Selling Contract-to-Perm vs. Direct Hire: Common Objections

**We’ve only ever done direct hire…what’s the difference?**

-With direct hire, we would be placing a candidate directly onto your payroll and you would pay a one-time fee; with contract-to-perm, we would be placing a candidate onto your team but they would remain on our payroll for the initial contract period, converting onto your payroll after a few months. We would charge you an hourly bill rate that covers the candidate’s hourly compensation, benefits (medical, dental, vision), our burden, and our gross profit margin.

**What are the advantages of doing contract-to-perm over direct hire?**

-There are several:

1) The fee would be spread over the life of the contract instead of being paid as one lump sum.

2) You would have the opportunity to “try before you buy” meaning that you would be able to ensure that the candidate is the right fit before you commit to long-term employment.

3) During the contract period, liability remains on us. We would handle on-boarding, unemployment insurance, employment taxes, FICA, FUTA, and SUTA rates.

4) Speed to seat is typically much faster with contract-to-perm candidates because of our ability to expedite the on-boarding process.

**It takes someone a long time to ramp up here, and we don’t want to risk losing the person because they’re still looking for a full-time job.**

-When a role is contract-to-perm, the stage is set on the front-end that your intent is to convert at a specific date. The candidate would understand that the position is not a temporary role, but rather a full-time opportunity with a contract period on the front end. Unless the environment and position aren’t the right fit for the candidate (in which case he or she would be looking anyway), the candidate would come onboard with the expectation that he or she would ultimately be an FTE.

**We want this person to be “bought in” and apart of the culture.**

-During a partnership with Optomi, we view ourselves as an extension of your organization from a talent acquisition standpoint. We will be fully engaged during the interview and placement process to ensure that our candidates understand all of your selling points of interest and are just as “bought in” and immersed in the culture as if they were brought on directly.

**Our benefits are great and we want this person to have access to them immediately.**

-While a candidate is on our payroll, they will have access to our medical, dental, and vision plan through Blue Cross Blue Shield. The only benefits they wouldn’t be able to access during the contract period would be PTO, but we are actually going to pay the candidate more on an hourly basis than they would receive in annual salary upon conversion to make up for it.

**We don’t want contractors because the talent isn’t the same caliber as that of FTE candidates.**

-Optomi prides ourselves on working with top talent in the market. The majority of the individuals with whom we work are gainfully employed and quite happy where they work. The only reason that they would leave their role is if a new potential employer aligns with what they are seeking as an IT professional.

**People in a full-time job aren’t going to leave their role for a contract position.**

-The fact is that IT unemployment in the US is less than 2%, and the best candidates in the market know that they can find another position if their current role comes to an end for whatever reason. Therefore, we find that it is actually quite common for IT professionals to leave an FTE role for a contract-to-perm position because their expectation is that they’ll be on the organization’s payroll in a few months. In the event that the role is not a fit, candidates know that their skill set is typically in pretty high demand.

**The cost for contract-to-perm seems like it would be too high.**

-Contrary to what some might think, we can actually provide a cost savings to our clients who are willing to consider contract-to-perm as an option. In the spirit of partnership, we are willing to provide a cost-based analysis to our clients that shows how we can save them money over the life of the initial contract period.

**There is open headcount in the budget that we will lose if we don’t hire this person directly.**

-Welp, fair enough! Direct hire it is! Our hope is that if we deliver for you and prove our value, we can bring this topic back to the table for discussion in the future. Optomi’s goal is to be a long-term partner, not just a one-time service, so we’d welcome an opportunity to reevaluate and explore additional options for you.