# Free Agent Consortium: A Hybrid Approach to Employment

## D R A F T

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# Introduction

The relationship between employers and employees (workers) has a long, sometimes difficult, history. While conditions have noticeably improved over time, there are new scenarios that are changing how we think and act about work . In particular, globalization and technology are transforming the ways that employers and employees engage each other. As a result, we have options, and problems, that did not exist before.

This document describes a way to reframe the employer / employee relationship so employers and employees both realize increased value from each other. From a primitive perspective, I suppose this paper could be taken as nothing more than an idea about how to help employers reduce costs by utilizing inexpensive, professional free agents. But instead of being focused solely on the bottom line of maximal profit or accommodating the workers' need for better health insurance, this paper looks past simple one-sided demands and asks a defining question:

*Keeping the needs of both the employer **and** the employee in mind, what is an optimal solution?*

The ideas in this paper were developed by considering many elements, including the following:

1. The needs, concerns and questions of small to mid-sized U.S. companies.
    a. How to minimize costs that impact profits.
    b. How work fluctuations cause non-optimal labor utilization for some organizations.
    c. Security, intellectual property, quality and innovation.
2. The needs, concerns and questions of workers, particularly Free Agents and the displaced.
    a. Threats, anxieties and realities about outsourcing.
    b. Lack of adequate benefits such as insurance.
    c. Psychological and social aspects of work.
3. New criteria of success.
    a. Triple Bottom Line.
    b. Work-life balance.

Is it really possible to simultaneously increase value for both employers and Free Agent employees while addressing these elements? I believe so.

The ideas described in this document are perhaps already out there but I have yet to see a model described exactly like the one below. In creating it, I have tried to work within the existing economic, social and political models currently active today while at the same time addressing some chronic problems that remain for many employers and employees.

I do not consider this model mine or anyone else's but is part of the public domain and it is to society that it is presented it in the hopes that it can be used to improve some things in our world.

I believe the Free Agent Consortium concept has good potential to improve things for both employers and workers in terms of our economy, our society and possibly even the planet itself. However, grandiose aspirations aside, I want to be up front about something: in order for the Free Agent Consortium concept to work it will require a shift in perspective for employers and workers alike. It is not a big shift, but the change required to make this shift is not effortless. Then again, what in life worth doing is without some effort?

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5/21/2008 10:39:32 AM

# 1. The Story, the Problem and the Opportunity

Joe is your typical harried manager just trying to do his job. You know the scene: sleeves rolled up, chewing a pen, banging frustrated queries into Google. Joe works at a small to mid-sized company and his new project for MegaHuge Corporation needs to be completed soon and it needs to be unmistakably pro. He reviews the documentation his rep supplied him (not much, typical) and asks himself the same questions he has asked for all the other projects he has worked on since he started in this role:

1. What does the client expect to be done?
2. What is the client's budget?
3. What quality is needed?
4. When is it due?

Once he establishes these project requirements to his satisfaction, Joe estimates the number of labor hours the project will require. He then looks at what staff he has available and compares what he needs to what he actually has. It doesn't look good. Most of his staff are already working on a different project. He confirms expectations with the client and the rep one more time just to be sure, hoping for a break. Nope, can't slide the date nor relax the other parameters. Joe, who has been running a light shop, discovers that he has inadequate staff to meet the project requirements.

That is the basic problem.

And that is why Joe is surfing for options.

**Options**

Joe knows he could hire some staff to compensate for being short-handed but he really only needs some people for the duration of the project. He outlines several standard options for adding people to projects and comes up with the following list:

1) Use internal resources.
    a. From his department.
    b. From someone else's department.
2) Use external resources:
    a. Contractors
    b. Outsource
        i. Domestic
        ii. Foreign
    c. Freelancers

There are pros and cons for each of these options, so Joe makes a comparison grid:

| Option | Pro | Con | Labor Rate[1,2] |
|---|---|---|---|
| 1. Internal Staff (your department) | Immediately accessible. On premises, mostly. Already know things, less training. Often requires less coordination. Often requires less requirements. Knows company culture well. | Not always fresh ideas. Might be inadequate for job. Not scalable. Have to pay them even if no work. Might already be assigned to other projects. | 65 |
| 2. Internal Staff (another department) | On premises, mostly. Already know some things, less training. Promotes cross-dept idea exchange. Knows company culture well. Less potential disharmony with staff. | Availability not any more likely. Typically only for large corps. Turf wars. Some loss of knowledge when done. | 65 |

