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, while also looking out for the needs of the IT professionals with whom we work.

With contract-to-hire, IT professionals get the chance to try on a company’s culture and contribute to a team while both parties consider a permanent arrangement. As an employee, you’ll make an hourly rate and have the chance to prove yourself on the job, while the manager has time to justify the need for a specific role long term and wait for budget approval. Here are some benefits and disadvantages of contract-to-hire opportunities to keep in mind when you’re considering partnering with any staffing firm:

First, some Pros:

**Try out a company.** With contract-to-hire, you get the chance to see the whole picture—work environment, co-worker culture, and experience the job itself—before you commit.

**Get work fast.** Without needing to make a long-term commitment, you can spend less time interviewing, and more time earning.

**Experience gives you room to leverage.** After proving your worth at a company during your contract, you have some leverage when it comes to salary negotiations.

**Build your resume.** Even if the job does not convert to full time, your contract time will build up your resume as you will likely be exposed to new technologies and experiences.

Some Cons:

**Less financial security.** As a contract-to-hire employee, your employer does not provide benefits, nor are they required to pay severance if the contract ends without a permanent offer.

**Less Invested.** While on contract, you may feel less invested in the company, or your employer may invest less in your professional development.

**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 employer decides after the contract period that it is not a good fit, you’ll need to search for a new job.

Capitalizing the pros, and minimizing the cons:

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

Understand the risk; there are no guarantees in a contract to hire. Be prepared to either accept a full time role or be back looking for a job when your initial contract period ends. When negotiating for your conversion to full time status, be aware of what you’re worth and what you’ve added to the team thus far, but also make sure your expectations match what is good for the company. Finally, while on contract you are ‘auditioning’ for the job. Make the most of the opportunity to show your employer that it is the right decision to bring you
on permanently. Be a part of the team and make significant contributions to the success of your department.

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