

The Work Market Guide to Finding & Managing Onsite Freelancers

- * *Using Marketplaces*
- * *Improving Compliance*
- * *Leveraging Technology*



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A message from Jeffrey Leventhal, CEO and Cofounder of Work Market



Jeffrey Leventhal

I have been working in the world of “work” for nearly twenty years. In May of 2010 Jeffrey Wald and I started Work Market with the mission of creating a place for businesses and freelancers to engage easily and reliably.

I believe that the next few years will see a tremendous shift in how companies manage and find talent, in particular those who leverage freelance talent heavily.

It is simple: companies want to make sure work gets done well and on time, while freelance workers want honest work and good pay. The right technology just hadn’t been invented to optimize millions of people working every day across every industry in local markets. That’s what we make happen at Work Market.

My advice for companies looking for a competitive edge is to “**extend your workforce**” by leveraging on-demand freelance workers in addition to your W2 staff in areas where you are most exposed. The extended workforce will give you increased geographic reach, coverage in new skill sets, and help you lower costs.

I hope this white paper helps you understand the important factors in building and managing that extended workforce.

For companies that are already using Work Market to drive growth and reduce costs, we thank you and look forward to helping you continue to excel at managing your extended onsite/local workforce.

Sincerely,

A stylized, handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Jeffrey Leventhal
CEO and Cofounder, Work Market

The World of Work Has Changed

The world of work has changed. The traditional relationship between employer and employee is evolving as technology, globalization, and regulations disrupt the labor market. The most dramatic shift has been the rise of the freelance economy, which currently includes 17.7 million independent workers, and is expected to grow to 24 million by 2018 in the United States alone (MBO Partners, The State of Independence in America). With a new pool of talent available on an on-demand basis, businesses are rapidly shifting to an extended workforce model as freelancers continue to augment full-time employees.

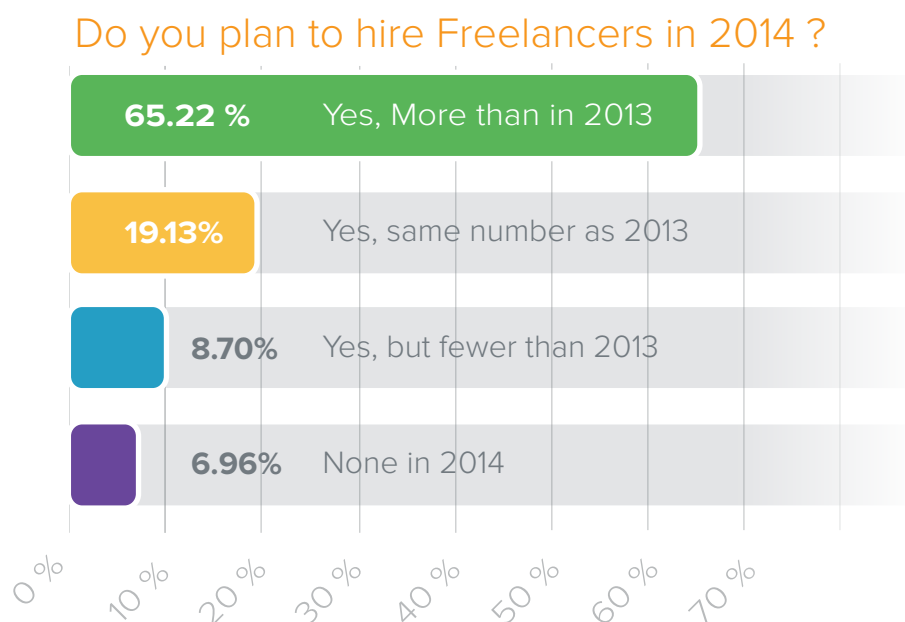
One of the most notable trends in the growing freelance economy is the growth of onsite/local workers. This is particularly true in industries such as IT and tech services, retail merchandising, experiential marketing, digital signage, medical device service, and facilities management, where a physical presence is required to complete an assignment. While these positions may once have been filled internally, global advisor firm Staffing Industry Analysts predicts that by 2020 over \$15.5 billion of this work will go to independent freelancers (Karpie, 'Online Staffing' Platform Businesses). The reasons why are clear. By using an extended workforce, businesses can be managed more profitably by tapping into extraordinary talent on an as-needed basis.

