

# Contract Staffing: The New IT Recruitment Model

*Why Forward-Thinking Companies Choose Contract Talent*

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Today's leading-edge businesses are under increased pressure to embrace new technologies, like cloud-based applications, and simultaneously harden network security. Yet with IT unemployment rates at historic lows, companies are struggling to source the specialized talent that's necessary for achieving these business objectives. Rather than competing in the world of traditional IT hiring, today's forward-thinking companies are embracing a new recruitment model: flexible contract staffing on a fixed-project or contractor-to-hire basis.

## The Current IT Marketplace: Why is Talent so Hard to Find?

Technology evolves at a rapid pace that's much faster than most areas of business, creating a gap between institutional knowledge and market demands. While business strategy may evolve on a yearly basis, technology strategy can pivot month to month— and companies are struggling to keep pace with these developments. In the new digital economy, access to information is a key competitive differentiator. Securing this information from cyber threats while maintaining a competitive edge is a contemporary business imperative made even more urgent by the IT talent shortage.

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This shortage is especially acute in Houston. Many hiring managers incorrectly assume that due to years of oil and gas layoffs, top talent is still searching for work. In fact, the opposite is true: the IT unemployment rate in Houston is at an all-time low. Steady technology sector growth earned the Houston-Sugarland-Baytown metro region the third spot on Forbes' list of [cities creating the most technology jobs](#).

As Houston-based companies begin to rebound slowly from the city's recent economic downturn, this industry is ready to invest in new digital technologies for increased operational efficiencies. Oil and gas companies, for example, are extremely cautious about protecting proprietary exploration, drilling and extraction data. As these organizations shift towards cloud-based applications, securing this proprietary data and shoring up network vulnerabilities is a top priority. Finding the expert talent to achieve these goals can feel like an impossible task. Contract staffing bypasses full-time hire challenges by providing companies with immediate, experienced IT professionals.



## Why Contract Staffing is the New IT Recruitment Model

IT unemployment rates are at historic lows across the United States. This has two major implications for traditional IT recruitment models:

- 1. Passive recruitment strategies are essential to reaching top talent.** Specialized talent is already employed and well compensated, and very few of these individuals are actively looking to change jobs. Businesses that want to hire specialized talent will need to actively recruit this talent away from their current companies. This process can be costly and time intensive. It also fails to address immediate staffing gaps.
- 2. Job boards yield few qualified applicants.** Since the vast majority of top talent is employed, this means individuals who are actively applying for positions via job boards typically lack desired qualifications or experience. While it's always possible to find a diamond in the rough, job board postings are more likely to yield second and third-tier candidates. Hiring managers invest valuable time and resources sorting through hundreds of online applications only to find that very few come close to meeting the desired criteria.

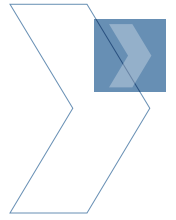
Rather than settling for a less-than-perfect hire or letting a position go unfilled, today's forward-thinking companies are choosing a new option: contract talent. Contract talent solves immediate staffing issues while providing sought-after flexibility for both companies and candidates. Companies gain access to high-level skills that are otherwise unavailable, mitigate risk exposure, and deftly manage uncertainty— three essentials to maintaining a competitive edge in today's rapidly changing marketplace.

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### 1. Flexible solutions.

Companies access industry-leading expertise through flexible staffing models that can be tailored to specific IT needs:

- **Teams.** IT is naturally a project-centric field: teams are managing software and systems upgrades, overseeing a migration, or developing a new platform with a pre-determined end date. With contract staffing, companies can quickly expand their core teams without the financial burden of onboarding full-time hires. Teams can be scaled up or down to meet evolving project needs, such as technical developers for early-stages and then quality assurance and test engineers in later stages.
- **Consulting.** Companies gain access to deep expertise and can immediately apply this best-in-class knowledge to current problems without the cost of a full-time, senior-level hire. A contract-consulting model is ideal for companies with ongoing needs that may vary month-to-month.
- **Contract-to-hire placements.** In a candidate-driven job market, top talent can afford to be selective about which offers they choose. Increasingly, talent prefers companies that offer contract-to-hire placements so the talent can “test out” the company prior to accepting a full-time offer. This arrangement is beneficial for companies, too. While some candidates may have the perfect skills and experience, a personality mismatch



with other team members or management could hurt productivity and bring down the entire team, which could prove catastrophic for IT teams on tight deadlines and budgets. Companies also benefit from superior, on-the-job performance. In a contract-to-hire placement, contractors treat every day like a working interview and are acutely aware that every success or mistake can play a pivotal role in the final hiring decision.

