that their own staff simply don't have the expertise.

Whilst you might think a broad set of skills will make you more employable, a contractor who carves out a niche as a specialist in one area that is useful to businesses will often be able to charge a higher rate, as a pure result of supply and demand. This is definitely true in IT. A business is going to be much more satisfied with a specialist contractor who can come in and fix a problem right away, than someone with general IT solutions skills who may take longer to identify and solve the issue.

Once you've determined your niche area of specialisation, you'll need to make sure you are the best you possibly can be in this field. Take courses or attend seminars to refine your skills and follow the latest industry developments by keeping up to date with news and social media.

You want to be the contractor that your clients recommend to both their professional contacts and friends and family. "Oh you've got that going on? You need to get John on the case! He's the best in the business. I can't recommend him highly enough."

You want the John they are talking about to be you.





Know what you're worth

You know what you were earning on a full-time salary, but do you know what your services are worth as an hourly rate?

Before you do anything, you need to do your research. It's also worth contacting a few umbrella companies who represent contractors in your field to find out how much it would be reasonable to charge for your own services. Remember that you will have to pay a fee if you want to belong to an umbrella organisation and will have to factor that in to your overheads. You can also chat to other contractors both online and face-to-face to find out the current market rate for those operating on their own. This can be a valuable exercise as you can also glean insight to any trends related to contracting in the sector that it would be useful to know before you head out on your own. You may also make a friend who you can meet up with for Friday night drinks when other nine-to-five workers meet up with their colleagues.



Location, location, location

Before you book that six-month holiday to the Bahamas, you'll need to set yourself up somewhere that will help you win the contracts that will help pay for your lifestyle.

Depending on your area of expertise, it's likely you'll be needed on site. In other words, it's likely you will be in an organisation's office for some or all of the contract. At the very least it's likely you'll be required to show your face at a few meetings. For this reason, it's best to base yourself somewhere that is easily accessible to a metropolis and near the businesses that will hire you. This will also help you with your networking, ensuring you are regularly crossing paths with the people who might hire your services.

For many corporations, one of the disadvantages of hiring a contractor is that they aren't able to walk across the building and have a discussion in the lunchroom at a moment's notice, but if you base yourself centrally, you can easily overcome this barrier.

So, while you might have envisioned contracting being your ticket to your cottage by the seaside, you may need some time to build up your profile before this will be feasible.

Most employers prefer to have their contractors in the office so they can easily jump into meetings and can stay abreast of any changes as they happen, as opposed to holding inefficient conversations over instant messaging and email. Some contracts do not require you to be in office, however, so you can carry out the work from the comfort of your home. But before you decide to work remotely, assess whether you have the self-motivation to sit down and ignore the distractions of a home office, or whether you thrive off a more vibrant office environment, where you can bounce ideas around with colleagues. If you are planning on working remotely, but think you will go stir crazy at home, it could be worth looking into co-working spaces, where you can rent a desk and feed off the energy of a bunch of other people who are also working for themselves.



Be willing to travel

If your family commitments allow for it and you're always up for exploring a new place, contract positions that require out-of-town travel can be very lucrative.

It can be tiring living out of a suitcase, but if you can look past that, travelling for work can be a great way to see different cities or even different countries. In addition to your hourly rate or project fee, you may qualify for a tax-exempt hourly per diem that covers your daily food, phone, internet and transport costs while you're away. In addition, you should also be compensated for time spent travelling – in some cases you'll even be paid to enjoy a beverage in the airport business lounge.



Get the right tools for the job

Your full-time employer might cover your phone, laptop, desktop computer, photocopier, scanner and even some of your work clothing, but if you're a contractor, you'll have to be prepared to foot all of this yourself. Some contracting gigs, such as maternity leave cover, will have everything set up for you, but others may only provide desk space, with you bringing in your own laptop.

Almost every job will require you to be contactable via phone and email, and when signing contracts, you'll probably need to scan in signatures, so make sure all of your devices are in good working order, ready to jump into a role at moment's notice. You might not have the guaranteed cash flow when you start out, but it will look very amateurish if your mobile phone runs out of credit on your first day and you are unable to return your client's phone call. The same goes for dodgy home internet connections if you are not going to be heading into the office. Update your computer settings, upgrade your phone, switch to a more reliable internet provider and maybe even buy a new printer-scanner if you think you'll need one. Think of everything that could possibly go wrong with your technology and provide a troubleshooting solution, before you take on your first job.