| Option | Pro | Con | Labor Rate[1,2] |
| --- | --- | --- | --- |
| 3. Contractors via Contract Agencies | A ready pool exists. Easy to engage and let go. Agency handles payroll, benefits, etc. Can impart fresh ideas to existing staff. | Expensive. Have to get them trained. Loss of knowledge when done. Potential disharmony with staff. | 85 |
| 4. Outsource (Domestic) | One stop shop. Probably local (vs. foreign). Speak native language. Easy to point the finger. Typically highly skilled. Supports local economies. Can impart fresh ideas to existing staff. | Very expensive. Have to get them trained. Requires more negotiation. Requires more communication. Requires more documentation. Sometimes more legal costs. Loss of knowledge when done. Potential disharmony with staff. | 110 |
| 5. Outsource (Foreign/Offshore) | Least expensive.[2] One stop shop. Somewhat easy to point finger. Promotes international business. Can impart fresh ideas to existing staff. | Requires much coordination. Requires most documentation. Possible communication difficulties. Needs higher quality monitoring. Loss of knowledge when done. Potential disharmony with staff. Agile methods are more difficult. | 45 |
| 6. Free Agents (Freelancers) | Can often work locally and on premise. Typically very talented. Relatively inexpensive. Easier to work with than some. Supports local economies. Can impart fresh ideas to existing staff. | Lack team cohesion. A ready pool does not exist. Laborious to find and engage. Not as consistent as internal staff. Loss of knowledge when done. Potential disharmony with staff. | 55 |

[1] Sample numbers provided for comparative purpose. Internal uses a loaded labor rate. Not averaged over a year.
[2] Non-internal numbers (contractors, etc) do not include Total Cost of Ownership (TCO). That is, does not include cost of quality staff, management, documentation, etc.

Having completed the grid, Joe now analyzes the options one by one.

**Analysis**
In an ideal situation, an employer like Joe would have all the people he needs within his department: relatively inexpensive and available on a moment's notice. But this is not the case. In fact, he is short-handed. So, option 1 is out: Joe will need to supplement his existing staff with staff from some other source.

What about option 2? Are there any staff he could borrow from someone else in his company? Since Joe works for a small company, there are not really other staff within his company that he can borrow from another department. He might be able to cross-train someone given enough time and aptitude or interest, but Joe has a looming project deadline. So, for all practical purposes, option 2 is out.

Joe certainly could use local contractor agencies and local outsource agencies (consulting firms, etc) but they tend to be very expensive. Joe knows well there are good experts available for "renting" via contractor and outsource agencies but his company is on a tight budget and he can't really afford them. So, options 3 and 4 are out.

Foreign outsourcing is less expensive, so maybe that is an option? Foreign outsourcing certainly generates a lot of media attention and seems attractive because of price. But Joe knows there is more to foreign outsourcing for a company like his that what the popular stories tell. Joe has tried this route already and knows that while you may pay less per hour for the worker you end up spending more time, in some cases quite a bit more time, managing the project. The amount of time coordinating, documenting and monitoring quality can often offset the savings. Joe believes this is probably a good option for large organizations with deep resources but he does not have the resources to manage,

document and check quality on foreign projects at this time. Also, he needs to be agile on this project since a lot of requirements are still being nailed down. So, option 5 is out.

That leaves just option 6, Free Agents. Free Agents are those people who are unaffiliated with either a regular employer or a contracting agency. They are independent professionals who work from project to project, typically selling their expertise to a wide variety of organizations. From Joe's standpoint as an employer, Free Agents are an attractive option because
1) Free Agents are less expensive than other local options because there is no middle-man.
2) Free Agents typically require less overhead than foreign options.
3) Free Agents are also highly skilled and flexible.
4) Free Agents are typically local.

However, for all their potential benefits, there remain a number of questions and concerns with using Free Agents. Joe jots down his questions:

1) Projects require groups of competent people smoothly cooperating. Free Agents may have skills but they aren't a team like regular staff are a team.
   a) Is there really an advantage of teams (over independent agents)?
   b) Does a team have to be on premises or even local?
2) How can an employer reduce potential disharmony with existing staff?
3) What are Free Agents like?
   a) What are their needs and philosophies?
   b) Are they any different to work with than other external resources?
4) How do you find these people? Is there a pool of talented freelancers?
5) Is there a way to make finding them and engaging them less trouble and less laborious?
6) How can an employer improve the consistency of unknown and untrained freelancers?
7) How can an employer prevent losing their training investment and knowledge if a freelancer leaves?

Joe reviews his list of concerns and concludes that none of them seem to be "show stoppers". The execs are almost certainly going to ask the same questions if he goes with Free Agents. So Joe thinks about the answers in some detail.