In order to effectively make the shift to an extended workforce for your onsite projects, there are a number of issues that a business must be aware of. These include using the right channels to find talent, properly verifying skill sets, using the correct worker classification under the IRS Tax Code, and integrating technology to manage your extended freelance workforce.

The following is a guide that addresses many of the issues you need to consider in building your own extended workforce.

Hiring Freelancers in 2014:

In December 2013 we surveyed companies that use onsite freelancers. Over 65% of companies surveyed planned to use more freelancers in 2014. Scaling their business at a rapid pace was cited as the main reason for increasing freelancer usage. For more data, please see blog.workmarket.com.



Online Marketplaces: *The Best Places to Find Freelancers.*

Finding the right talent is one of the primary challenges in building an on-demand workforce. Especially for companies who use freelancers at scale, it's imperative to find a reliable place where you can routinely tap into top-tier freelancers.

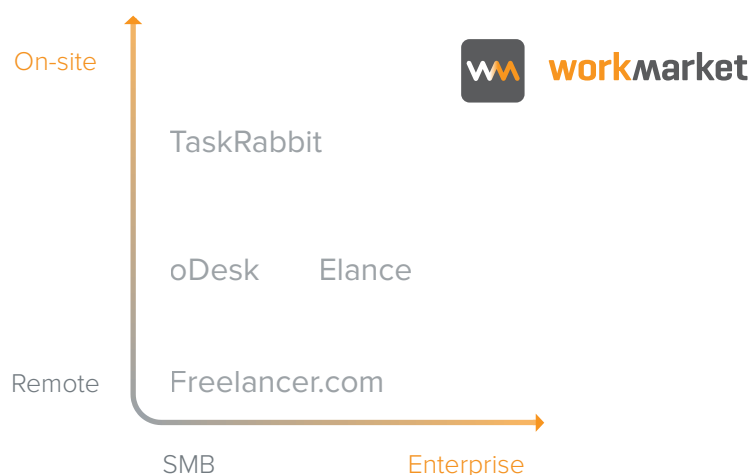
Online marketplaces have become the go-to resource of choice. In particular, online marketplaces offer the following:

- * **Rating Transparency** - Each seller knows their work will be rated and those ratings will impact their ability to get future work. Thus, ratings and data transparency drive incentives for quality work.
- * **Price Discovery** - The prices associated with different kinds of work are transparent. You can see what rates are clearing for different types of work in different markets.
- * **Bidding** - Marketplaces allow for real time bidding on work, creating optimal matches between sellers and buyers, and more efficient pricing.
- * **Living Profiles** - When resources are getting work from hundreds of buyers, they manage their own human capital and keep their skills, licenses, and insurance up to date. As a result, an employer will get the most up to date information on a freelancer's background.
- * **Constantly Growing Pool Of Talent** - Marketplaces serving a large number of buyers attract a large number of sellers. The talent pool is constantly refreshed.
- * **Search Capabilities** - Marketplaces employ complex algorithms that are able to access all the data from a seller's previous assignments, behaviors and interactions with customers and help determine who is really the right resource for the job

To date, many companies have relied on old spreadsheets and internal databases of talent. Thus, marketplaces are quickly becoming a far superior option.

Which Marketplace is Right for Your Company?

There is an abundance of marketplaces to choose from, which raises the question: which is the right one for your organization? For those looking to achieve small, onsite tasks on demand, such as needing someone to drop off coffee at the office or pick up your laundry, TaskRabbit caters to those requests. Elance and oDesk recently merged to take on the world of remote freelance labor, focusing on small business transactions. For enterprises, as well as organizations looking to complete a scalable amount of onsite work and manage it from end to end, onsite freelance marketplaces such as Work Market are the most effective solutions.



Elance and oDesk help SMBs with remote work. TaskRabbit helps individuals and small businesses with simple tasks. Work Market provides an end-to-end solution for companies looking to manage onsite work and/or enterprise-scale workforces.

Best Practices for Sourcing Freelancers via Online Marketplaces

- * The cost of being 'cheap' is expensive. Investing an experienced and qualified worker pays off because they typically get work done more quickly and with less follow-up required.
- * Leverage ratings and verification tools. Marketplaces are efficient because they allow the cream of the crop to rise to the surface.
- * Communicate project details extensively. You attract better workers, and reduce any "gray areas" that lead to project miscommunications. Document exactly what you need accomplished, and how you expect the process to proceed.

