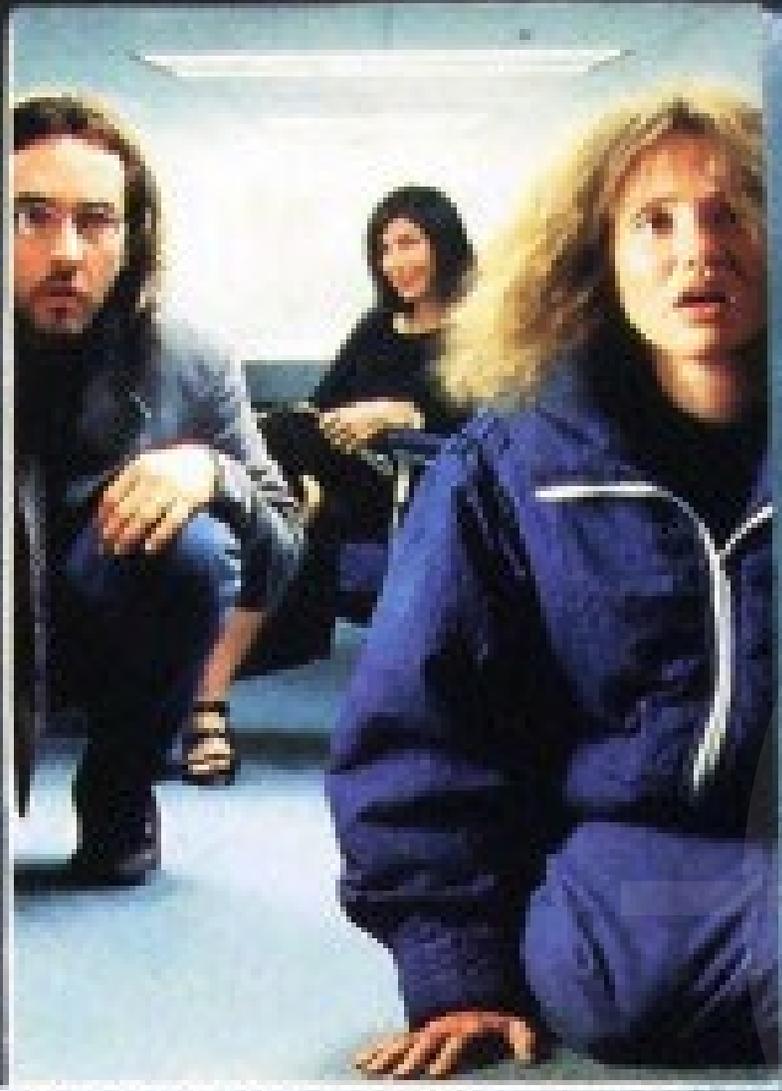


Being a PMO Contractor (or even a Consultant!)

My journey

Ken Burrell, Pragmatic PMO



My background

20 years in projects

6 years a PM

14 years in PMO

**WE START
HERE**

10 years contracting

NOW

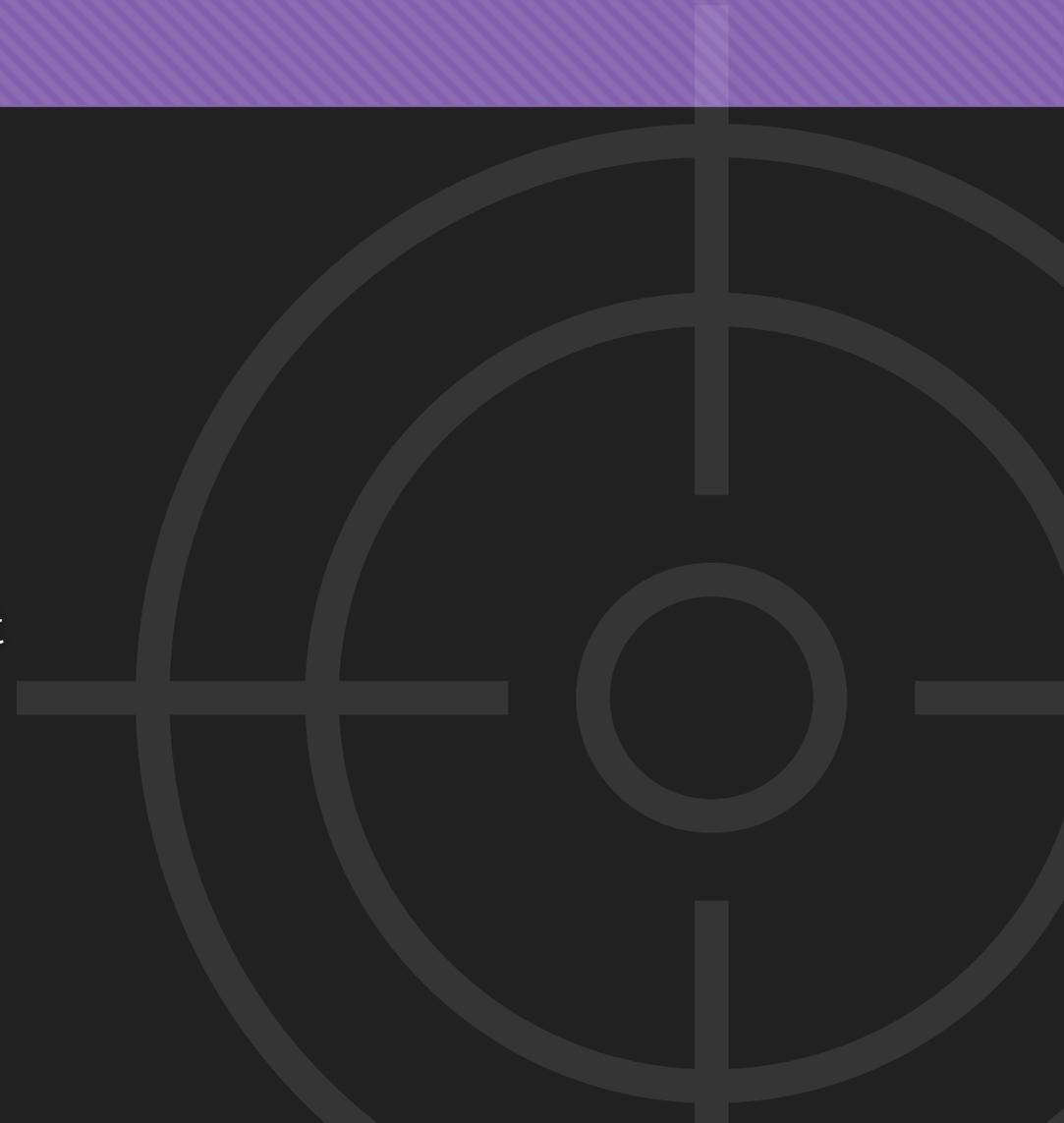
The future...

