

techniques is also helpful to measure the performance of both the provider and customer. Measurement of the performance of both parties is the ultimate key to a successful true alliance.”

For the interior designer and facility planner, an on-site outsourced service delivery is often a means by which to find career satisfaction and ultimate customer satisfaction.

Temporary Workers and Contractors

Also a significant contender in the outsourced provider pool is the designer who is a temporary worker or independent contractor. These workers seek and enjoy the freedom and variety in contracting their services for a specific assignment, for a specific duration of time. They can work for virtually any organization that wishes to retain their services, whether it be through an agency, interior design firm, or directly with a facility management organization or company.

The distinguishing characteristic of an independent contractor revolves around how he or she is paid. The independent contractor designer assumes all responsibility for the payment of taxes, insurances, healthcare coverage, and other benefits. (See Figure 19-14.) This can be beneficial if the designer wishes to deduct home office expenses, or has other sources of benefits, i.e., a spouse with benefits provided by his or her employer. However, the designer who chooses this mode of work must consider some risk factors, such as errors and omissions, liability, interpretations of IRS regulations, and lack of long-term contracts or commitments.

Marilyn Farrow, FIIDA, has been an independent contractor on several occasions. She describes a few typical activities.

- *Activities can and may be same as any other professional practice. The contractual arrangement under which you provide services and are paid is the only difference.*
- *Care must be taken to be properly indemnified by employers against malpractice, errors and omissions, and liability claims, when electing this form of business relationship.*
- *Must be responsible in filing quarterly “estimated tax” forms, paying all state and federal obligations.*

A COMPARATIVE ANALYSIS OF REPRESENTATIVE EXPENDITURES

BASED ON SALARY @ \$75,000

		EMPLOYER'S PAYMENT	CONTRACT EMPLOYEE OBLIGATION
○ SOCIAL SECURITY	Company @ 6.2%	4,687.50	9,300.00
	Individual @ 12.4% on net earnings		(8,705 on net)
○ MEDICARE	Company @ 1.45%	1,087.50	2,175.00
	Individual @ 2.9% on net earnings		(2,036 on net)
○ STATE UNEMPLOYMENT	Company @ .7%	525.00	
	No Individual Obligation		0
○ FEDERAL UNEMPLOYMENT	Company @ .8%	600.00	
			0
○ GROUP/LIFE INSURANCE	Company @ \$315/mo	3,780.00	
	No Individual Obligation		0
○ DISABILITY INSURANCE	Company @ \$28.75/mo	345.00	
	No Individual Obligation		0
		11,025.00	11,475.00
			(10,741 on net)
ESTIMATED ANNUAL EXPENSES:		ANNUAL COSTS	
	Phone service, 2 lines	1,000.00	
	Equipment, supplies	1,000.00	
	Conferences, books, education	1,000.00	
	Software	300.00	
	Professional licenses, registrations, memberships	1,000.00	
	Travel expenses not reimbursed	500.00	
	- Net earnings of \$70,200	4,800.00	

FIGURE 19-14
Comparative Analysis
of expenditures for an
independent contractor.

Farrow also cites a few key considerations particular to this specialty.

- *The relationship of “contractor” should be transparent to the customer.*
- *Identifying an alternative source of health insurance is a contributing factor in evaluating the financial viability of this kind of business relationship.*
- *The independent contractor is able to secure retention of “intellectual property” by the individual, a benefit not present when working for a salary.*