How to Properly Manage and Classify Freelancers:

Once you identify the independent workers you want to hire, the next question is how to properly manage them so that they truly are considered “independent” from the standpoint of the IRS Tax Code. The issue with classification is this: In order for someone to truly be considered independent under the tax code (meaning that you don’t need to pay employment and social security taxes for them), certain measures of independence must be met. In today’s regulatory environment, it is more important than ever to focus on the standard of independence for workers.

There are three types of controls involved in the management of your workforce:

Behavioral - What an independent contractor does. Your best bet is to provide specific recommendation as to how much work that any single freelancer does for you and limit your control and oversight.

Operational - How they do it. The key here is to limit where and when they work. If they come to your office every day, use your tools, and only work on your projects - then you’ll likely need to classify that person as an employee.

Financial - How they are paid. Independent contractors are typically paid on a very specific, task-oriented basis. They take risk.

By enabling these three controls you are at much less of a risk of misclassifying your workers. However, every business situation is nuanced and it is recommended that you consult an expert to assess your particular situation.

Best Practices for Driving Compliance

- * Leverage integrated technology platforms (discussed in Part III of this guide) to provide behavioral controls in the form of limit functions that do not allow any single freelancer to break your rules for hours worked.
- * Look for freelancers that treat their work as a business. They should have a website, a business name and business insurance.
- * Ensure your independent contractors work with other businesses. Your organization should not be their primary source of income. Doing so helps you avoid any misconceived notion that the independent contractor can file a worker’s compensation claim or attempt to receive unemployment benefits
- * Don’t provide supplies, tools or equipment to an independent contractor, they are supposed to supply their own.
- * Pay your independent contractors by task. Do not pay hourly, daily, or weekly. Independent contractors should face profit and loss risk on a job.
- * Avoid giving specific directions to an independent contractor - tell them what needs to be done, not how it should be done.

“The option of a comprehensive, zero-capex platform that addressed all of our business needs wasn’t something that we even imagined before meeting with Work Market.”

Core Technology Solutions

Leveraging Technology to Manage Freelancers: Integrated Online Staffing Platforms

It used to be that managing freelancers was a manual process, with several different solutions at each and every step. Most companies use some mix of spreadsheets, e-mails, phone calls, yellow pages, and many more distinct point solutions that do one specific thing well. For example, you needed one solution for finding freelancers, another for verifying skill sets, and yet another for payment and management. To top it all off, none of these solutions were coordinated, which could inevitably lead to mismanagement and confusion.

With freelancers being used on a much greater scale today, such a time-intensive and manual process just isn't good enough. Online staffing platforms can help you optimize every stage of the process. This cuts down on the time required to manage an on-demand workforce. For example, if you normally have four people managing huge projects you now may need only two - freeing up your people to do more value-added work. A streamlined and comprehensive solution also results in a reduction of fees that you pay to the various point solutions you would normally be engaged with.

The 6 Tools Required to Manage Freelancers

In the absence of an integrated platform, such as Work Market, a company would need to use at least six different tools to manage an on-demand workforce. Consider the following, for example:

Process Step	Existing Solution	What They Do	The Work Market Difference
Find	indeed Craigslist LinkedIn Google	<i>Help you identify the right freelancers for the job at hand.</i>	A marketplace contained within an integrated platform allows you to build assignments quickly based on previous work and to find candidates that best meet the skillset you need - with community ratings attached to ensure quality.
Verify	Sterling HireRight	<i>Do they have the right skill sets? Do their backgrounds check out? Verification tools help you answer these questions.</i>	Once you find your candidates you can easily verify their credentials with an integrated verification process. Platforms also feature limit functions, which in turn automatically offboard the independent contractor when compliance thresholds are reached or if details change such as expiring insurance or certifications.

Process Step	Existing Solution	What They Do	The Work Market Difference
Engage	DocuSign	<i>Make it easy to organize your workforce, maintain contracts and documentation, schedule offers, answer</i>	Online platforms allow you to organize your workforce into groups for easy engagement en masse: No more dealing with one contractor at a time or group emails that make it impossible to manage responses.
Manage	Service Bench Basecamp Yammer	<i>Provide the ability to send work to qualified people and track their progress. Utilize fully functioning mobile applications to communicate with workers in real time.</i>	Online platforms allow for communication and management in one system, simplifying all communications. With mobile application advancements, businesses are able to use geolocation to find out where their contractor is, and workers can upload and complete tasks all through their mobile devices.
Pay	PayPal ACH	<i>Track hours and issue payments.</i>	Online platforms allow for API integration into existing payment platforms so organizations can continue to manage their accounting processes in one place. Robust reporting on financial and compliance data is also provided.
Rate	Angies List BBB	<i>Track and rank performance to easily identify top talent for future projects.</i>	With online platforms, organizations can rate and view ratings on a broader scale, as well as have high expectations for a worker's performance.