The beginning – some context

- UK subsidiary of French insurance Co, 2 yrs as PM
- Projects dept set up by consultant, with **lots** of templates
- Became PMO Mgr, introduced Portfolio Mgmt and dashboards
- HQ recognised UK as exemplar, asked to contribute to planned PM overhaul
- All went quiet, assumed a change of plan
- Meanwhile, launched streamlined PM approach for small, low risk projects
- Heard from HQ – new Corp PM Approach, and UK is 6 months late
- New system was like the one I inherited 2 years before
- Couldn't face starting again – decided to look for new role

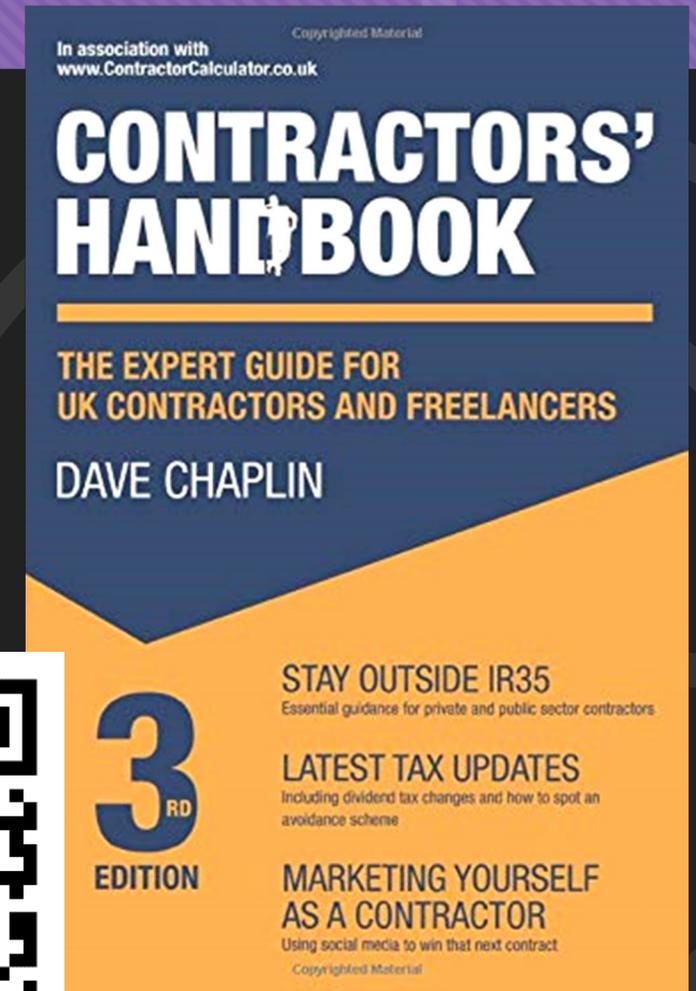
My why

- Frustration – at the corporate machine
- Need for independence
- Opportunity to make more money
- Curiosity – am I good enough?
- Freedom to choose the type of work I enjoy
- Freedom to choose my own training and development
- Ability to make an impact in multiple places



The beginning – what's this contracting lark all about?

- Had contractors working on big projects
- Had always thought they were “high fliers”
- Had coffee / lunch with them, picked their brains
- More money and more freedom working differently?
- Bought Contractors' Handbook by Dave Chaplin ([amzn.to/3BY3M4s](https://www.amazon.co.uk/dp/B000APR004)) – scary and exciting
- Lots to think about
- This is running a **business**



Types of Contracting

- Fixed Term Contract
 - You are a temporary employee of the Client and get paid through their payroll
 - Client deducts Employer's NI and PAYE
 - Employee benefits and rights
- Umbrella contract
 - You are a temporary employee of the Umbrella company and get paid through their payroll
 - Umbrella deducts Employer's NI and PAYE
 - You get employee benefits
- Inside IR35
 - You are deemed an employee for tax purposes
 - No employment benefits or rights
 - Master / servant relationship
 - You may be quoted a rate that needs to have tax and employer's NI taken off
- **Outside IR35**
 - **Your company is engaged on a business-to-business basis**
 - **Your company is responsible for tax and NI**
 - **Your company collects VAT on behalf of HMRC**

Today we will focus on this one

What I did

- Set up LtdCo, opened business bank account
- Researched insurance (need on signing a contract)
- Researched accountants (need on signing a contract), and VAT registration (need soon afterwards)
- Thought about what opportunities I **would** go for, and what I would **not** go for
- Went on a CV workshop and smartened up my CV
- **Networking:** Face-to-face, on LinkedIn, on the phone to recruiters, groups
- Couldn't save up – so checked notice period – “played it safe” - moved down a notch
- Got a contractor mentor – regular phone calls and motivational texts
- Ramped up talking to my network, started talking to recruiters, and started applying for contracts
- Tracked it all in a spreadie
- And after about 6 months...

