

Freelance Nation: Slump Spurs Growth of Contract Workers

JOBS, PART TIME, EMPLOYMENT, WORKERS, ECONOMY

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Diane Shader Smith was laid off from her Los Angeles public relations job in December, but has found herself working nearly full-time since February—doing freelance PR for various companies.

"It's a very scary job environment out there, and I consider myself lucky to have any work," says the 49 year old Smith. "But I've got a list of seven clients and I love them. I'm very happy."

Shader Smith is part of a growing trend of workers who have gone from regular full-time jobs to contract work—or freelancing. They may not all be happy about it—but at least it's a way to keep working and maintain some income. For some, it also may be the best way to find a permanent job.

At the same time, contract workers are becoming a permanent fixture in the economy that is likely to continue even after the recession is over.

"I think we are seeing a fundamental change," says Tom Mobley, a professor of the Farmer School of Business at Miami University in Ohio. "Companies will staff up at certain levels again, but I think they will use freelancers or consultants on a regular basis going forward."

The recession clearly has prompted the rapid growth of freelancing in a wide variety of professions.

Friday's employment report showed that the number of people forced to work part-time for "economic reasons" rose by 423,000 in March, to 9 million. And a new study by the Human Capital Institute showed that one third of the US workforce is now comprised of non-traditional "contract" workers. The study says the pool of part time workers is growing at more than twice the rate of the regular workforce.

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Cash-strapped American companies are taking advantage of the situation. More than 90 percent of US firms use contract talent, with spending on them doubling in the past six years, to more than \$120 billion.

It's a trend that experts in the field say will continue even as the economy recovers.

"It's a paradigm shift," says Dennis Nason, CEO of Nason and Nason, an executive search firm based in Coral Gables, Florida. "Contractors have been used by companies successfully, and it's changed the relationship between worker and management."

According to Elance Online, an online site that connects businesses with freelance professionals, the skills most required from freelancers are:

- IT
- marketing
- computer programming
- design
- social networking site positions
- Writing

Other areas of freelance job growth are in health care, such as medical assistants or as a dental hygienist.

Even financials need staffing help, according to Nason, whose firm specializes in finance positions. "Banks have to service

their customers so they've turned to temporary workers. We're certainly not going back to what we had in the financial sector when it comes to jobs."

For firms, hiring contract workers or freelancers let's them cut fixed employment costs, such as health insurance and retirement benefits. It also gives them a bigger talent pool to choose from.

For workers, freelance work can mean higher hourly wages and flexibility says Shader Smith. "You can find time to work out, go to the doctor or pick up the kids," Shader Smith says. "And there's no office politics."

It also gives the worker a sense of whether they like a company, says Carrol Van Stone, a freelance publicist.

"I have restructured with a 3 month commitment and go month to month with no increase in pay rate for 12 months," says Van Stone. "What it means is that no one feels stuck and both sides can measure results after a while."

But there are some obvious drawbacks for temporary workers. They have to look for another position if their part time job ends. And if they are freelancing, they have to be searching for new clients.

Workers are also not part of a pension plan or matching 401k and they might need to buy health insurance, if say there's no working relative that can put them on their policy.

However, Nason points out that today's benefits are transportable. "With 401ks, people are not trapped as before in companies," says Nason. "Being a portable professional has become an integral part of the economy."

And as for health care, the COBRA plan allows laid off workers to buy coverage for up to a year after being leaving their full time job help make the transition from full time to part time. And the Obama stimulus plan allows government coverage of up to 65 percent of COBRA costs.

What separates freelancers somewhat from other part time workers is how they get their jobs. While many companies hire part timers through job agencies or through their own HR departments, many freelancers have to find work on their own.

And not everyone can be a freelancer says Fabio Rosati, CEO of Elance Online. "You have to be successful at multi-tasking," says Rosati. "You have to think of yourself as a business of one. That means marketing yourself."

"For freelancers to find success rather than failure, they have to know how to market themselves," says Mobley. "You have to reach out to new customers. Freelancers of the future have to be successful at marketing who they are to clients and companies."

Marketing yourself means contacting potential clients, posting yourself on social networks like LinkedIn and even having a web presence with a site of your own, says Mobley. "Be computer savvy and use web tools to build a site for yourself. There are some inexpensive ways to build one."

And you need discipline, says Shader Smith.

"The work tends to be focused because employers are watching the clock on what they are giving you to do, Shader Smith says. "And you need to be organized because you can bounce to bounce from client to client and it's easy to lose track."

But whether it's freelancing or working at a firm, the part time employee is a growing part of the job picture, says Elance's Rosati. "The economic uncertainty is increasing and putting pressure on those who want to try part time work," Rosait says. "For both companies and workers, the experience has become compelling."

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