

Alumni Consulting Group

IT Consulting – Contract to Hire – Direct Placement

Contract-to-Hire vs. Direct Placement

Why consider contract-to-hire positions?

Most companies, believe it or not, **DON'T** do a contract to hire (CTH) to "try before they buy". The vast majority of the time the client cannot approve paying a fee to a consulting company, so they set up a CTH arrangement. The consulting company bills the employee out to the client over a set period of time, and when the prescribed amount of time is over, releases the contractor to the client for hire for no fee.

The "try before you buy" idea is a bit over-rated anyway. Most companies have a probationary period during which they can let the employee go with minimal fuss. In addition, Colorado and many other states are "employment at will," meaning they can let an employee go for no reason at any time. As a result, almost every job is a bit "try before you buy".

So, how do you set up a CTH, as an employee? There are a few things you need to find out from the consulting company. First, make sure you negotiate your expected salary when you convert to a permanent employee. You don't want any nasty surprises at the end of your contract. Second, you should ask for 5 to 10 percent more money while you are on the contract, on an hourly basis, than you will receive as a salary once you convert. This is to help offset the lack of benefits and the perceived instability of the contract period, however slight it may be. Why not more than 10 percent? Most consulting firms are reluctant to pay you more than that. The biggest reason is that, if you are earning significantly more money on the contract, it will be more difficult for you to accept the permanent position. Third, make sure you know how long you are expected to be on contract before you convert. It's usually between 3 and 6 months. Ask how many other CTH employees have worked for this client, and how many of them were hired at the end of their contracts. If a client has a history of not hiring on their CTH contractors, you want to know that!

All in all, the majority of CTH contractors are hired on as permanent employees. At Alumni Consulting Group, more than 99 percent of CTH arrangements transition to permanent positions. It usually works well for everyone.