My first contract!

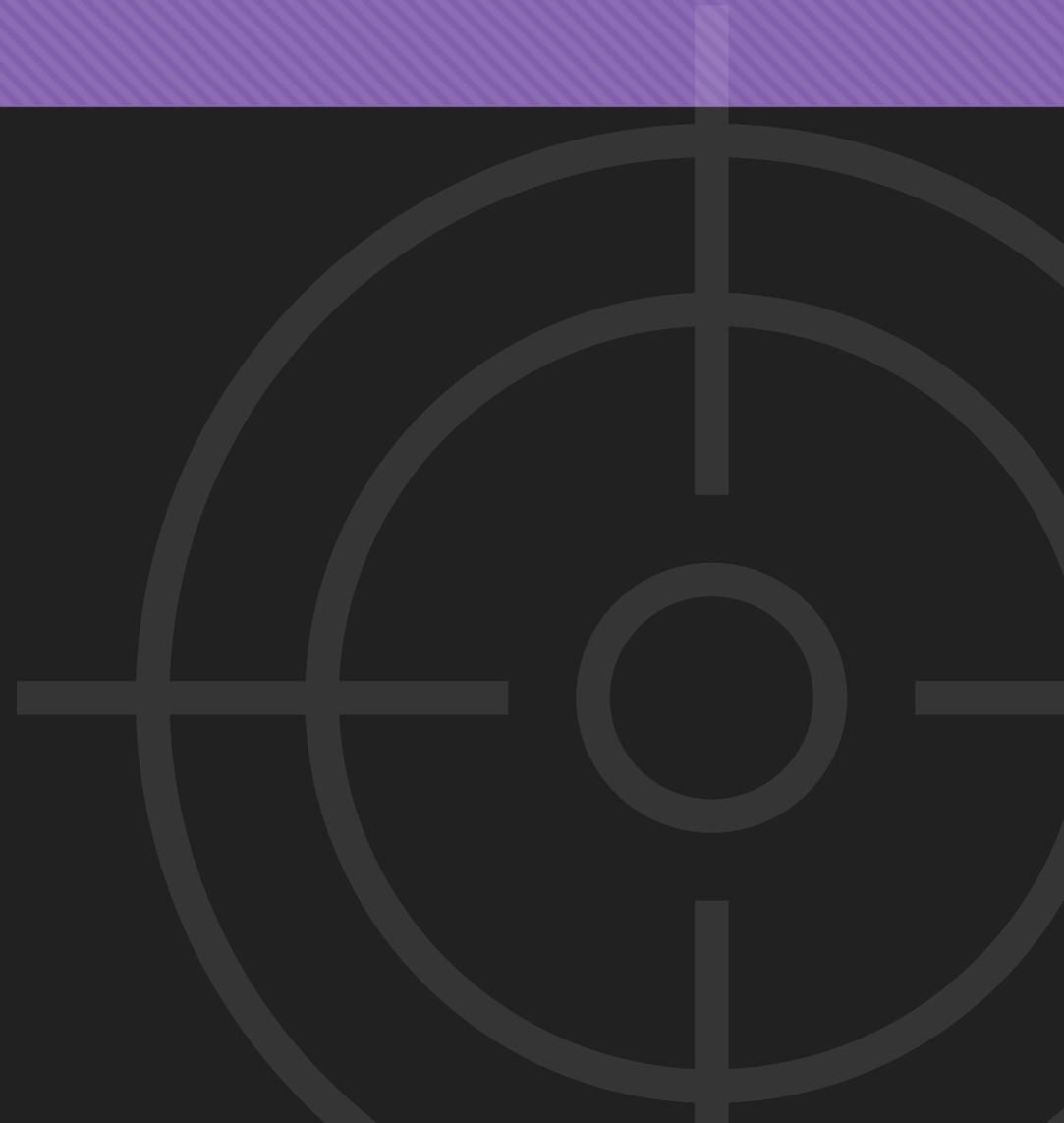
- PMO Lead, Regulatory Programme, Insurance Co, £425/day, "outside IR35"
- Other side of London, 80 miles / ~2h drive each way
- Started 3 weeks into month – **invoice after week 1!**
- Got contract reviewed properly – inside IR35, but salvageable...
- Good environment to learn the ropes – rules-based, lots of contractors
- Petrified of failure - probably a bit cautious and needy
- Discovered could work in their City of London office, and Surrey office was within zone 6 – **train!**
- **Renewal!** 
- Got out just before regulation was delayed and the market was flooded with contractors looking for work
- **Testimonial!** 
- **PRINCE2® Certification** 

And then...

