



Bulletin:
Avoiding Contractor Recruiting Firms

By James R. Ziegler, Ph.D.

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Bulletin:

Avoiding Contractor Recruiting Firms

Market your own contract services.

Register online.

The pros market their own contract services, and now thanks to the Internet so can you.

The easiest (or laziest) way to market yourself is to register online with the various job boards. It's the path of least resistance. It is also the path to predatory recruiting firms.

Recruiting firms typically take 35% to 50% *or more* out of the rate they bill client companies for *your* services. In the current job market that is simply too high a price to pay for having someone help you schedule a few interviews. Besides, with the help of the Internet you can identify contract assignments and set up interviews yourself, and by doing so earn tens of thousands of dollars each year that would otherwise go to an obsolete contractor recruiting firm.

Here is how you can freeze out predatory recruiting firms and preferentially attract client companies when registering online with various job boards.

When registering your availability online type the following message prominently at the top of your resume, and also in the text box where you enter additional information:

COMPANIES ONLY.

NO OUTSIDE RECRUITERS.

My Employer of Record for W-2 Tax Status is
P.A.C.E., Professional Association of
Contract Employees.
<http://www.pacepros.com>

This message should dissuade most outside recruiters from bothering you with their pitiful sales pitches. It also conveys that you have W-2 tax status, making you more attractive to IRS-wary client companies.

Using this message, you can register on dozens of job boards (a recent survey identified over 30,000 online job boards!) and get the kind of responses you want, namely, direct calls from client companies themselves.

Here is an easy way to identify job boards that serve your geographic region and skill set. Go to any of the major search engines and enter the keywords for your city and skill. For example, the following keywords will return job listings and job boards for dba positions in Silicon Valley:
<job board and silicon valley and dba>

If you think you might be talking to an outside recruiter you can smoke them out with a few simple questions:

- **Question:** "Do you work for a recruiting firm or do you work for the client where I will be working?"
Bad answer: "I work for a recruiting firm."
Good answer: "I work for the client."

- **Question:** “Can I negotiate the billing rate directly with the client?”
Bad answer: "No."
Good answer: “Yes, the billing rate is entirely up to you and the hiring authority for the client.”

- **Question:** “Do you take a commission out of the billing rate if I accept an assignment with your help?”
Bad answer: “Yes, I earn a commission out of the billing rate.”
Good answer: “No, I do not earn a commission. You receive the entire billing rate.”

- **Question:** “Can I or my employer of record sign an independent contractor agreement directly with the client?”
Bad answer: “No, my company will sign a contract with the client.”
Good Answer: “Yes, either you or your own employer of record will sign an independent contractor agreement directly with the client.”

Good answers indicate that you are speaking with an employee or other direct representative of the client, such as an hourly-paid contractor just like yourself who works as a recruiter for the client's HR department. This is good. You want to hear good answers.

Bad answers indicate that you are speaking with an outside recruiter who makes his or her living by taking as big a bite as possible out of your billing rate. Don't be too harsh with recruiters who respond to your online resume. Obviously, they can't read. Either that or they don't respect your wishes, and you *definitely* do not want to work with a person like *that*. Blow a whistle into the phone and hang up -- or politely explain that you only work with literate people who respect your wishes, and hang up.

Mine corporate web sites.

Corporate web sites contain a wealth of information about departments, projects, and key personnel. Many also have sophisticated career pages where you can browse available jobs and submit your resume for consideration. Don't pass up the opportunity to learn as much as possible about a prospective client *before* you go in for the job interview.

Contact client companies directly.

Client companies *want* to hear from you. HR departments don't like outside recruiters any more than the rest of us, and for good reason. Recruiting firms inflate the cost of hire for contingent labor. Want to hear the HR world's sweetest music? It's this.

“Hi, my name is Joseph Java Jockey. I'm marketing my own services as a contract programmer. I have W-2 tax status through my employer of record, P.A.C.E., and I can start tomorrow.”

Go after advertised, “permanent” positions.

Don't be afraid to inquire about permanent positions. Use the old temp-to-perm ploy to earn contract rates while “trying out” a “permanent” position.

You should understand that the per hour, pro-rata, fully-loaded, labor cost of an employee is approximately 1/1000th of the annual salary. That is to say, whatever the annual salary is for a regular employee, the equivalent hourly billing rate for a contractor doing the same job is about 1/1000th of the annual salary. \$50,000 per year equates to \$50 per hour, \$100,000 per year equates to \$100 per hour, etc.

The divide-by-1000 rule of thumb is a simple way to convert annual salaries into hourly billing rates. By adeptly applying the divide-by-1000 rule of thumb you can actually

apply for permanent positions, yet be hired as a highly-paid contractor. A report published by Information Week in the first half of 2000 estimated that there were approximately 1.6 million unfilled high tech jobs being offered by non-governmental, for-profit companies with more than 50 employees. It was expected that *half* of the full-time positions would *never* be filled.

Many companies still have a bias for permanent employees. As a contractor your challenge is to give these companies a reason to view you as a candidate for their unfilled permanent positions.

