

The Successful Independent Contractor: A Workforce Trend for the Future

Produced by: Career Advisory Board, presented by DeVry University, and MBO Partners



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SURVEY OBJECTIVE

In April 2014, the [Career Advisory Board](#), established by [DeVry University](#), partnered with [MBO Partners](#), to conduct *The Future of Work: Preparing for Independence* – a survey designed to identify the traits of successful contract workers in the United States.

MBO Partners projects that 1 in 2 American workers will either move to independent work, or spend at least part of their working hours as self-employed professionals by 2020. The Career Advisory Board sponsored the study in order to help American professionals achieve greater success if they transition to independent careers as part of its mission of providing insight, advice and counsel on trends, economic forces and cultural shifts that impact career opportunities for today and tomorrow.

In addition to charting the skills and attributes needed to be a successful contract worker, the study also examined the reasons these individuals made the change from full-time employment to contract work, their sources of work and their demographic composition.

KEY FINDINGS

The Rising Appeal of Self Employment

There are clear trends driving American professionals to embrace independent work. These include macro changes, such as the move to a project-based economy and a shift from fixed to flexible employment for employers. But equally importantly, career goals for professionals are changing.

For survey respondents, the top reason to choose independent work was control over the type of work assignments they pursue, followed by their personal income earning potential and the desire for schedule flexibility. Work-life balance ranked just as highly, illustrating that qualities important to today’s workforce (flexibility, balance and work-life control) are well-aligned to the independent work path.

FACTOR	PERCENTAGE
Control over type of work assignments I take on	67%
Amount of income earned	65%
Degree to which I can balance my personal life and still pay the bills	65%
Degree of flexibility I have over my schedule	64%

Success Factors

The survey painted a clear picture of the skills needed to achieve success as an independent contractor. Key drivers of success included having technical skills and/or expertise in a given field (90 percent rated this very important) as well as having the personal attributes to deal with an independent work lifestyle (also ranked as very important to 90 percent).

The personal attributes identified as most important were to be a self-starter, self-motivated, able to deal with uncertainty – including an unpredictable income stream – and the ability to successfully work alone.

When respondents were further asked for an open-ended response to identify in their own words, what advice they would offer to non-contract workers, “make sure you have the skills and expertise in your field” was the top response; “networking and relevant technical/IT skills” also ranked highly. Respondents also advised non-contract workers to focus on being “good communicators,” “having a strong reputation” and “exhibiting flexibility and strong organizational skills.”

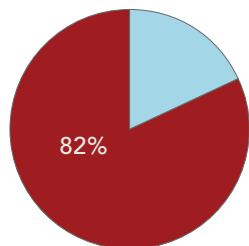
Sources of Work

Professionals interested in independent work who fear the burden of selling, should note that sales and advertising were rarely mentioned as important drivers of success. Instead, building and maintaining a professional network that links reputation to word-of-mouth business referrals was found to be more important by successful contractors.

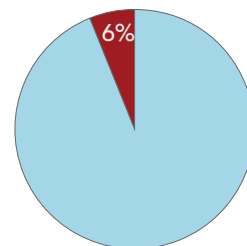
Eighty-two percent of respondents said that word-of-mouth was the main way they received work income. Social media, while important for brand-building, was not found to directly generate income, with just 6 percent saying social media led to paid project work. Along with word-of-mouth referrals, respondents cited projects from former employers (47 percent), and work received via staffing intermediaries (15 percent) as their main sources of business. Online job marketplaces were in fourth place, with only 13 percent saying they received some income from this source.

The role of former employers as sources of future business suggests successful contractors are able to transition in-house relationships to client-consultant relationships effectively. This was especially true for the majority of women (57 percent), who reported that a former employer was a key channel for contract work assignments.

Respondents Who Report Word of Mouth as Top Source of Work



Respondents Who Report Social Media as Top Source of Work





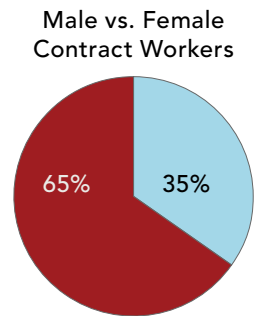
Work Hours, Income and Location

Fifty-eight percent of respondents were self-employed full-time and another 42 percent did contract work part-time. Despite the number of part-timers, the average income of the group was \$87,000. In terms of gender, male contract workers tended to earn more (averaging \$100,000) as compared to female workers (\$70,000). Full-timers earned more than \$100,000 while part-timers earned just fewer than \$50,000 annually from self-employed work. It is important to remember that self-employed workers carry higher tax burdens so income from independent work cannot be directly compared to traditional income.