2. PfMO Lead, London Market Insurer, more money, clearly outside IR35  
 - Gaining confidence, getting the hang of it...
3. PgMO Lead, London Market Insurer, Fit-out-and-move programme    (MS-P®)
 - No agent! Personal networking! Rate increase!
4. PgMO Lead, London Market Insurer, Global Target Operating Model Programme 
5. PgMO Lead, London Market Insurer, Software replatforming programme  
6. PgMO Lead, Online Fashion Retailer, Fit-out-and-move programme    (IPMO-E®)
7. PgMO Lead, London Market Insurer, Software replatforming programme    (Data)
8. PgMO Lead, Online Fashion Retailer, Fit-out-and-move programme    (P3O®)

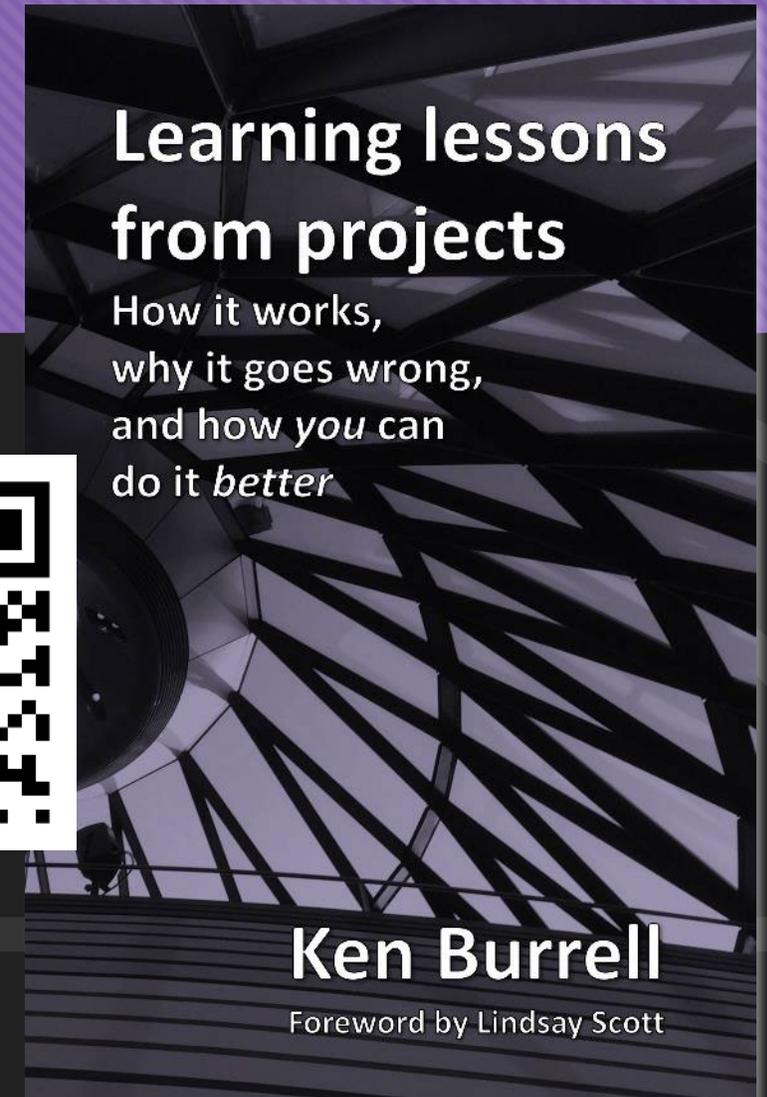
Meanwhile...

- Blogging:
 - On my **Pragmatic PMO** web site
 - On **PMO Flashmob** web site
 - On LinkedIn
 - Book reviews
 - Case studies about bits of work
 - Opinion pieces
 - How-to articles (MS-Project[®], MS-SharePoint[®])
 - Humorous observations on PM Life



I wrote a book!

- It started at a Flashmob...
- Pulled together all my content
- Devised a structure for the book
- Researched frameworks
- Wrote it (~1 year)
- Published it
- ☆☆☆☆☆
- Promote it whenever and wherever appropriate (or not!)
- Talks at Flashmob, Local Radio, APM, PMOSIG, Project Challenge



bit.ly/KensLLBook

I created an interview series

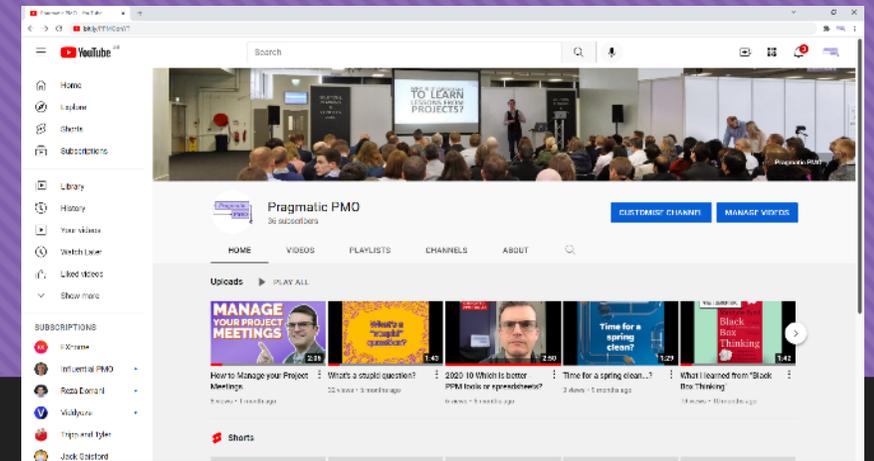
- “Scary Scars Shared”
- Part of my Campaign for Real Project Managers #CAMRPM
- Real Project Managers share in ~10 minutes their most challenging experiences and what they learned from them



bit.ly/ScaryScars

I created a video channel...