As indicated above, coordinating all of these independent solutions is time intensive, inefficient, and costly. As the world of freelance work (particularly onsite/local work) continues to move towards an on-demand workforce, it is imperative to have one streamlined technology in place to address all necessary processes from end to end.

Best Practices For Leveraging Integrated Online Staffing Platforms:

- * Use groups. Grouping your on-demand workforce simplifies the overall management process. By placing individuals in groups based on skills or credentials, you can manage the process in a few clicks, from onboarding to payment, for any size workforce.
- * Verify and test. A quality workforce is a result of verifying and testing. Tests ensure that the person has the experience and the credentials to perform the work needed.
- * Rate your workforce. A huge benefit to managing a workforce on an online platform is that workers are held accountable for their performance. If they do not complete a job as needed, or arrive late to the site, their rating will be affected.
- * Require insurance. You are hiring a person to go onsite for work, and it is their job to acquire and maintain the appropriate insurance. If they do not, they may otherwise be construed to be under your insurance and thus, you could be responsible for them. Online platforms typically include background checks and insurance limit functions.

“Work Market’s Recruiting Campaigns and Assessment Tool allowed us to vet and fill labor gaps quickly with qualified professionals.”

SpeedWire

Guidelines for Managing an Onsite/Local Workforce

For those businesses that rely heavily on workers going onsite locally to perform their work (installations, tech services, retail merchandising, and many more) the usage of freelance workers is about to explode. The best practices for using marketplaces, ensuring compliance, and leveraging platforms already outlined in this white paper all hold true, but there are some important considerations that are specific to onsite and local freelancers.

Go Mobile

Mobile is the future of onsite/local work. Workers will be managing every aspect of their job, from checking in and out of projects, to receiving payment, on their mobile devices. Since work is done onsite, the progress and outcome need to be updated in real time. A mobile application must be maintained and updated consistently.

Build a Workforce You Can Count On

Build a relationship with your onsite workforce. They are representing your brand when they arrive at your business or home. Require background checks and/or drug screens for your onsite workforce. This will give your organization and the businesses you work with the peace of mind that your workforce is trustworthy.

Create Groups

Groups are great for curating your workforce. When jobs are available you can go to your groups first and likely fill the job from someone you already have a relationship with and can trust more.

Choosing the right technology to source & manage your extended workforce is one of the most important decisions your organization can make.

So ditch the spreadsheets and look for an integrated solution to manage your onsite/local freelance workforce. With Work Market, all of the key technologies you need are brought together in one platform to help you find talent, improve compliance, and manage the end-to-end process of working with freelancers..

A Case Study

How DataStarUSA Found Success in Online Staffing for Onsite/Local Work

DataStarUSA, an IT service provider, landed a multi-million dollar project that involved 2400 sites and hundreds of independent contractors. This nationwide project allowed them to grow as a company and continue to bid on even bigger deals. They recently shared some tips on how they utilized Work Market for this project:

Tips from DataStarUSA

Don't be afraid to bid on the bigger projects: Once you land the deal, your reputation with clients, competition and independent contractors will thrive and you will be set up for future successful projects.

Your projects can easily scale: DataStarUSA used tools provided by Work Market, including customized tests and training, bulk upload tools for uploading documents, job descriptions and images. The beauty of using an online labor management platform to handle work is scalability. They are built to handle any size project.

There are ways to extend your cash flow with online labor management platforms: Payment terms are a viable option for an organization to bid on large scale projects. They enable businesses to send and fulfill projects without pre-funding their accounts.

Do NOT compromise on quality: Work Market is designed with customized filters so DataStarUSA could specify what they were looking for, including certification requirements and high rating metrics. They were able to hire and send work to thousands of quality independent contractors.

“With Work Market's bulk tools, we were able to win and manage a 2400-site project with a nationwide workforce easily.”

DataStarUSA



workmarket.com

To learn how Work Market can help guide your business to success, call 877 654 WORK
visit us at www.workmarket.com or contact info@workmarket.com



Designed and Engineered in Huntington, New York

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