*1 - Teams and Locality*
Joe considers his project's budget and due date in relation to output and quality. He understands that teams, and proximity of those teams, can affect all of these. Are there any advantages to local teams or remote teams? Joe reasons that functional (i.e. not dysfunctional) teams can indeed provide some real benefits when the team members are local:

   a. Output is typically better when people are functioning in a team. A team typically provides the following:
      i. More throughput.
      ii. Ability to take on larger projects.
      iii. Better ideas.
      iv. Better idea sharing.
      v. Better work products.
      vi. A team satisfies basic social needs, especially if physically co-located.
      vii. A team is simply more fun and creates a positive, lasting impression on the worker.
   b. Less communication hassle than other options.
   c. Products and services are likely to be more competitive when created by teams.
   d. Less chance of knowledge drain.

   e. Better agility. On-premise teams are typically the fastest to direct.
   f. Similarly, local workers can provide more responsiveness and flexibility.

g. It is easier to create a true team when team members are physically co-located.
h. It is easier to co-locate people when they are in the same geographic locality.
i. Social version of "buy locally" for using local knowledge workers means
    i. local economy is stimulated.
    ii. local arts, etc are stimulated.

*2 - Regular Staff*

Joe considers his existing, regular staff. In many ways, he'd prefer to work with them because he already knows them. He knows their strengths and weaknesses. Also, they are less hassle to direct because they are already on premises and they know the culture, processes and systems already. However, he reminds himself that, for various reasons, they cannot meet the demands of the project so he is forced to look to external resources.

What are their feelings about this? How do they feel about important project-work being given to others? They will have to work with whoever is assigned to the project so who would they prefer to work with? A domestic outsource group, a foreign firm or a local freelancing team?

Whoever is chosen, Joe wants them to work well together. He wants the "insiders" to amicably assist the new team of Free Agents. Conversely, he wants the new team to impart new techniques and fresh perspective to his existing staff. If done well, both groups should benefit.

*3 - Free Agent Philosophy and Needs*

So far, Joe has considered what his company needs, what he needs and what his employees need. He has concluded that Free Agents could be a great way to address his current staffing shortage. To make sure that he is considering multiple angles, Joe returns to the question: what are the Free Agents' wants and needs? What are they like as people? What is the philosophy of freelancers? He researches this and comes up with the following list:

- Free Agents want competetive wages and benefits (especially veteran Free Agents).
- Free Agents want work continuity (especially new Free Agents).
- Free Agents want work flexibility.
- They want social connection.
- They want interesting work.
- They want respect.

More abstractly, Joe discovers that Free Agent professionals are increasingly subscribing to an emerging philosophy that is notably different from that of traditional workers and corporate staffers. Namely:

- The notion of "company" or "fixed organization" is not as important or revered to Free Agents as other kinds of workers. Generally speaking, artificial boundaries are viewed less rigidly, less as an obstacle. But the team exists and is important to them. (source?)
- For these workers, the emotional value of work comes from creating a product and making a difference -- rather than from affiliating with a particular company (Rinaldi).
- In the new metaphor of work, you have a smaller-team model and a greater sense of loyalty to the team than to this artifact known as a company (Rinaldi)

**Work Cycles**

As Joe mulls this over, he returns to considering the basic problem. This is not a new problem. A labor shortage has happened before because his company has varying staffing demands throughout the year. Occasionally the amount of work he has is enough to keep 100% of his staff busy. But sometimes demand for labor exceeds what he has available and sometimes the demand for workers is less than what he has on hand. Ignoring those staff whose jobs are relatively consistent (that is, those jobs with

roughly 100% utilization throughout the year), Joe creates a quick chart of his company's yearly project-related work cycle:

### Labor Needs for Project-Oriented Staff
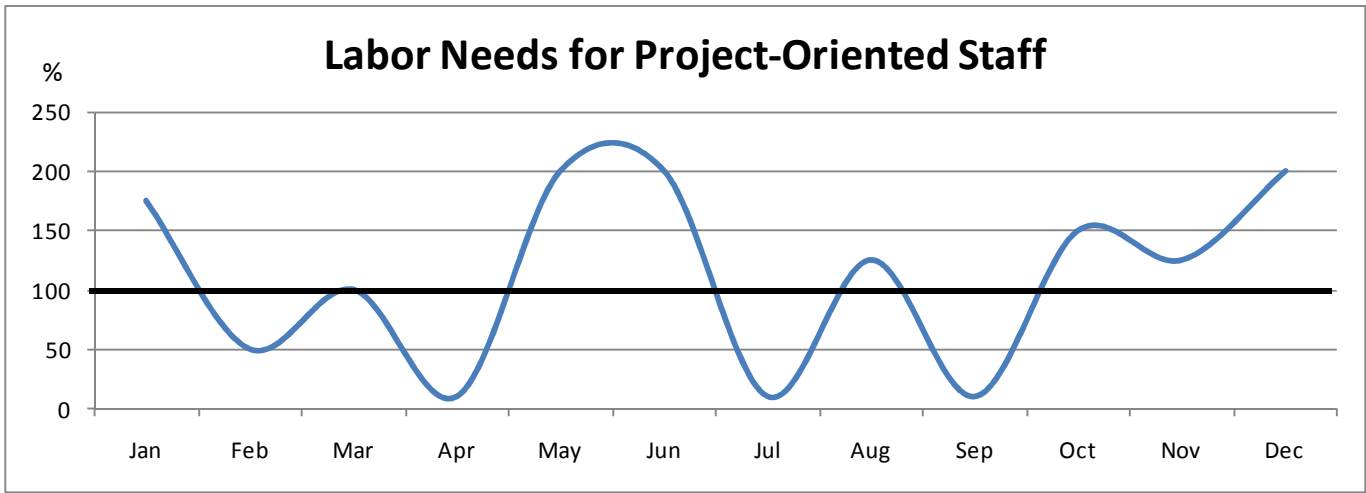


Joe fully realizes that his company is not the only one with this problem. The reasons for these ups and downs are due to such factors as budget cycles, client schedules, seasons, etc, and they affect all kinds of organizations. Joe reasons that superimposing the work cycles of several companies will 1) reveal an average demand for human resources that exceeds the demand of any single company and 2) is more consistent (smoother) than any single company can provide. So, Joe adds some typical labor-demand profiles from other kinds of companies to his chart. In particular, he adds labor-demand curves for a tax company, a farm business, a product-oriented company and comes up with the following chart:

### Labor Needs
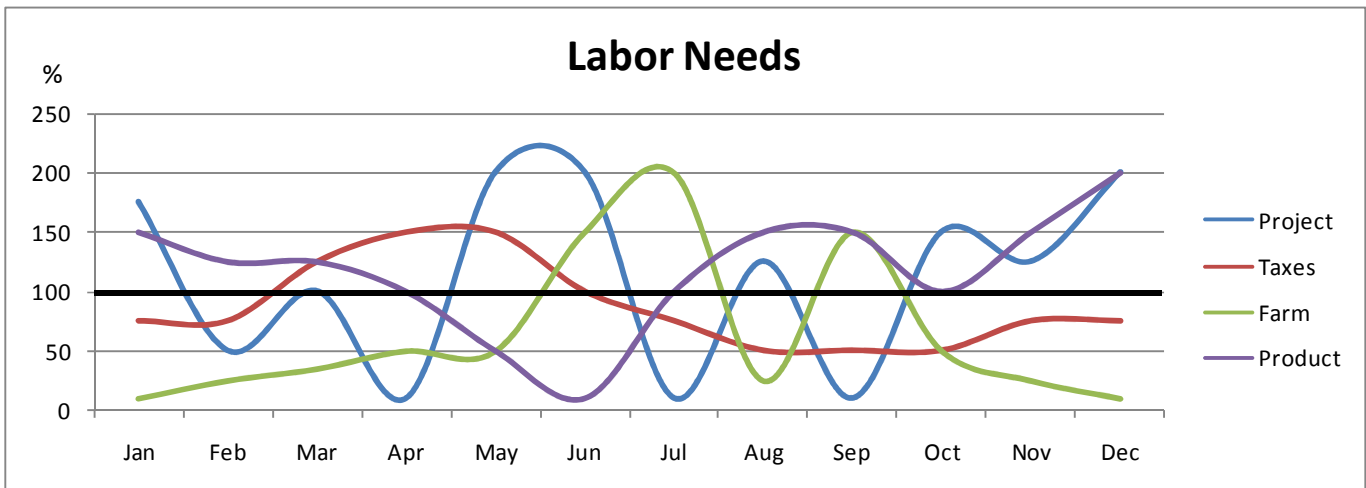


From this Joe can discern that when some companies are down, others are up. That is, when some companies are experience a "lull", a time of unused labor capacity, other companies are experiencing a labor shortage. But the chart is somewhat messy and he can't clearly understand what the summary trends are. So, he then superimposes a total and average line:

**Average and Total Labor Needs**
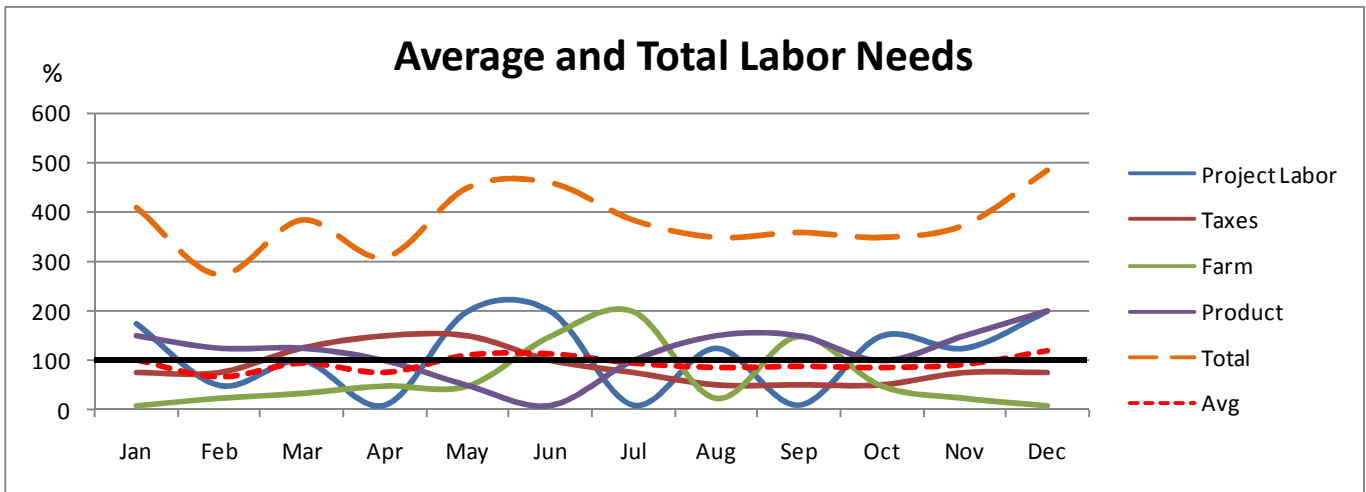
To still better view the trend lines, he then subtracts out the details of the labor-demand curves leaving just the average and the total:



**Average and Total Labor Needs**
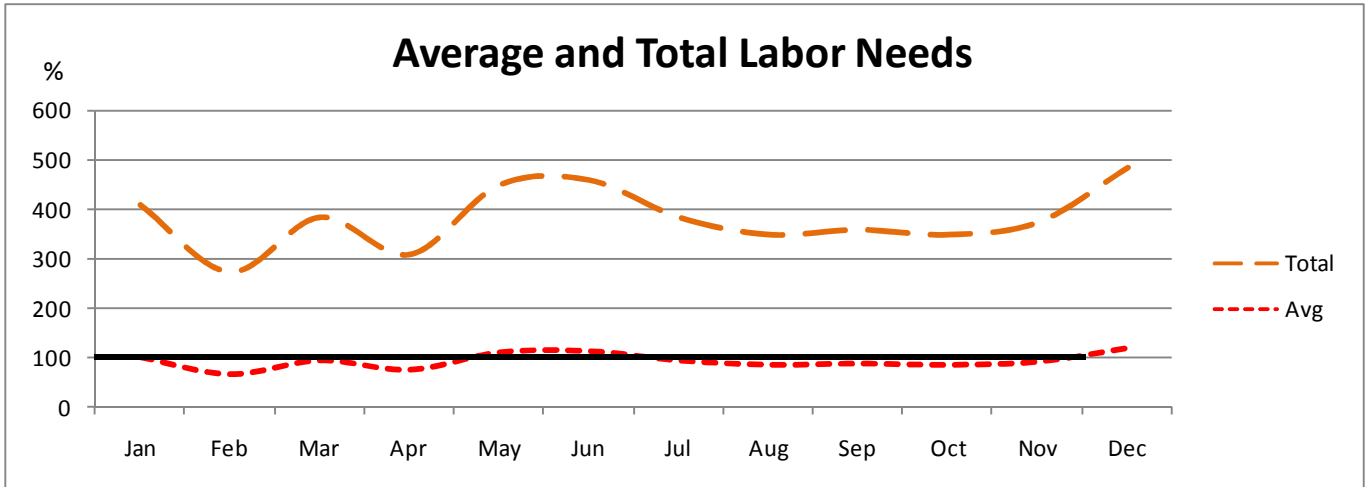
Joe notices that labor needs, when averaged across the four companies, hovers around 100% fairly consistently throughout the year despite the various fluctuations. He also notices that the total labor needed for the four companies is typically less than four-hundred percent (4 companies x 100% each). This implies that, in general, the four companies would actually be better served by hiring people who do not work 100% of the time simply because they are not needed 100% of the time. This presents an obvious problem, though, because few employees wish to work part-time (i.e. less than 100%).