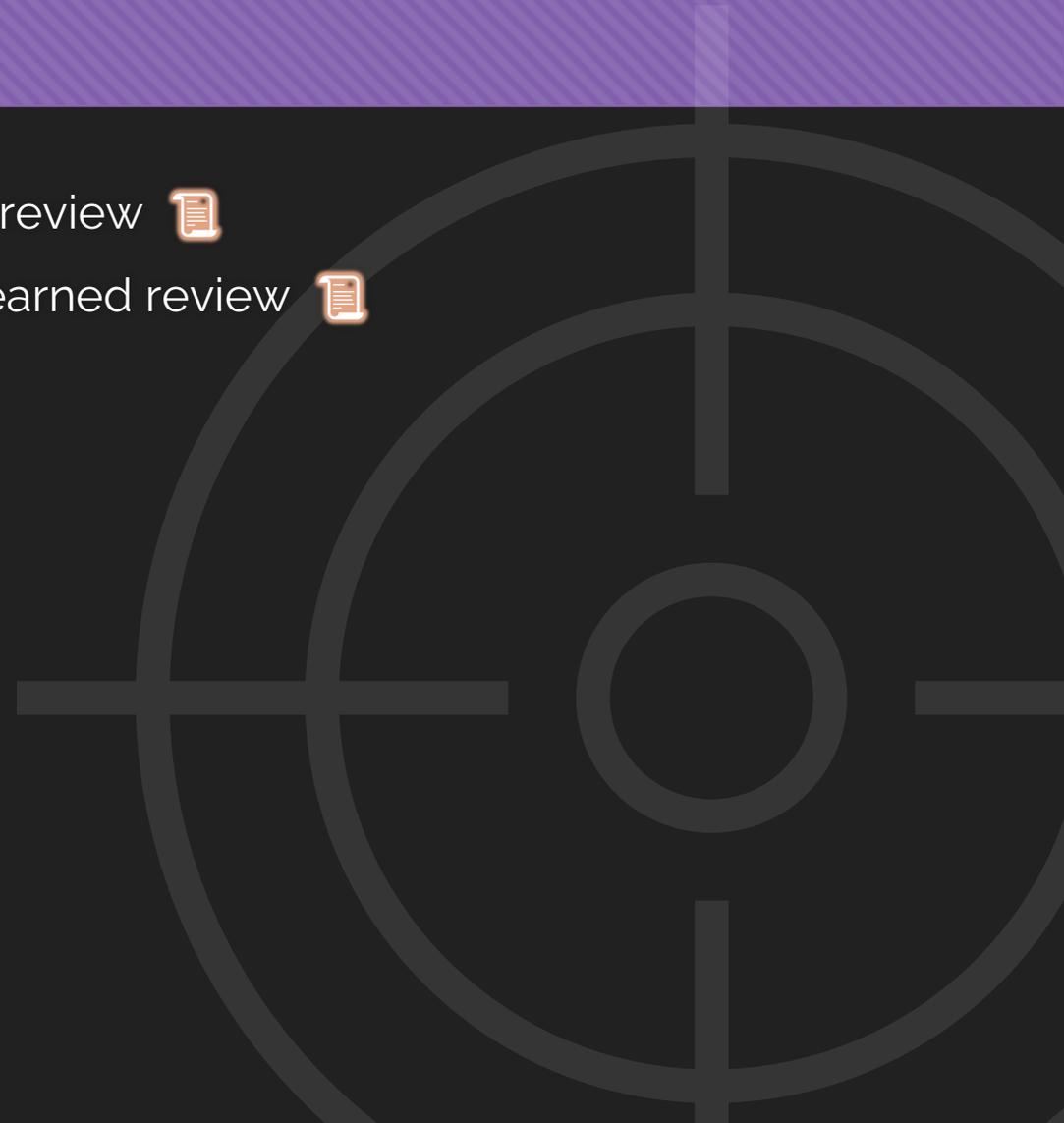
- Book reviews
- Opinion pieces
- How-to videos
- Humorous observations on PM Life



bit.ly/PPMOonYT

Meanwhile...

- PM Consultancy, SoW engagement, Lessons Learned review 📄
- Online Fashion Retailer, SoW engagement, Lessons Learned review 📄
- Live online coaching on MS-Project 📄
- Live online coaching on making videos 📄
- Live online training on supporting project meetings
- **All alongside “full time” day rate contracts**



MYTHBUSTERS



Perception vs Reality

Perception

- Contractors do the same work as employees, so contracting is just like being employed but with lots more money

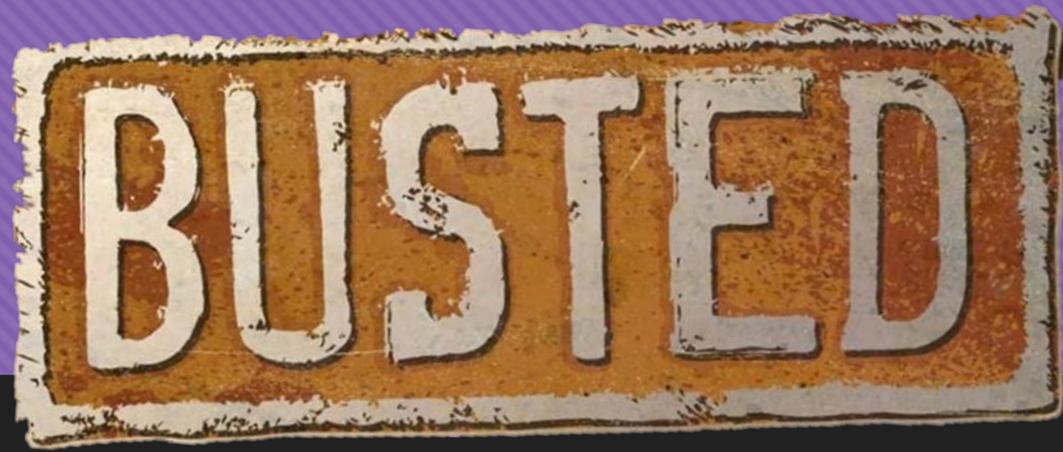
Seasoned Contractor tip:

