

Entrepreneur's Byline

Considering the Case for Contractors

by **Connie Swartz**
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Since founding my company in 1984, I have used different arrangements for having the staff necessary to accomplish the work I needed to do to satisfy my corporate, non-profit, and government clients. At the very beginning - when I left the last of my three full-time jobs developing customized computerized training materials to handle similar projects for clients of my own - I performed the tasks entirely by myself, working from a home office.

A year later, when I landed a large contract, I partnered with an individual who had complementary technical expertise to complete the work. Then an even bigger contract - from the Department of Justice - came in. I worked with other local independents and finally hired someone to help with production. As my project load increased, I added employees, incorporated, and moved out of my home into an office. By 1991, we had eight employees and a handful of contractors.

By the mid 1990s, however, in the wake of the economic downturn earlier in the decade and three employees leaving for typical reasons (wanting to stay home with a child or going back into the corporate world), I took a different course. This time, rather than hiring employees, I enlarged our cadre of contractors, staffing each project with those whose expertise matched the job. It was an ideal solution, and one that I am willing to advocate for other entrepreneurs facing a similar array of choices. In short, if your business is project-driven - with jobs that have specific beginnings and conclusions - and if you toil in an industry beset with unknowns, you would do well to go the contracting route.

Win-Win-Win

I suggest that working with contractors is a win-win-win situation - for your company, your clients and even - and not so incidentally - for your contractors. Indeed, in the past half decade at Creative Courseware, this way of running a business has enabled our annual revenue to reach \$1 million. That we maintain a staff of four employees allows us a just-right amount of coordination with the contractors who do the work for us, an arrangement that I've dubbed a "semi virtual" company. Yet it is the virtual part of that phrase that lies at the core of the "win" for the entrepreneurial company. In our case, we reap the benefit of lower operating expenses, because contractors maintain their own offices and fund their overhead. At the same time, we add a margin to their fee in order to make the necessary profit from their labors.

A related but little understood benefit to the entrepreneurial company involves the rapport that results from working with professionals under mutually agreed upon contractual terms - in other words, as equals - rather than in an arrangement which is, by definition, unequal, namely that of boss and subordinate.

As for the contractors, their "win" stems from their choice of being in business for themselves, a plus that also produces another advantage for us. That these professionals agree to the projects on which they will work means a greater degree of commitment to and involvement in the job. That, in turn, usually leads to superior results. A corollary is that contractors are able to choose their hours. We have found that some are willing to work around the clock, while others prefer to limit their time because of family and other obligations.

The final - and perhaps most important "win" - is for the client, whose projects are handled by professionals whose expertise precisely matches the requirements of the job, rather than by the generic employee down the hall who just happens to be idle when the project comes in.

Bobbing and Weaving

That contractors provide enormous advantages doesn't mean that the system comes without issues. An entrepreneur dealing with professionals who are contracting their labor must be prepared for a lot of bobbing and weaving on a number of fronts - and I have an underlying philosophy for dealing with that. Simply put, "If you treat people like adults, they act like adults."

Let me explain. The sense of uncertainty occurs at a number of junctures: the availability of just the right contractor at exactly the time the work needs to be done; the fact that contractors can and do leave for full-time jobs when project work is slow - indeed, we lost one of our best to employment just last year. Always, there is the chance that these superbly qualified people will decide to become prime contractors themselves, even leaving with a client or two.

Now, this is where treating contractors as grown-ups comes in. The philosophy I run my business by is that they don't owe me anything - other than a job well done on a specific project - and I don't owe them anything beyond our project contract. A contract, of course, helps mitigate the chance of their leaving with clients - our contract prohibits that from happening for two years.

The philosophical approach, however, is the ultimate protector on both sides. Adults realize that there is plenty of work in this business, for example. If a contractor chooses not to work with us any longer, it tells me that more fundamental issues in our relationship probably weren't working. The antidote is that we simply go out and find a chunk of all the other work that needs to be done.

Sometimes I worry about keeping contractors as busy as they would like to be, especially when times are slow. Then again, they are adults, remember and adults understand the ebb and flow of economic cycles and its effect on project work.

And so, we at Creative Courseware roll with the punches, or, should I say, with the bobbing and weaving. Our results prove that we're coping - indeed, thriving - with this way of building a company.

We have the cadre of contractors in place to do work that makes us proud (as well as profitable), the core of in-house staffers and, significantly, an attitude about working with professionals who are also our equals that enables that triple win.

Author's Profile

Swartz previously developed similar materials as an employee for three different organizations: the Kansas City School District, Blue Cross/Blue Shield, and WICAT Inc. of Orem, Utah.

Author's Favorites

Time-saving tip:

Pay someone else to do it.