From this, Joe wonders if there is a way to somehow aggregate the labor resources from several companies. One problem with his charts are that they focus on such a disparate collection of companies. It is not realistic to think that the kinds of people who are needed for a labor surge on a farm are going to be useful to Joe's project management company. Joe needs software programmers and project managers, not tractor drivers and apple pickers. Anyhow, aggregating employees across similar kinds of companies is yet another option to consider. That is, perhaps he can somehow offer more consistent work to his existing staff while at the same time reducing his costs by sharing staff among companies with similar needs.

**Resource Sharing**
The basic idea behind resource sharing between companies is not new. Essentially, resource sharing occurs when two or more companies borrow each other's staff when needed. There are pros and cons to this approach:

|  | Pro | Con |
|---|---|---|
| 7. Resource Sharing | Reduces costs for employers. Provides more efficient use of staff. Provides more work for staff. Provides more consistency for staff. Exposes staff to different work ideas. | Requires cooperating companies. Requires cooperating employees. Coordination hassles. Resource conflicts. Some training may be required. Takes time to set up. |

Even with resource sharing though, as interesting and promising as it may be, there will still be times when there are labor shortages similar to what Joe is experience right now. In other words, even if Joe goes ahead and finds companies to share labor resources with, there will probably be times where there is no staff available to share because all the companies are utilizing their staff on their own projects. So, Joe will still need to augment his labor pool from an external source.

**The Opportunity**
Joe reviews his options again and is increasingly convinced that, of all the options, Free Agents are the best way to go. But what about the drawbacks he noted earlier? For example, Free Agents, who are not represented by any central agency, can be difficult to find, often only via word of mouth or third-party search engines. Also, Joe would prefer workers that he can trust and who are knowledgeable of his systems, just like his regular staff. How to address these concerns?

Joe considers all this and rephrases his concerns and ideas into the following list of questions:

1. Is there some easy way to find and on-board the Free Agents (lower cost, local workers) for his project?

2. What's in it for the Free Agents?
   a. How can the Free Agents remain employed when Joe's projects are cyclical?
   b. What are Free Agents doing for benefits?

3. What about Free Agents drifting away after the project is done? All that training down the drain! Not to mention the security and intellectual property risks. Is there a way for companies to collaborate and share resources so that they are using some Free Agents when the other companies do not need them? Does that necessarily imply a shared retainer fee?

4. Anticipating a competitive labor market, what can he do to make it attractive to the Free Agents to work for him, and to continue to want to work for him?

5. Is there a structure and/or process that would work for both the company and the Free Agents?

These questions refine the basic problem which in turn defines the opportunity.

# 2. Organizational Structures

Joe summarizes the needs of the two groups:

**Company Needs**
- Cannot afford to float employees during lulls. Need to reduce costs.
- Need seasoned, knowledgeable employees working on their projects.
- Need to minimize ramp up and training time.
- Need to scale quickly for new projects.
- Need to use a consistent team of
  - Trusted people.
  - Knowledgeable people.

**Free Agent Needs**
- Free Agents who like being Free Agents but are tired of the risks and pitfalls of independent work.
- Need work continuity.
- Need work flexibility.
- Need benefits.
- Need to work on a variety of projects.
- Enjoy working on teams. I.e. they have social needs.
- Enjoy working with familiar team-members.
- Need to stay in a geographic locality.

It seems that there is room for mutual benefit. At the very minimum, if Joe can find some good Free Agents then the company will get less costly labor and the Free Agents will gain employment for a little while. But first Joe has to think of a way to find and engage a group of Free Agent professionals that satisfy the above needs for him and his company. If he can satisfy some of the needs of the Free Agents at the same time, so much the better.

Joe creates a grid showing the options for finding and engaging Free Agents:

**Options For Finding And Engaging Free Agents**

|  | Pro | Con |
|---|---|---|
| 1) Use a big Job Board to find Free Agents | Deep.<br>Good tools.<br>Already exists.<br>Local, national and global. | Cost to join and use.<br>Too expansive, too many choices.<br>  - Includes full time people.<br>Trollers, etc.<br>Some Free Agent needs not met.<br>Does not meet all company needs. |
| 2) Use or create a smaller, focused, structure or system just for the Free Agents | Could be free or low cost.<br>Typically local resources.<br>Exists in many localities already.<br>Lower noise ratio.<br>Promotes Free Agent community. | Cost of development if does not already exist.<br>Some Free Agent needs not met.<br>Does not meet all company needs. |
| 3) Create a private list of Free Agents to call "on demand" | You own the list.<br>Inexpensive?<br>Satisfies more company needs. | Time to create and maintain.<br>Easier said than done.<br>Other companies may be competing for the same resources.<br>Some Free Agent needs not met. |