Be accessible

So you're on the cusp of telling your friends and business contacts that you are now contracting. How are you going to make sure that all those recommendations that are flying around translate to business?



There's nothing worse than missing out on a great opportunity just because you didn't check your voicemail or email. When the requests do come in, you'll have to make sure you respond quickly and arrange your schedule to fit in with the client's if they ask to meet face-to-face.

You also need your prospective employers to be able to find you as soon as they realise they need to hire a contractor in your area of expertise. As well as updating your iContract profile, make sure your online profile across all social channels is clean and up to date. For more information on making the most of social media to secure contracts, please see the iContract social media guide.

It's still worth printing a stack of new business cards and delivering these to your former colleagues and managers when you decide to pursue the contracting path. Keep a few on you at all times in case you meet someone who might need your services and you can also send introductory letters to people in the industry who are likely to employ contractors in your sector with your card attached.

Hire an accountant (and maybe even a PA)

There are so many great things about being your own boss, but the downside is that you don't have the regular income and employee benefits (like holiday pay and insurance) of full-time employment. You also have to do your own tax, which is no simple task when there are tricks to declaring salary versus dividends against professional expenses in order to avoid being lumped with more tax than is necessary. See iContract's guide, [Financial Matters](#), for more on managing your taxes.

When you're busy servicing your clients, the last thing you want to be doing is staying up all night sorting out your accounts in time for the taxman, or worse, missing tax deadlines and then finding yourself on the wrong side of the law.

Unless you are naturally organised and are skilled in accounting, legal and tax matters, you need to appoint the right people to manage these for you, and establish a flow before the work starts pouring in.





How much work do you need?

As a full-time employee of a company, you are not only paid when you're on holiday or when you're sick, you're also paid when you're in the thick of projects and when it's very quiet and you are inventing tasks to make yourself appear busy.

As a contractor, you'll only be paid for the work that you do. If you're sitting in a lounge at an island resort, with no access to phone or internet, you are not going to be earning an income.

Therefore, if you want to have holidays (and you really must for your mental and physical wellbeing, regardless of where these take place), you'll need to factor this period of no earnings into your budget.

As well as the general costs of living – housing, food, clothing, transport and entertainment – contractors need to think about providing for their own health and personal insurance, retirement fund,

taxes and even things like phone and internet bills and stationery.

Make sure you tally up all your potential expenses then divide this by your potential hourly rate, to see how many hours you will need to work over the course of a month and a year in order to cover your costs. Does this seem feasible? Remember you also need time for breaks during the week, and you need to take a few days off to recuperate throughout the year (yes, holidays).

Next, look at how much work you think you will be able to bring in and put this income figure into accounting software to calculate your tax bill. Will what remains after tax be enough to support your lifestyle as well as your insurance and retirement fund? If the answer is yes, fantastic. It's time to get to work.

Start by updating your iContract profile with your availability.

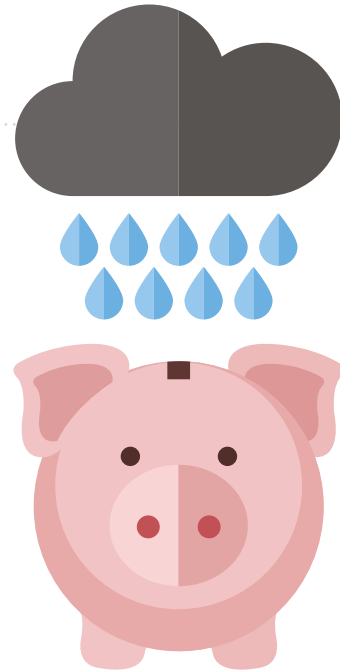




Make hay while the sun shines

If you have specialist skills and a strong network of clients, you are likely to earn significantly more when you switch from full-time to contract work. The temptation is to increase your spending and lifestyle choices accordingly, but you need to keep the temporary nature of your work in the back of your mind.

Make sure you prepare for periods of lower earnings, when the right contract work might be harder to find, by putting away a portion of each of your project payments in a rainy day fund. It's good practice to ensure your rainy day fund can support your lifestyle for six months.



Negotiate your contracts

Once you have been matched with a role through iContract and the employer has made you an offer, you can start negotiating through the platform.