⚠ **Don't spend all the money that comes in and get used to that level of consumption.**

✓ **Instead, build a "war chest" of 6– 12 mths living expenses that you can dip into when work dries up.**

Reality

- LtdCo contracting is **not** like being employed; **lots** more **risk**
- Employees have **rights** and **benefits**
- As a LtdCo contractor you have **neither**
- You have **no right** to work
- Once they've finished with you, you're **out!**
- You may be out of work for a few months at a time



Perception vs Reality

Perception

- To become a contractor you need to be a senior person who is the best in their field

Reality

- You need to be *good*, but you don't have to be the **best**
- You just need to **better at it than the client**, and be able to help them through a challenge they can't overcome on their own

Seasoned Contractor tip:

Look for opportunities to add value even if it is not your own speciality.

PLAUSIBLE

Perception vs Reality

Perception

- Contractors get to pick and choose their assignments

Seasoned Contractor tip:

- ✓ **Look for opportunities to add value even if it is not your own speciality.**
- ✓ **Build a “war chest” of 6– 12 mths living expenses that you can dip into when work dries up.**

Reality

- It depends!
- If your skills are specialist and scarce, then you **will** be able to pick and choose
- In periods of high demand you may be able to charge a premium
- The rest of the time there may be low demand for your skills, and the rate achievable will reflect that

PLAUSIBLE

Perception vs Reality

Perception

- Contractors get paid telephone numbers

Seasoned Contractor tip:

⚠ **Don't treat the money in your business as your own.**

✓ **Only draw down dividends from "distributable profits".**

Reality

You **can** earn a **much** higher day rate than you would on a permanent salary, but you need to pay for...

- Corporation Tax (19% → 25%), Dividend tax (7.5% / 32.5%)
- Professional Indemnity Insurance (~£300 pa)
- Employer's and public liability insurance (~£100 pa)
- Accountant (~£1000 pa)
- Professional memberships, Training
- Web hosting, computer hardware, software, phone
- Accommodation, meals, travel
- Pension contributions
- **Any days when you're not working**

PLAUSIBLE

Perception vs Reality

Perception

- Contracting is for the short term when permanent roles are scarce
- Contracting with a client will lead to a permanent role there

Reality

- It depends!
- Applies to some contractors, but many actively *choose* this way of working
- Contractors are mostly brought in to address a short-to-medium-term skills shortage
- FTC offers the most likelihood of Temp-to-perm "conversion"
- During my contracting career, I have only had **one** conversation about "going perm".

Seasoned Contractor tip:

- ✓ **Contracting can be a short-term option, but can also be a way of life**
- ✓ **Contracting is unlikely to lead to a permanent job offer – but you may be able to achieve it**

PLAUSIBLE

Perception vs Reality

Perception

- Contracting is an inherently risky way to work
- Only your current contract is certain

Seasoned Contractor tip:

- ✓ **Network all the time**
- ✓ **Keep an eye on the market**
- ✓ **Keep your CV / brochureware up to date so you are ready to respond quickly**

