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The Secrets To Hiring Management-Level Freelancers

Hiring high-level freelance talent can deliver big returns, but you need to keep your company safe.



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When you need to shore up talent on your team but don't want the expense of a full-time employee, an independent contractor can be an effective solution. A recent survey by staffing firm [Addison Group](#) found that 94% of hiring managers are more comfortable bringing on freelance employees than five years ago, and

88% are more comfortable doing so for senior positions, too. Fifty-eight percent of employees said they wouldn't mind if their boss was a temp.

Companies like telecom company SRVR, LLC, which counts three executive-level and five managerial-level contractors among its nearly 200 employees and contractors, hire such talent because it's typically less expensive than hiring a full-time employee. In addition, President Dan Banu says he likes to hire slow to be sure he's getting the right people, and fire fast when they're not working out. Bringing on contractors lets him test people in their roles and lets him hire high-level talent for specific functions.

"It may be a position where we're launching a new product and [our current contract chief marketing officer] is a huge part of that, but she can accomplish that in three days a week, so she's not full-time. That gives me the flexibility to only use her as much as I need," Banu says.

But before you hire a contract worker in a senior management or team leadership role, there are some things you need to get right, cautions Jay Houston, president of Addison's finance and accounting division. "If I'm the leader of a fast-growing company and I need to hire this person, what are some of the best practices that I need to put in place to ensure that I'm not actually putting my company at risk?" he asks. Here are six ways to keep your company productive and safe.

BE CLEAR ABOUT EXPECTATIONS

The first step in hiring a contractor in a supervisory or other high-level role is to be crystal clear about what you both expect in the relationship. "You should have a clear scope and mission for the role. How will you measure success? Is this a short-term role, or is it a trial for a full-time position? These are important questions that need to be answered," says **Nicole Cox**, chief recruitment officer at Decision Toolbox, a recruitment solutions company. Define the role, including the metrics by which you'll measure progress and achievement of objectives.

DON'T SKIP THE ONBOARDING PROCESS

Contract employees need to have a clear understanding of your company culture, policies, and practices to make their transition easier, so it's a good idea for them to go through similar training and orientation as traditional employees. This is especially true if they're supervising teams or leading important projects, to ensure that your employees are not put off by a lack of cultural continuity, Cox says. Make sure your contractor knows the stakeholders and the method and frequency of communication expected, as well as important policies regarding managing employees, handling challenges or crises, interacting on social media, and other areas.

ADHERE TO IRS GUIDELINES

Whenever you hire a contract employee, it's important to adhere to IRS guidelines to ensure that the person is truly acting as a contractor.

Misclassification of employees can lead to expensive tax liabilities and penalties.

There are three primary areas the IRS looks at when determining classification:

- 1. Behavioral, including whether the company has the right to control how the employee does their job.*
- 2. Financial, including whether the employer controls the financial aspects of the job like providing tools and supplies.*
- 3. Relationship, including whether the worker receives company-sponsored benefits.*

Backup of the contractor's status, such as evidence of multiple clients, a separate business identity, and other signs of the contractor's independence can be important if you need to prove to the IRS that the individual is a contractor.

Hiring contractors through a staffing firm may also ensure they meet the criteria, but it's a good idea to review IRS guidelines thoroughly and get advice from your accountant or legal counsel, especially if the person will be working primarily for your company.

USE A NONDISCLOSURE AGREEMENT

Cox says that having nondisclosure agreements (NDAs) is important, especially if the contractor will have access to proprietary information or trade secrets. Your legal counsel should review the documents to be sure that they don't overstep what you can require, which may vary by state. An overly broad agreement may not hold up in court, if that becomes necessary.

SHOW LEADERSHIP SUPPORT

Banu says it's critical for employees to see that leadership has faith in the person hired, and that the contractor is treated with the same respect as other employees. He doesn't necessarily disclose to employees that a high-level hire is a contractor, especially if the person is expected to fill a long-term role.

"If you ask around on the floor, the telemarketers, the customer service in our industry, they don't even know that our CMO or CTO are not employees, because they act as if they're part of the company, which they are," he says.

KEEP COMMUNICATING

Your contractor needs a management and reporting structure and should be required to check in regularly to ensure that milestones and goals are being met, Houston says. Because the person is not a full-time employee, it's even more important to be sure this happens on a regular basis. It's also important to capture information, systems, and other developments made by the contractor, so they don't just walk out the door when the engagement ends, Cox says.

Hiring high-level contractors can be an affordable, effective way to get the talent you need. When you take steps to integrate them well and protect your company, it's possible to get the benefit and mitigate the risk.