



WORKING IN

Consultancy

vs

Product company

Background

Because we cherish honesty and transparency with our employee candidates, we are used to explaining the differences between consulting companies like ours versus product companies. Many experts in our industry ponder about their options and there's surprisingly many things that people fail to take into consideration.

The purpose of this infographic is to offer honest information of the pros and cons of these two different kind of companies. Neither of these is better or worse than the other, they just fit to different kind of people.

As a bonus in the end, we also compare working as an internal employee vs as a freelancer because that's also very much topical at the moment.

P.S. When we talk about product companies, we basically mean all other companies or public players that are not consultancy companies.

Job security

Consultancy companies are not dependent on success of a single product / service or a domain.

If your customer's business suffers, it might end your project, but your job is (usually) safe.

On the other hand, if the consultancy company you work for is struggling, that naturally may affect your job.



If you work for a private company, you put all your eggs in one basket.

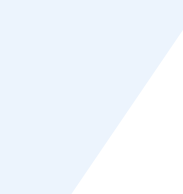
Simplest way to clarify this is to compare the number of layoffs in private product companies vs in IT consulting companies during the corona crisis.

Salary

Not much variation in salaries between consulting companies.

Naturally some consulting companies pay better than others but the differences are not that big.

Overall, it's difficult to conclude with certainty, which has better salaries consultancy or "other" companies..



Lots of variation between companies.

Some small companies pay relatively poorly but compensate this with options/shares etc. On the other hand, some large (or well funded) companies pay very high salaries to the best experts.

Flexibility

Flexibility is one of the clearest advantages of consulting companies.

And by flexibility, we mean the ability to choose what, where and when you do. For example, one might choose their project based on location or remote work possibilities or certain tech stack. According to changes in life situations, one can change the project.



You can have a lot of flexibility in other companies too!

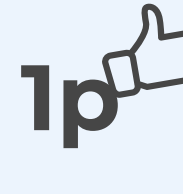
The point here is just that you are stuck with the company you work for (in better and worse), and making significant changes can be more difficult (although possible). Also worth noting is that not all consultancy companies let you choose your own projects.

Learning

Consulting companies focus a lot on enabling personal development.

One major advantage with consultancies is that usually you can follow your own path and also change the path when needed. You are not tied to certain technologies or career paths. Moreover, in consultancy you typically operate with a great variety of technologies and ways of working, so you learn a lot by experience.

Also there can be professional cohesion through shared knowledge and material within the company by colleagues who work in the same position as you.



Most other companies also focus a lot on personal development, however, there's more variation.

There are good companies and bad companies, whereas it's difficult to find an IT consultancy company handling professional development topics poorly. Also, in a product company, you might be forced on a certain developmental path that is important to the company but maybe not to you.

Social side

Working in a consultancy company requires a certain amount of social skills.

For some, this comes naturally and for them it's an advantage; possibility to meet new people and see many different working environments, ways of working and work cultures, all through various changing projects.



Consultancy companies are not that suitable for people who value stability, clear social structures and hierarchies.

Product companies typically provide clearer social hierarchies.

Community

Though consultancies can have a great deal of communality and cohesion, it is by no means their strength.

In consultancies people work often in customers' teams and premises. It is natural that people form the strongest bonds with the people they interact most with.



As said on the left side, this is not the strength of consultancy companies.

Most likely you'll find a more communal working environment in other companies. However, if you're a consultant you get to be part of these working environments as well, when working on their projects.

Longevity

This is another weak spot for consultancies.

Though changing projects often is preferable to some, for those looking for longevity, consultancy is not that suitable. You don't have much of a say if the customer ends the contract. On the other hand, you can keep on doing the thing you do best in the next project, if it still interests you.



In other companies you can usually finish the projects you've begun.

If you're looking for longevity and a possibility to "finish what you've started", look for other than consultancy companies.

To sum up: There's no better option here, it depends on what you want from your work.

In general, working in a consultancy company brings a great deal of flexibility, variation and opportunities to learn and do what you want. Moreover, it's a safer bet in terms of job continuity.

On the other hand, you can find better salaries in other companies and there are also lots of very stable jobs out there, the difference is in variation. Moreover, other companies might offer better longevity in terms of projects. Perhaps their greatest advantage however is the ability to create more communality and cohesion at the workplace.



WORKING AS

Employee

vs

Freelancer

Background

Comparing the pros and cons of working in consultancy companies and product companies versus working as an employee and as a freelancer, are two wholly different topics, yet equally interesting to compare.

Working as a freelancer is perhaps more popular than ever. The hype around it is real and the debate between freelancer and being an employee gets overheated at times. We wanted to take a step back and focus on the various perspectives on the topic.

Just like in the previous part of this infographic, there is no right or wrong here. Perhaps even more so than with the previous one, this is all about personal preferences.

Security

Employment is the clear winner here.

Especially in Finland, it's very risk averse to choose employment over freelancing. Join a union or unemployment fund and you're pretty much safe in short term. However, now that the IT job market is so (over)heated, you might want to ask yourself, do I really need all this security?



Working as a freelancer is a lot more insecure.

If your project ends, no one knows how long it will take you to find a new one. If you get sick, the loss of income is mostly on you. The difference to being an employee is like day and night. How much are you willing to pay for security and peace of mind?

Salary

You pay for safety, meaning that your salary is lower in employment vs as a freelancer.

The actual salary you can pay yourself as a freelancer is a lot smaller than the amount you bill from your customer, maybe surprisingly much. However, it's still almost always more than what you'd get as an employee.



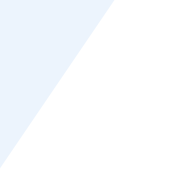
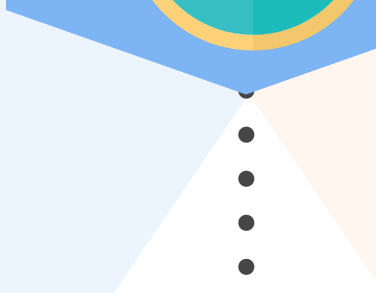
As a freelancer you take the risk which yields the reward when you have work.

If you work 100% of working hours, you earn significantly more than as an employee. Worth noting is that as a freelancer, every new project is a "salary negotiation" and your fee might alter quite much between projects.

Benefits

On average, employees have more benefits than freelancers.

There's naturally a lot of variance in companies' benefit practices but in general, employees get the whole benefit package whereas freelancers get a reduced package or in some cases no package at all.



Benefits are one way of engaging employees and thus freelancers usually don't get all the benefits.

Naturally there are some companies where freelancers get all the same benefits as employees but this is rare. Besides benefits, freelancers may be cut off from engagement programs such as options.

Other

This is maybe a little of an exaggerated simplification but one could say that employees can focus solely on their work and that's it.

Whereas freelancers have a lot of other practicalities to take care of.



Many people don't know or understand everything that relates to working as a freelancer.

Freelancer have to handle a lot of paperwork (bookkeeping, taxes, insurances, pensions and so on) though practically all of this work can be outsourced if needed. Moreover, freelancers have to be their own sales people making sure there is work after one project ends.

To sum up: It depends on how much you value salary and how much you're willing to take risk.

In general, being an employee provides you safe and solid, yet smaller, income. Moreover, it's less stressful as you don't have to worry about anything other than the actual work.

As a freelancer you most likely earn more. But to earn more you have to do more and tolerate more uncertainty and risk.