

Grow Your Team Without Hiring New Employees

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In order to benefit from more hands and heads—without the headache of hiring full-time staff—consider recruiting fresh talent in the form of independent contractors and freelancers.

By: MATT ALDERTON

Twelve years ago, when Ken Greenberg left his job at a large public relations firm to start Encino, Calif.-based [Edge Communications](#), his own self-run PR shop, he knew he needed clients and customers. That much was obvious. Once he had them, though, he quickly discovered that he also needed staff.



Photo by: iStockphoto

"We realized that we needed more arms and legs," says Greenberg, who hired one and eventually two full-time employees to execute clerical tasks. While those employees could handle menial office work and database management, he also needed more seasoned folks to take on the creative bread and butter that fueled his business, including writing, media relations and client management. "When you're talking about the kind of service that we provide, you need people who are experienced. You have to have been around the block."

Unfortunately, experienced professionals—the kind who've "been around the block"—are also expensive professionals. To employ an entire team of them full time as payrolled employees could easily break the bank for a small company like Edge Communications.

Still, Greenberg needed the best for his business. And he got them, too, by embracing a "hybrid" business model that has him employing full-time staffers for administrative work and freelancers—approximately 20 of them at any given moment—for almost everything else.

Never mind that freelancers work remotely or have other clients competing for their time. The pros, Greenberg insists, far outweigh the cons. "Ultimately, all the client cares about is results," he says. "My people get things done."

Indeed, independent contractors can be just as productive as full-time employees. What's more, the right ones doing the right jobs can save your business both time and money; employed strategically, they offer a certain amount of flexibility, appreciation and efficiency that is rare among full-timers. And best of all: You don't have to give them benefits or pay their Social Security taxes.

Freelancers or Full-Timers?

If you need talent, but can't afford to pay for it for 40 hours every week, then the freelance

marketplace might well be the answer to your human capital conundrums, according to independent contractor Jenny Schmitt, director of client strategy for Atlanta-based [CloudSpark](#), a strategic communications company.

"Hiring freelancers or contractors allows a company to get senior-level expertise that can make a near-intimate impact on their company's goals," says Schmitt, who is also co-chair of the [Independent Counselor's group](#) for the Georgia chapter of the Public Relations Society of America (PRSA).

Other benefits, Schmitt adds:

- You get an objective, "outsider" perspective on your company and its projects.
- You get to choose whom you work with, and to work with someone who chooses you.
- You get more for your money, as freelancers tend to be more productive per paid hour.
- You save money, as you don't have to pay for benefits, taxes or training for independent contractors.
- You enjoy the flexibility of being able to hire someone on a per-project basis, for either the short or long term.
- You benefit from customized plans and programs that are tailor-made for your project.

Of course, independent contractors carry with them several possible liabilities, too, stresses entrepreneur Anne H. McKillips. As the founder and former owner of [Total Benefit Communications](#), an Atlanta-based company that conducts educational benefit seminars and meetings for companies' employees, she's spent years working with freelance professionals in her industry. In fact, at the time she sold her company in 2006, it employed approximately 600 independent contractors nationwide.

"Business owners must be very aware of all the implications involved in using independent contractors versus employees," McKillips says. Among those implications:

- Independent contractors are cost-*ineffective* if you already employ a full-time employee who can provide the services you need as an "extra duty."
- Independent contractors must be verified as such by the IRS; there will be tax implications for your business if you hire a freelancer who does not qualify as an independent contractor under the [government's definition](#).
- Business owners cannot manage contractors as they do employees; they must present the contractor with a task and a due date, but cannot control how a given objective is met.
- Independent contractors are responsible for their own actions; you must therefore ensure that they have the insurance and other resources necessary to protect themselves and your company in the event that their actions create liabilities for your business.
- Independent contractors have multiple clients and are not therefore available to heed your every call.

Given the many benefits and possible pitfalls, deciding whether to hire an employee or an independent contractor can no doubt be difficult. To help you in your choice, McKillips suggests looking at what you have and deciding what you need.

"If a company has a need for specific skills or staffing otherwise unavailable in a specific location, independent contractors are very often the best alternative," she says, adding that, "If a task requires an intimate knowledge of the company's operations, culture or personalities, then it is probably better not to use a freelancer."

Finding, Hiring Talent

If your project doesn't require a lot of on-site teamwork or corporate culture, but rather a series of definite milestones and skill-sensitive goals, then freelancers are likely a good option for you. If they are, McKillis stresses, be sure to hire only the very best.

"Nothing can ruin your reputation more than providing or utilizing less than highly qualified individuals on your projects," she says. "Once you hire a contractor, that person is a representative of your company for better or worse."

To find the best contractors and freelancers, rely on the same strategies you would use to find the best employees:

- Ask for referrals from within your network of trusted contacts.
- Tap networking and professional associations, which often maintain directories of industry-specific freelancers.
- Browse Web sites like [Guru.com](#), [MediaBistro](#) and [Elance](#) for freelance service providers.
- Partner with an employment agency or professional services firm, such as [Aquent](#), the [Creative Group](#) or [Paladin](#), in order to connect with freelance professionals.

Once you've found some candidates, evaluate them like you would any employee, Schmitt urges. "Be picky about who you work with," she says, adding that business owners should look not only at resumes, but also at references, client histories and work samples. "You want to evaluate on the work, the expertise and your instinct for how the relationship will work."

Of course, cost is bound to be another factor. It's also an advantage, as freelancers are often willing to negotiate flexible payment terms. Some charge by the hour, some by project, some by performance. By the same turn, some expect advance payment, some regular installments and still others a lump sum upon delivery of the final product. Expect a range of rates and keep in mind that because you'll get what you pay for, the cheapest provider is not always the best.

How to Manage a Freelance Workforce

Upon choosing and hiring a freelancer, Schmitt always recommends drawing up a contract or letter of agreement that outlines the scope of the project, including its deadlines, deliverables and payment terms, not to mention issues of ownership and indemnity.

"Both parties should agree to the terms and sign," Schmitt says. "It's also a benefit to put in a 90-day review to determine if the relationship is working."

Indeed, it's important to maintain positive relationships with independent contractors. The

secret, according to McKillips, is keeping your eye on results rather than processes. "Working with contractors requires a clear and complete understanding on both the part of the contractor and the hiring authority," she says. "The most effective way to prevent any misunderstanding or SNAFUs is communication and documentation."

Don't expect to micromanage your freelancers; by nature, they must be able to work independently according to their own preferences. Still, you're entitled to expectations, so set them early and communicate them clearly.

Of course, eventual problems and conflicts are inevitable. In that case, don't be afraid to sever ties with a contractor; the beauty of freelancers, according to Greenberg, is that you can easily part ways with them when things aren't working out. "Hedge your bets on freelancers," he advises. In other words, be ready and willing for some trial and error in search of someone with whom you can collaborate on a regular basis.

"If something isn't working, stop trying to make it work," Schmitt concludes. "Measure it, learn from it and move on."

Links referenced within this article

Edge Communications

<http://www.edgecommunicationsinc.com/>

CloudSpark

<http://www.cloudspark.com/>

Independent Counselor's group

http://www.prsageorgia.org/aboutus/p_sigs.cfm#independent

Total Benefit Communications

<http://www.benefitprojects.com/>

government's definition

<http://www.irs.gov/businesses/small/article/0%2C%2Cid%3D99921%2C00.html>

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