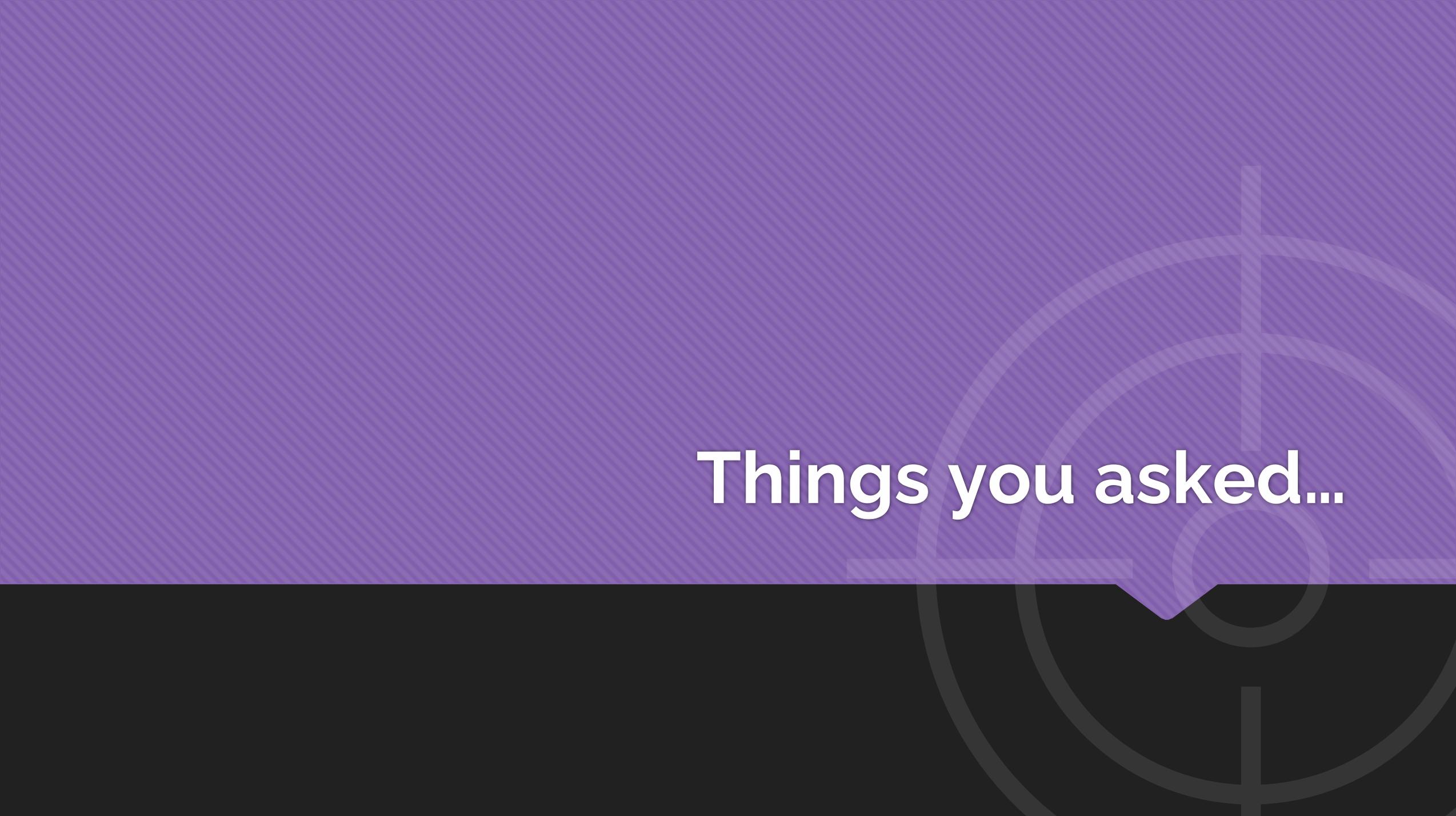
Reality

- **Even your current contract is not certain!**
- Clients will terminate **all** the contractors working on a project that gets delayed or cancelled
- “Permanent” roles are not secure either...
- Keeping your technical skills up to date, and developing the ability to find work, networking and self-presentation skills is your best path to security

Success has a lot to do with *mindset*



This is not *employment*; it's running a *business*

The background is split horizontally into a purple top half and a black bottom half. A faint, light purple geometric pattern of overlapping circles and lines is visible across the entire background.

Things you asked...

What are the pros & cons of trading models?

○ Sole trader

- ✓ You are a self-employed individual (no IR35)
- ✓ Quick and easy set-up process
- ✓ Low on admin, finances private
- ⚠ Need to complete a tax return and set aside
- ⚠ Taxes paid in (sometimes **very**) large lumps
- ⚠ Unlimited personal liability for any debts
- ⚠ Corporates may be wary of you

○ Umbrella

- ✓ Quick and easy set-up process
- ✓ You are an employee, with rights and benefits
- ✓ Tax and NI taken care of – no IR35 worries
- ⚠ Less tax efficient than LtdCo
- 💡 **Good for testing the water?**

○ Limited Company

- ✓ Company is a separate legal entity from you
- ✓ Required for many corporate clients
- ✓ Most flexible and tax efficient
- ✓ Combined salary and dividends
- ✓ Business expenses (e.g, laptop, training, travel, *etc.*)
- ⚠ More admin and responsibility
- ⚠ Money belongs to the company, not you
- ⚠ Need to employ an accountant
- ⚠ Need to complete a tax return and set aside
- ⚠ Taxes paid in (sometimes **very**) large lumps
- ⚠ Need to submit public annual accounts
- 💡 **Best option for long term contracting?**

Who is responsible for deciding if an engagement is inside or outside IR35?

- IR35 refers to tax legislation designed to prevent tax avoidance in which workers provide their services to clients via an intermediary (e.g. a limited company), but who would be considered an employee if the intermediary is removed.
 - **“Inside IR35”** means that the worker is a “deemed employee” (for tax purposes), so PAYE and National Insurance payments (both employer’s and employee’s) are due
 - **“Outside IR35”** means that the worker is not a “deemed employee” and the worker’s intermediary takes care of income tax and National Insurance
- If the client company is “small” (meets 2 or more of: <\$10.2m turnover; <£5.1m balance sheet total; <50 employees) then the **intermediary** (that’s *your* company) is responsible for determining IR35 status – **but get advice**
- Otherwise, the **client** is responsible for determining IR35 status (and for paying employer’s NI and Apprenticeship Levy due if inside)

Who is responsible for writing the contract?

- For smaller less-experienced clients, you may be able to propose your own contract (templates available from IPSE)
- For large corporates, typically the Agency or the Client will write the contract
- Read it carefully, it's probably favourable to **them** rather than **you**
- Get it reviewed (~£100 and ~5 days)
- Be prepared to **negotiate**

At what point might I need to start paying an accountant?

- Accountants can help to set up a LtdCo (but are not necessary – you can do it yourself *via* Companies House more cheaply)
- Accountants can advise on:
 - Registering for VAT
 - Book-keeping
 - Operating tax-efficiently
 - Allowable business expenses
 - Completing tax returns
- Get them on board when you sign your first contract
- **Other contractors may recommend one – they are probably getting a referral fee for this**

How and when do I market myself?

- **How** - using a variety of channels:
 - Social media (LinkedIn, FaceBook, YouTube, TikTok, Instagram, *etc.*)
 - Web site
 - Doing talks like this
- Networking (PMO Flashmob, APM, PMI, Project Challenge, calling recruiters, *etc.*)
- **When – all the time - not just when you need a new contract!**

How and when do I get paid?

For a typical day rate contract via a limited company...

- Complete a timesheet at month end, get it signed off by the client
- Send an invoice for this amount to the agency or the client (from within accounting software)
- Agencies usually pay within a week or two
- Direct clients usually pay after 30, 60 or even **90** days
- You may have to **chase** for payment...