| | Pro | Con |
|---|---|---|
| 4) Informally share resumes between companies | Inexpensive.<br>Easy, once network in place.<br>Encourages inter-company cooperation.<br>Satisfies more company needs.<br>More Free Agent needs met. | Spotty, hit or miss.<br>Possible hidden agendas and games.<br>Depth may be lacking.<br>Resource allocation conflicts?<br>Danger of only getting leftovers.<br>Some Free Agent needs not met.<br>Some company needs not met. |
| 5) Partner with some companies to engage Free Agent individuals | More organized.<br>Promotes inter-company cooperation.<br>Probably more efficient use of everyone's time. | More complex.<br>Possible legal costs?<br>Still does not satisfy some company needs like consistent work force.<br>Still does not satisfy some basic Free Agent needs like benefits. |
| 6) Partner strategically with a few other companies to create a common pool of Free Agents | Better depth and reach<br>More likely to provide job continuity.<br>Structured information for efficiency.<br>Structured process. | Competing for resources.<br>Possible bickering.<br>Does not provide worker benefits, etc.<br>Requires company cooperation. |
| 7) Partner strategically with many other companies to create a common pool of Free Agents | Good depth.<br>Advanced structure and process. | Complexity.<br>Bureaucracy.<br>Does not provide worker benefits, etc.<br>Requires even higher level of corporate cooperation. |
| 8) Copy what other have already started | Saves time. | Surprisingly little out there to copy or it is not well applicable. |

**Analysis**

Some of the options listed above are good for the employers but not the Free Agents. Some options are too complex or bureaucratic because of the number of stakeholders involved. Many of the options fail to satisfy basic needs of the employers such as providing a consistent, knowledgeable and trusted work force.

An underlying problem with many of the existing solutions (e.g. contract agencies, etc) and most of the options above are that they fail to adequately consider the other side's needs and wants. For example, companies have to provide a paycheck whether there is revenue-generating work occurring or not. So, companies want to avoid these inefficient costs. On the other hand, free-lancers often have to shoulder additional costs such as benefits because they lack connection to a benefits-providing organization.

Joe feels like he is reaching a breakthrough of some sort. It feels like a puzzle with all the pieces almost in place but not quite. One idea pops out and Joe stares long and hard at the words:

*The optimal solution should keep in mind the needs of the other group.*

After thinking about it for a while, Joe comes up with his recommended solution.

**Recommended Solution**
Partner strategically with 5 to 10 other companies along with a select, consistent group of Free Agents to help create a low-maintenance, mutually satisfying labor pool and engagement process.

To satisfy this, there are two components that first need to be created:
1) There needs to be a simple, appealing organizational structure that benefits freelancers and employers alike.
2) There needs to be some sort of tool or process that freelancers and employers can both use to engage in business with/for each other.

The solution schema looks something like this:
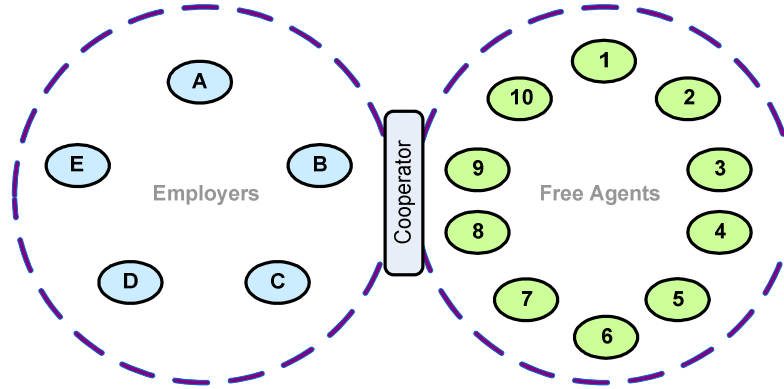


In other words, to meet the needs explored earlier, there should be some way for the employers to organize themselves and there should be some sort of organizational structure for the Free Agents as well. These organizational structures permit a smoother, more consistent engagement of employer and employee than might be found in amorphous collections of independently acting employers and Free Agents. Lastly, there needs to be something that helps the two groups interact and cooperate. That is, there needs to be some sort of "cooperator" between the two groups.

But what do we mean by "organizational structure"? Is the organizational structure that the employers use the same kind of organizational structure that the Free Agent Consortium should use?

**Organizational Structure**

*Problem statement:*
What is the best organizational structure(s) to aggregate employers and employees (Free Agents) to the benefit of freelancers and employers alike?

