



*technically
speaking*

Pros and Cons of Contract-to-Hire

How good is it to try before you buy?

In tight economic times, many companies are looking to contract-to-hire as a means to fill their staffing needs without making a big commitment. Here at ESP, we see both the value and risk involved in this option. As a result, we work closely with our clients to deliver the best solutions to satisfy their staffing needs.

With contract-to-hire, companies get the chance to try on an employee's work style and see his or her skills in action, while *both* parties consider a more permanent arrangement. Managers also have the opportunity to justify the need for a specific role long term, while allowing time for budget approval to come through. The company pays an hourly rate for the contract employee and is not responsible for benefits until the individual is converted to full time status.

Here are some benefits and disadvantages to keep in mind when you're considering partnering with any staffing firm to fill your company's needs:

First, some Pros:

Try out an employee. With contract-to-hire, you can see a potential hire in action before you commit.

Structure your investment over a longer period of time. Because you have less responsibility to the employee initially, this is often a more financially viable option than direct hire, especially during tough economic times or when dealing with budget constraints.

Get someone in fast. Without a long-term commitment, you can spend less time in interviews and more time observing the individual at work.

A motivated employee. An employee hoping to be hired is likely to be highly motivated and productive, during and after the introductory period of employment.

Some Cons:

You might miss out on the best candidate. Many IT professionals are unwilling to leave full time roles for contract-to-hire opportunities, or they are unable to take a position without the security of a full time offer.

A less invested employee. While contract-to-hire means less risk for the employer, it can also cause an employee to feel less *invested* in the company.

Limit the field. Most IT professionals fall into two categories: permanent and contract. With contract-to-hire, you eliminate candidates who need permanent employment, or prefer the flexibility of consulting, narrowing your pool of potential candidates.

You could end up back at square one. As with any 'try before you buy' scenario, it might not work out. If you or your employee decides after the contract period that it is not a good fit, you'll need to search for someone new to fill the role.

Capitalizing the pros, and minimizing the cons:

Whatever your decision, it is clear contract-to-hire is an option that will be around for a while. If you've opted to employ an individual on a contract-to-hire basis, there are several things to keep in mind to get the most out of your decision.

While the employee may be 'auditioning' for the job—try not to make them feel like they are on an audition. The more you can make them feel part of the team, the more likely they are to feel committed to you as an employer. Make sure your prospective employee is really open to a permanent role. At the same time, be aware that this is a trial period for *both* parties. Usually, the employee will make more money consulting, so

unless you're willing to pay a lot, you may lose him or her after the initial contract period. Finally, if you can, be flexible in your hiring decision. The ideal candidate may only be available for permanent hire, or be a consultant who would only commit to an 18 month contract.

The best way to use contract-to-hire is to recognize when it will work and when you should opt for another solution, because the way we see IT, the perfect fit doesn't come along every day.