As you are living contract to contract, it is your responsibility to ensure you are paid as much as possible, while also being realistic and fair. Most people who are new to contracting underestimate their worth and when asked for a quote, will aim for below the average in order to secure the work.

If you are up against some tough competition for the gig, and have not yet built up a relationship as the preferred provider for a company, you might consider offering a discounted rate in the form of a trial, but make sure you are very clear that this is not your full rate. This will prevent a very awkward conversation further down the track when they offer you more work and you are forced to quote a much higher rate.

At the same time, you don't want to price yourself out of the market by being inflexible. The market fluctuates constantly, so you should never set a minimum salary in

stone unless you are absolutely sure the market can bear it. Remember that the laws of supply and demand are always at work, and there is usually someone else who is just as capable they can call if you can't do the work.

While those in full-time employment may interview for a job once every three years, a contractor may have 15-30 interviews in a year and you'll need to be on the ball every time. Acing the interview puts you in the driver's seat – once the client has decided they like you and they want you on board, you'll find it easier to negotiate your rate and terms.

But while you will want to go into the interview with confidence, you'll also need to do so with honesty. If you get to the interview and realise you haven't actually done this type of project before, admit it, but let them know why you have what it takes to get the job done anyway. Word will get around if you lie about what you are capable of, and on the flip-side, over-delivering on your promises will have your clients believing you are exceptional. They will spread the word about you and the work will follow.





Choose your contracts carefully

Be careful what your resume says about you and don't take just any job. Think of each project you take on as another line on your CV.

Your CV is your most powerful piece of personal branding, and if you are trying to promote yourself as the go-to person in a particular area of expertise, working with a firm or in a role that does not fit with the rest of your CV might be more hassle than it's worth.



Manage your reputation

Contracting is a people business. You will get most of your work through people you have worked with in the past, people you have met through your networks, or people who have recommended you.



Completing a job to a high standard is just half the battle – you need to work your charm as well, and the best way to do this is to try your hardest not to get on the wrong side of any other staff members and steer clear of company politics.

If you are criticised for your work, resist the urge to retort with everything you think is wrong with their company. Accept both praise and criticism graciously and remember that your reputation is everything in this business.

It's also important to take time to nurture your client relationships, to ensure you remain their first choice for any future contract work. Do this by checking in via email, catching up over a quick coffee or business lunch, attending breakfast seminars and keeping an active online profile, particularly on LinkedIn.

Reach out to clients to let them know when you are available, particularly if you've had to turn them down for work due to being booked up in the past, and it goes without saying that you will contact all of your previously employers, as well as your prospective clients if any of your contact details change.



Stay current

As an you've branded yourself an industry specialist, you need to make sure your skills and knowledge live up to the title. Good contractors factor time into every week to read up on industry news and trends and they take time between projects to upskill and where necessary, retrain.

This is particularly important for IT contractors or anyone whose job is affected by rapid developments in technology. Use periods between assignments to attend training sessions and work towards industry-recognised qualifications. Many training providers now run fast-track courses over weekends and discounts are often available, so be sure to shop around and negotiate.



Maintain your sanity

While the great advantage of contracting is having flexibility, you'll find that setting a robust structure to your workday and workweek is going to be the saviour of your sanity.

Particularly when it comes to managing your own administration, and any other work you are completing from home, you'll need to impose strict personal deadlines to ensure you also get time to rest and rejuvenate.

It's far too easy to be lured away from your home office by everything from cat videos to the TV or fridge, but if

you spend too much time on things that are not your work, you'll find yourself cutting into precious sleep and rest time completing everything to deadline.

There's a strong correlation between job satisfaction and the completion of tasks and in an office environment, there is more collective pressure to tick off your daily to-do list. At home, it's easier to fall into an "out of sight, out of mind" mentality, where if your manager isn't watching over your shoulder, you feel it's ok to spend a little extra time on Facebook. Rather than giving you freedom, this will actually prolong your workday, meaning you miss out on doing things that will boost your endorphins (and productivity) such as heading out for some exercise or to meet a friend.

At the end of each day, review your accomplishments against your to-do list and you'll get a good idea of your productivity levels, what works and what needs to change.

Contracting has the potential to bring you more money, more freedom and greater job satisfaction, and can even help fast-track your career, should you return to a full-time position later on. Those who have a strong plan in place, and who are prepared to tackle the complexities of tax and the pressure of living contract-to-contract find they have never looked back – particularly when they manage to spend half the year working and half kicking back on a tropical island.





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