

# Bob Kustka

Factoring Human Capital Into Your Business Plan

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By Keith Regan

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### Free-agent economy hits stride in finance, HR and tech

BY KEITH REGAN  
SPECIAL TO THE JOURNAL

While the employment marketplace overall has made a measured recovery in recent years, the contract labor market appears to be enjoying a strong resurgence, with rising employment and higher pay in many fields.

**Scott Ragusa**, president of the contract business division of **Winter, Wyman Co.**, said that firm's contract business is up 114 percent since 2001 and 25 percent since 2004.

Others in the HR field report similar strength and attribute the good times for contract firms and contract workers to a number of factors, including overall economic expansion but also a broader use of contract help as a strategic tool, both to help companies meet short-term spikes in demand but also as an intermediate step to hiring full-time.

In fact, Ragusa said that over the last six months, 39 percent of the contract candidates Winter Wyman has sent out have been hired permanently by the firms they went to work for.

Typically, hiring of contract and temporary workers signals an upturn in the economic cycle, but some say businesses are relying more heavily on

contract labor now for other reasons as well.

"Many companies in Boston are relying more and more on contract staff for specific projects," said **Daniel Crispell**, vice president of the New England region for **Robert Half International**. "It allows them to bring a candidate with specialized expertise on board fast."

Crispell reports especially strong demand for accounting and finance, information technology and creative fields such as marketing and graphic design.

Ragusa said finding enough qualified "free agent" workers is now becoming more of a challenge, but the lifestyle still appeals to many for the flexibility and the variety it offers. Meanwhile, the relative scarcity, especially in certain fields, is helping to boost pay for contract workers, though in some fields they are still struggling to get back to pre-2001 levels. He said HR recruiters are now commanding around \$50 an hour in some settings, well above the \$35 they were getting two years ago.

The technology niche is also seeing strong growth, while the financial services field has been "almost boring, it's been so steady," even through

**Scott Ragusa, president of Winter, Wyman Co., says the 'free agent' lifestyle still appeals to many for the flexibility and the variety it offers.**



the downturn, according to Ragusa.

**Bob Kustka**, a former **Gillette Co.** HR executive and founder and president of Norwell-based HR consulting firm **CHR Partners**, said contract labor can be a tool, but no one solution is right for all businesses.

He said a more strategic approach to staffing decisions may be needed.

"If the position is in your core busi-

ness competency, you'll probably want to hold on to it yourself and staff it permanently," he said. For instance, Gillette always hired its own product engineers but didn't hesitate to out-source package engineering work.

Companies also need to evaluate the cost of various staffing options. "A lot of businesses I speak with don't know how high the markup is on labor costs," he added.

But Kustka said businesses need to be cautious about ensuring they don't overstep the boundaries of contract labor and run afoul of both IRS regulations and a recent Massachusetts law meant to ensure that workers who are entitled to benefits receive them.

**Roberta Chinsky Matuson**, a principal with **Human Resource Solutions** in Brookline, said contract labor can help fill short-term needs, such as contracts that need to be filled quickly by manufacturing firms or projects driven by short-term deadlines.

She and others say the trend bodes well for the future of the labor market in general.

"Increase in contract employment is a good indicator that things are turning around in the employment market," she said.