The respondent pool on average worked as a traditional employee three times during their professional careers – illustrating that future successful contractors will spend time as a traditional employee as well as an independent worker - perhaps cycling back and forth throughout a career between traditional and self-employed roles.

Demographics – Gender & Age

In contrast to America’s national 50/50 male and female national independent worker pool, successful contract workers are more likely to be male (65 percent) vs. female (35 percent). This is not surprising given that, on average, Boomer and senior-age men have worked longer as independents in high-paying professional fields; they also report working more hours than women independents.



The [State of Independence in America](#) – an earlier study by MBO Partners – reports that successful women independents place a higher value on control and flexibility over their lives than do men. Successful male independents are more likely to report that they’re building a business and looking to grow.

Successful contractors are also more likely to be older – more than half of the respondents were Boomers (ages 51-66) and another one-third were from the Gen X age cohort (ages 35-50). Younger contractors aspiring to success in the field, must earn strong network trust, develop a professional brand in an area of expertise, and connect with influential employers on projects that provide a reference point for new clients. The data showed that younger contractors surveyed were more likely to be women, illustrating a possible generational shift toward contract work for both men and women.

AGE GROUP	PERCENTAGE
Gen Y (under 35)	4%
Gen X (35-50)	30%
Boomers (51-66)	51%
Seniors (67+)	15%



About the Career Advisory Board

Established in 2010 by DeVry University, the Career Advisory Board is comprised of leading representatives from business and academia, and recognized career experts who deliver valuable insights on today's most important career trends and provide actionable advice for job seekers. The Career Advisory Board generates original research and commentary, and creates tools, insights and resources to prepare job seekers for success. Its members include executives from DeVry University, Apple, Google, HP, IBM, LinkedIn, Microsoft Corporation as well as nationally recognized career experts. For more information, visit www.careeradvisoryboard.org.

About MBO Partners

MBO Partners is the leading provider of management services for independent professionals and the clients that engage them. We deliver a complete Business Operating System Solution that makes it easy for those self-employed professionals and their clients to work together in a convenient, tax-efficient and legally compliant manner. For self-employed professionals, MBO Partners manages their entire business infrastructure. Our technology platform includes a proprietary process to handle billing and revenue cycle management, contract administration, business insurances, expense management, tax withholding, health and retirement benefits and more. We couple this with the benefits of direct vendor access into enterprises and the "white glove" attention of a dedicated business manager. For organizations that use contract talent, MBO Partners provides a complete independent contractor aggregation and engagement offering, including compliance and payment solutions for 1099s, sole proprietors and micro-businesses.

To learn more, visit www.mbopartners.com.

About the Survey Population and Methodology

In April 2014, the Career Advisory Board, established by DeVry University, and MBO Partners, produced The Future of Work: Preparing for Independence – a study designed to identify the traits and skills of "successful" contract workers in the United States, defined according to income level and career longevity. MBO Partners surveyed its existing and former associates to determine what is required to be a "successful" contract worker. A total of 571 respondents completed the survey. This survey group was chosen according to their tenure as independents (9 years on average) and income level (median \$87,000). Since there is not a consistent definition or dataset of "successful" contract workers, no estimates of theoretical sampling error can be calculated. However, the survey is a statistically significant representation of the MBO Partners associate universe (+ - 4% at a 95% confidence level). The second data source – the 2013 MBO Partners State of Independence study – consisted of two national online studies. The first study, which had 2,018 respondents, was used to size the independent workforce. The second study, which had 2,024 respondents, was used to profile independent worker characteristics and motivations. The data from both studies were weighted to reflect U.S. demographics and the margin of error for both studies was +- 2% at a 95% confidence level. 2013 was the third year of this ongoing study of independent workers and the survey results were statistically consistent with prior years.