



THE COMPANY • THE CANDIDATE

Krista Keay

PLUGGING INTO THE GIG ECONOMY

Five reasons why contract work is alive and well in the lighting and electrical industry

Over the past few years, a phenomenon known as the “gig economy” has spread across the nation. The word “gig” originated in the music industry as slang for a job or performance, and usually (but not always) refers to jobs that are less than 40 hours per week, not permanent, and often with an estimated beginning and end period. A gig economy is an environment in which these flexible, temporary positions are common and organizations tend toward contracting with independent workers for short-term engagements.

The gig economy is more visible in some industries than others—think Uber or TaskRabbit—but it’s also prevalent in our arena. Here are five reasons why firms are hiring contractors rather than permanent employees.

1. Fresh Set of Eyes. An outside contractor may be hired to identify and rectify issues when employees are too close to the company to identify the root of a problem. Organizations may bring in an experienced contractor for several weeks or months to audit the company and pinpoint the root of issues they’re experiencing. Often, the same contractor will work with the company to fix the problem, or the company may bring in a different, more specialized contractor to resolve the issue. This often saves money in comparison to hiring permanent employees and then finding another position for that person when the project is complete, or just letting them go.

2. All Hands on Deck. Companies may hire a contractor because they’ve

become unexpectedly busy—perhaps after signing a major contract or landing a new national account—but a permanent increase in headcount is not warranted as the extra help will only be needed for a finite period. For example, an electrical distributor adding new branches may need extra HR professionals to help recruit candidates, but the contractors won’t be needed once the new employees are in place.

3. Special Projects, New Divisions. A consultant may be helpful for companies in need of guidance on a special project or new system, or for counsel when starting a new division. For example, a lighting design firm may need a project manager to lend a hand on a new hospital project. This person may be needed for six months, a year, or even two years, but by not hiring them as a full-time employee, a company saves time and money typically used on payroll processing and providing benefits. And there’s no need to terminate someone—the contract simply ends.

4. Acquisitions. In some cases, companies are not satisfied with only organic growth. When on the acquisition trail, a company may not yet know what skill sets they’ll find at the company they eventually acquire. Hiring a consultant to fill the gap until they have a chance to survey new talent may avoid duplication. In other cases, the owners may want to take some chips off the table or plan an exit strategy. If a firm seeking to be acquired is not missing a key position, they may be better served hiring a consultant to fill a less important role for a finite period, thus avoiding adding to their payroll.

5. Try Before You Buy. Hiring someone as a consultant allows both company and candidate to get to know one another to ascertain the fit. A couple of months ago, we were contacted by a private equity firm who needed to make a change at the CEO position for a lighting manufacturer it had invested in. After a couple of weeks working with the contract recruit, the firm brought him on as full-time CEO and also made him a member of their Board. At the very least, the company can have the contractor in the role while they conduct a search for a permanent employee.

Krista Keay is head of contract and consulting placements for The Pompeo Group (www.pompeo.com), an executive recruiting firm in the lighting, LED and controls arena.