When is a good time to go contracting?

- When you have 3-6 months living expenses saved up
- **January:** budgets open up (but now is too late)
- **March:** good time to bag a contract for an April start
- **April:** budgets open up (but now is too late)
- **August:** everyone is on holiday so nothing happens
- **Oct/Nov/early Dec :** good chance of getting a contract now for Jan start (but a 6-month contract starting now ends at the start of holiday season – unless you can get a renewal)
- **Mid-late Dec:** everyone is going to Christmas drinks so nothing happens

**A few words of wisdom from
some ~~old farts~~ seasoned
professionals...**

Eliminate words like **boss**,
manager, **job** from your
vocabulary.

Catch yourself when you do it.

Replace with **client**, **contact**
and **project**.



Make contractor friends. Have someone who you trust to help you through the steps.

Get to know who the **flaky** people are. **Don't work with/for them.**

Refer opportunities you can't fulfil to your network, especially those you trust to do a great job.

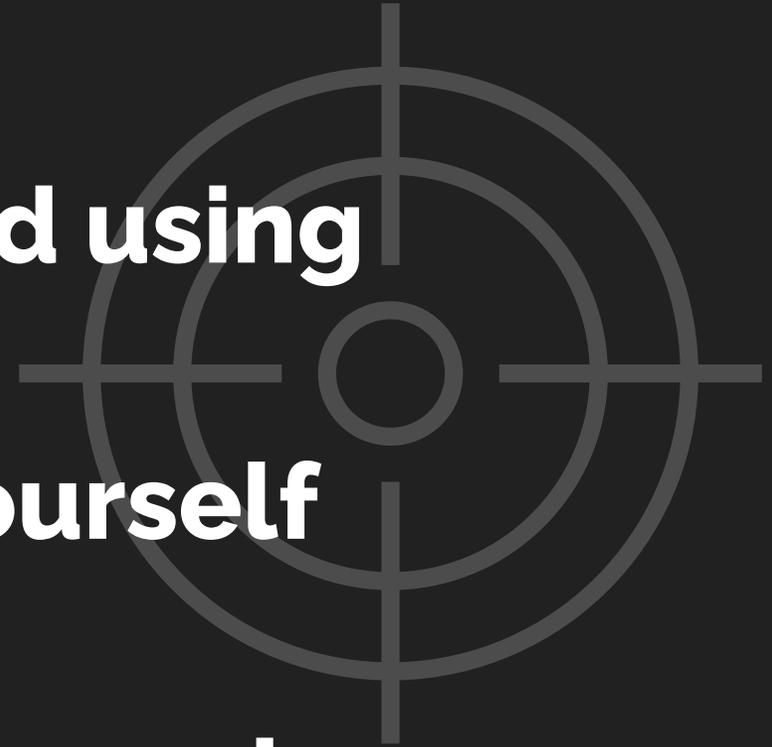
Word-of-mouth contracts are **easier** to get than open market ones, despite what the agent may tell you.

Most contract roles are filled using **networks**, not **agents**.

If a role is **advertised**, ask yourself **why**.

You trade on your **reputation**, so be easy to deal with and work with.

And **get testimonials!**



Remember what pays the bills; focus on being a **business**.

Record how you spend your time, review **effort vs. utility** (however you measure that).

Look for things that **waste your time** or are time-inefficient, and try to **eliminate** or **outsource** them.



Get a bloody good accountant.

Use all your allowances, benefits, works party, WFH allowance.

Company pension contributions are a tax-efficient way to extract money (eventually).

Buy IT kit on company expenses (before CT and free of VAT).

Look for your next piece of work at the current client, whilst still in contract.

If you can find that piece of work now and get your name in the frame, that could lead to your renewal.

But don't do it until you have a renewal.



Enjoy the freedom!

Build in slack time (between contracts) unless all you want to do is get as much revenue as possible.

If you get your life sorted you can enjoy life rather than have to work all the time.



Be tough on yourself for working hours.

Seek to have hard starts and stops to the day, and be clear with the client what the norms are.

And then occasionally be flexible if there is a real need.



Back to the future...



20 years in projects

6 years a PM

14 years in PMO

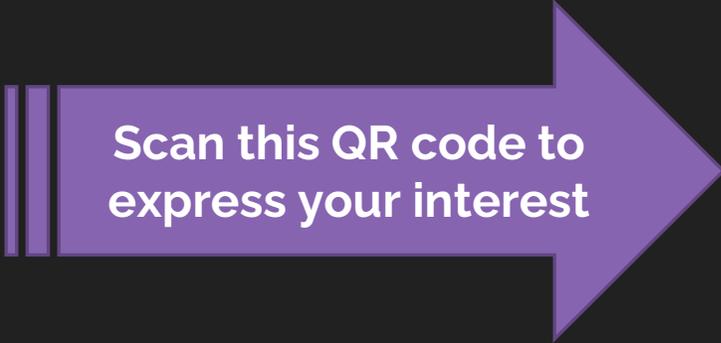
**WE
STARTED
HERE**

10 years contracting

**AND
NOW...**

Beyond Contracting:

- Having operated independently for around a decade, found myself collaborating increasingly to the point where we both realised we are stronger together
- So we joined forces and created **thePMOprofessionals.com** - an independent consultancy providing PMO services and solutions, made up of seasoned PMO professionals
- Our vision is to be **the** "go-to" PMO consultancy
- To achieve that vision we'll need associates
- Want to join us?
- **bit.ly/2BAPMOprofessional**



Scan this QR code to
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Any questions?

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