



# THE CONTRACTOR'S PARACHUTE: FIVE MUST-DO'S FOR SUCCESS

Image Credit: skydivestore.com

## THE LURE OF EASY MONEY HAD A VERY STRONG APPEAL

Glenn Frey wrote a song, "[Smuggler's Blues](#)," in the '80s.

One line seemed appropriate, "The Lure of Easy Money Got A Very Strong Appeal."

Keep the above line in mind as you read on.

Many years ago, before I started contracting, I met a strange creature called a Consultant.

He roamed corporate hallways, had the boss's ear, and was in the know about everything.

He told me, "You know we do the same job, right?"

Then, he made contracting sound so exciting and doable.

He talked energetically about doing the same work, but with a few differences:

- [Higher pay rates](#)
- Diverse work
- New people and places
- Learning new, higher, paying skills
- The constant demand for skills like ours

The consultant was very convincing.

I was hyper-focused on earning more money and perceived freedom!

So, I took the plunge into contracting.

In retrospect, I was naïve about the financial realities of being a contractor.

Are you naïve, too?

### ASSESS YOUR BASIC FINANCIAL READINESS FOR CONTRACTING

Today, I'm a regular hire PM for a fantastic HR Tech Company.

If you're thinking about full-time contracting, please take this short assessment.

**Here's the scenario, then take the assessment:**

*You interview with a contracting agency, and they offer you a long-term contract. You accept the contract offer and leave your regular hire job. And the new contract unexpectedly releases you three weeks later due to budget constraints.*

**Which of the following questions IS TRUE TODAY:**

Circle One	Consideration
T/F	<ul style="list-style-type: none"><li>The loss does not affect your standard of living AND 401k. You can easily meet your monthly obligations for six months or more without incurring debt or using <a href="#">credit</a>.</li></ul>
T/F	<ul style="list-style-type: none"><li>You have a PROVEN CONTRACTING network to find new opportunities in days, not weeks.</li></ul>
T/F	<ul style="list-style-type: none"><li>You have healthcare coverage worked out with or without a current employer. Or you do not need it.</li></ul>
T/F	<ul style="list-style-type: none"><li>Your total past work performance translates readily into Contracting Agencies/Employers seeing your worth.</li></ul>
T/F	<ul style="list-style-type: none"><li>Your failure only impacts you and not others relying on you for support.</li></ul>
T/F	<ul style="list-style-type: none"><li>You are pursuing this path for something greater than money.</li></ul>
T/F	<ul style="list-style-type: none"><li>You can't shake the need to shake your regular hire role.</li></ul>

**Too many "False" responses increase your financial risk and stress if a contract ends.**

## THE PRICE OF NAIVETE

As a contractor, I woke up one day and could not answer most questions “True.”

My contractor dream was ill-planned and taught me a few costly lessons.

You see, I NEVER had a contingency plan or thought very hard about profound CONTRACTOR REALITIES:

- Budget cuts
- Business closures
- Project eliminations
- Contractor – Client disputes
- No parting benefits
- No requirement to endorse you for a role internally or elsewhere

A contract is a contract – it ends when the client or contracting organization no longer needs you.

And, don't let pride “I'm the greatest at “X” and therefore indispensable to any employer.

In the real world, “Contractor” is synonymous with dispensability – don't kid yourself.

## PACK YOUR FINANCIAL PARACHUTE: FIVE TO-DOS

If you are unready and want a contracting career, **THEN** prepare for a contracting career.

Like going into business, you need a contingency plan that protects you from catastrophic contract loss, which has short and long-term financial implications.

Here are some proven tips no one ever told me:

1. **STRONG CASH RESERVE:** Beef up your emergency savings to 6 months of expenses or more. Using your [401k](#) and credit robs you of cash's future use and value. Don't consider your 401k or [credit](#) an approved flotation device while floating between contracts or finding new work. Finally, learn your State's unemployment insurance rules; if things go sideways and you need financial support – payment can take up to 6 weeks or more.
2. **REDUCE YOUR DEBT:** Cut your monthly obligations to the bone. If your contract is cut short, you have fewer obligations reducing your cash reserves.
3. **CONNECT WITH CONTRACT PEOPLE/AGENCIES W/OPPORTUNITIES:** I'm not talking about LinkedIn connections you don't really know OR can vouch for you. Make real people connections and build bridges before you need them. For example, refer friends in the market for opportunities you cannot fill today. Being radar-visible keeps you top of mind when you need them most.
4. **GET BASIC HEALTH:** Determine how you will address your SEEN AND UNSEEN healthcare expenses. A single medical visit or protracted illness could wipe you out without coverage. Finally, learn your State's short-disability rules in case things go sideways.
5. **SOCIALIZE FOR SUPPORT:** Socialize your decision with people you support and support you. Talk candidly to adults counting on your financial contribution and stability before pulling the contracting trigger, or you will regret it.



## CONCLUSION

Again, “The Lure of Easy Money Got A Very Strong Appeal.”

Things happen, and you must be prepared when your contract unexpectedly ends.

It would be best to have a contingency plan when you contract for yourself or others.

After a contract loss, a contingency plan will protect your wealth and health.

Seriously.

If you’re not stressing about lost income, finding work tomorrow, or paying bills, you will have a much easier time managing your well-being.

## CALL TO ACTION

The world needs us – get equipped for a world of projects producing exponential value!

Finally, [Global demand for Agile/Scrum/Product Management expertise](#) is heating up for PMs with this experience and may be the key to you prospering in the new remote economy.

It’s only time before it intersects with your work or influences your opportunities.

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### About the Author

[John St. John](#) is a Seasoned HR Project Manager in the HR Technology space.

He has led Human Resources Operations and Talent Projects for over 20 years and is a PMI Central Illinois Chapter member who blogs and posts about HR and Project Management topics.