Here is the drill. Apply directly for an advertised permanent job, or just cold call HR out of the blue to see if they need someone with your skill set. Suppose HR tells you they only want to hire a permanent employee. Ask them what is the salary range. Now, suppose that the HR representative tells you that the salary range is \$75,000 to \$85,000 depending on experience. Voila! You now know that the equivalent hourly billing rate for that position is \$85 per hour.

Explain that you have been working as a contractor, but that you are available immediately as an interim solution, and that you might even consider a temp-to-perm position. Explain that temp-to-perm would give you and the company a chance to check each other out with little or no risk. And, best of all, you are available immediately. You will want to stress that because of your broad experience as a contractor you can hit the boards running. Let the company know that you are the bromide that will ease their pain.

This approach lets the company evaluate you as a potential full-time employee, which is just what they are looking for, yet allows you to earn top dollar as a technical or professional contractor.

You flew in the window and landed right in their lap, and if they know what's good for them they'll jump at the opportunity to hire you. You may not be the perfect fit they were looking for, but what the heck. You are *only* a contractor, there is little or no risk, and your hourly billing rate is close to the fully loaded labor cost, so hiring you as a contractor is a break-even situation all the way around.

Of course, just because you are working temp to perm doesn't mean that you have to convert to full time employment, but if you do convert you are already poised for the top of the salary range. The company is not likely to replace you with a permanent employee because you will have become a known quantity, and replacing you with an unknown would be risky at best.

Ask your friendly librarian.

Yes, I agree, using the library is a bit archaic, what with all those musty books and such. And yet, the library is a wonderful source of invaluable information. Best of all, libraries have librarians and docents. These are the nice people who dedicate their lives to helping you find the information you need. And the information you need is a listing of local companies organized by size, location and industry. You need this information so that you can contact the companies directly to market your contract services.

Ask at the information desk where you can find the directories that list companies by industry type and geographic location. Most directories have headings for the main phone number, address and number of employees. Take the directory and a handful of coins to the nearest copier, and copy the relevant pages for your search.

Job seekers in California are blessed with three especially comprehensive directories:

- Commerce And Industry Directory
- Rich's Business Directories

■ Dun's Regional Business Directory

Dun's directories are also available for every major metropolitan region in the United States. All three directories provide separate listings of companies by name, by product/service, by city, and by size. They provide phone, fax and 800 numbers, local addresses, number of employees, and in some cases e-mail and web site addresses.

Your librarian will also cheerfully direct you to additional lists compiled by local business journals and other sources.

Build and nurture a powerful, professional network.

It's not how many people you know or how much you know, but how many people you know who know how much you know. Know what I mean?

This is the essence of building a powerful professional network. Build and nurture a powerful, professional network, and you will never be out of work, even in slow times.

Below is a bulleted list of key points that will help you build and nurture a powerful, professional network.

- Develop a close professional relationship with one or more mentors.
- Be a mentor. Create a network of coworkers who are indebted to you for your good advice and expertise.
- Be nice. Nice people help other nice people. I know, it sounds trite, but nice people do finish first. Arrogant, rude, overly shy, insensitive, indecisive, negative, surly, nasty, or mean-spirited people are much less likely to receive job leads from coworkers and fellow contractors.
- Trade business cards and contact information with everyone you meet.

- Prepare a simple, plain-English, 30-second description of what you do and why it is important, so clear and free of jargon that even your grandmother could understand what you do. Tell it to everyone you meet.
- Collect home phone numbers and personal e-mail addresses from co-workers and client supervisors. Remember, people change jobs frequently nowadays.
- Maintain a list of professional contacts in your computer and call regularly to touch base and exchange information. A call when you are in need will be much more welcome if you regularly called when things were going well.
- Contact members of your powerful professional network at least every other month, and keep them abreast of your availability and new skills.
- Share job leads and industry news with your contacts. What goes around comes around.

There is a common thread that runs through these points, and it is this:

Keep in touch with the people who can help you land contract assignments.

It's up to you.

There are lots of ways to land a contract assignment, and some of them are better than others. The list below ranks the ways from best to worst. Ironically, most contractors use the worst way to land an assignment. Very few use the best way even though the difference in annual income between the best and the worst ways can be tens of thousands of dollars.

For example, given a billing rate of \$100 per hour, and accounting for the employer's share of payroll taxes, the difference in gross wage between the two extremes can be \$20 to \$35 per hour. Even if you bill only 1600 hours a year,

the difference can be \$32,000 to \$56,000, all of which goes into the pockets of your recruiting firm unless you market your contract services directly to client companies. It sounds like a no-brainer to me. What do you think?

Best way to land an assignment (Full control)

- Market your contract services directly to client companies.
- Employ a stand-alone marketing broker to set up interviews between you and potential clients.
- Use a recruiting firm that will let you or your employer of record sign directly with the client.
- Use a recruiting firm that signs directly with the client but also discloses the billing rate.
- Use a typical recruiting firm that controls the entire process.

Worst way to land an assignment (No control)