## **2. Immediate start dates.**

Bringing on contract talent is a fast, efficient process. Contract talent is fully vetted and ready to hit the ground running. There's no time lost to background checks, compensation negotiations, or paperwork. Opting for contract talent can shrink the onboarding timeline from months to days, providing immediate solutions that keep your company ahead of the curve.

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## **3. Avoid over-staffing.**

Organizations that utilize flexible, project-based staffing also tend to be more financially sound since they avoid overstaffing. IT is developing at a rapid pace, which can make it difficult for companies to forecast future staffing needs. New operation tools and cloud architecture require less manpower for support, so IT departments are leaner. Once an IT solution is implemented, there's simply no need to keep expensive talent on staff for low-level maintenance issues.

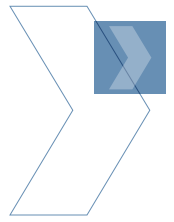
Additionally, in markets like Houston that are subject to greater external volatility, a sudden shift in market dynamics could also mean immediate cuts to IT projects. Companies that expand with full-time hires are then left with a team they can't afford to keep on payroll. Working with a contract recruiter agency eliminates this problem. Companies simply tell the agency their needs have changed and the additional support is no longer required. This mitigates risk exposure while maximizing talent access.

## **4. Establish culture fit.**

Is your company a desirable place for IT talent to work? IT professionals have two key concerns when choosing full-time employers: will this company help them keep their skills fresh and will there be institutional barriers that prevent project success? Top talent doesn't want their skills to stagnate and they don't want to battle upper management for project buy-in or funding on a regular basis. They're cautious about making full-time commitments to a company and need reassurance that the company's internal culture aligns with external promises. If your company needs a full-time hire but is struggling to get your top candidate to accept the offer, then a contract-to-hire position may be the perfect solution. The candidate can "test drive" your company so they know exactly what to expect. They can then accept your offer with confidence, positioning everyone for success.

## **5. Access the latest skills and broad experience.**

Contractors are more likely to have worked for multiple companies over the last few years, which means they have a unique combination of deep skills and broad experience. This is the best of both worlds: contractors are up-to-speed on the latest technology and they've applied this technology across industries and business settings. Contractors bring a fresh, holistic perspective and can provide innovative solutions that internal employees may never have considered.



## Next Steps: Adopting a Contract-Based Staffing Model

Forward-thinking organizations are adopting a flexible staffing model to address immediate talent needs while mitigating financial risk. Is your company ready to do the same? This roadmap will help make your shift to contract staffing as seamless as possible.

- 1. Evaluate needs.** Before bringing contractors onboard, be clear about your internal needs, timeline and budget. Is there an ongoing need for specialized consulting, or is there a single project with a finite deadline? Clarifying talent needs from the beginning of your project will set everyone up for success.
- 2. Be realistic about costs.** While contractors may cost more per hour than full-time employees, keep in mind that you're not paying for benefits, running payroll, or investing in onboarding, eliminating any burden on your HR department. Contractor flexibility means your company only pays for talent when it's needed, which can lead to significant cost savings over a project's lifetime.
- 3. Determine the right structure.** Contractors typically work on an ad-hoc consulting basis, as members or leaders of temporary project-based teams, or on a contract-to-hire basis. Depending on your company's current needs, your organization may benefit from a combination of all three of these roles or may be best served by focusing on a single solution, like a project-based team.
- 4. Partner with the right recruiting agency.** There's no need to go it alone when it comes to recruiting contractors. Capitalize on recruiting agencies and their expertise to source, screen, and place top talent. Some recruiting agencies, including Lucas Group, also handle all paperwork, benefits administration, and payroll. Experienced recruitment companies have the tools, resources, and connections to manage clients needs, volumes and expectations, whether you need one specialized expert or an entire team.

The IT talent marketplace is going through a major transition period. Successful companies are those who understand this talent recruitment evolution and are prepared to adopt innovative staffing models that benefit all stakeholders.

*I'm interested in your experiences and perspectives on IT talent recruitment and contract staffing in Houston. Please send your ideas and comments to [SRobinson@lucasgroup.com](mailto:SRobinson@lucasgroup.com).*