*Options*

| | Pro | Con |
|---|---|---|
| Create another business (an intermediary or separately for each group) | Profit oriented. Potential for control. Possible benefits for workers. Enables hands-off approach. | Hassle of running another business. Essentially a contract agency. Probably won't be that profitable. Adds overhead costs. Cost of benefits to workers. |

|  | **Pro** | **Con** |
|---|---|---|
| A union | Highly structured<br>Centralized<br>Can negotiate benefits, pay, etc.<br>Can often benefit the workers. | Bureaucracy.<br>Power-oriented.<br>Industrial age philosophy.<br>Workers hands over power to reps.<br>Often antagonistic to employers. |
| Cooperative | Less structured than business.<br>Decentralized.<br>Often profit-oriented.<br>Can acquire cheap benefits.<br>Voluntary and consensus driven.<br>Valued by many worker groups. | May be more structure than necessary.<br>Essentially a business, focused on profit. |
| Not-for-profit cooperative | Same as a collective | |
| Collective | Good for workers.<br>Similar to Cooperative.<br>Less bureaucratic than a cooperative. | Requires self organizing workers. |
| Consortium | Typically used for businesses<br>Fairly easy to set up.<br>Establishes an official structure.<br>Promotes inter-company exchange. | Sounds bureaucratic. |
| Just use a tool (eg Software) | Many already exist | Possible costs.<br>See No Structure below. |
| No structure | Easy to implement<br>Zero cost | Employers have extra work<br>Employees have no representation<br>Employees lack benefits<br>Employees lack continuity (?) |
| Third Party (e.g. contract agency acting as mediator) | Already exist.<br>Already knowledgeable of both groups.<br>Already have infrastructure in place. | Costs.<br>May not be interested in gutting their revenue model by assisting Free Agent Consortiums. |

*Definitions*

A *consortium* is the typical structure that businesses use with the "objective of participating in a common activity or pooling their resources for achieving a common goal". It may or may not be profit-oriented.
Source: http://en.wikipedia.org/wiki/Consortium

A *cooperative* is an "autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise".
Source: http://en.wikipedia.org/wiki/Cooperative

A *collective* "is a group of people who share or are motivated by at least one common issue or interest, or work together on a specific project(s) to achieve a common objective. Collectives are also characterized by attempts to share and exercise political and social power and to make decisions on a consensus-driven and egalitarian basis. Collectives differ from cooperatives in that they are not necessarily focused upon an economic benefit or saving (but can be that as well)."
Source: http://en.wikipedia.org/wiki/Collective

**Analysis**
There are different elements to consider for organizational structures:

*Option Differentiators:*
- Amount of structure
- Amount of control
- Fairness
- Insurance
- Cost to workers
- Cost to business
- Profit orientation.
- Centralization of power
- Decision-making process.

*Summary of What Workers Want*
- Benefits, insurance
- Good wage
- Some autonomy
- Less isolation, more sense of team
- Decision-making authority
- Work continuity
- Work flexibility
- Respect
- Meaningful work
- A sense of contribution

*Summary of What Employers Want*
- Reduced costs.
- Easy access to skilled labor.
- The ability to flex quickly to meet project needs.
- A trustworthy source of qualified labor that meets privacy and security needs.
- Known entities.
- Less training costs.
- A group that integrates well with each other and existing staff.

*Assumptions*
- This will be a lightweight solution, oriented towards a few participants.
- There are enough Free Agents to support those companies.
- There is enough work such that job continuity is maintained.
- The process of finding workers and employers is not profit-oriented in order to minimize costs and maximize competitiveness.

No one structure can accommodate both the companies and the Free Agents. That is, the kind of organizational structure that is good for  a collection of employers is not necessarily good for a collection of employees (Free Agents), and vice versa.


**Recommendation**

1. The employers form a consortium.
2. The workers form a collective.
3. The consortium and the collective agree to a working relationship.
4. The working relationship is mediated through an appropriate and co-created process.
5. There may be a tool to manage the process.

**Tool**

This is the other component that needs to be considered for the recommended solution.

- Create a simple tool that helps the consortium and the collective satisfy each other's needs.
- Consider open source and/or joint development.
- Maintainable by anyone.
- Catchy name like: Cooperator ™?

## 3. Target "Market"

There are two groups of potential participants:
- Employers
- Employees

### Employers

This proposal is ideal for the following kinds of companies:
- Small to mid-size companies.
- Fluctuating or cyclical work levels.
- Cannot afford to float the employee during lulls.
- Wish to have seasoned, knowledgeable employees working on their projects.
- Wish to minimize ramp up and training time.
- Wish to scale quickly for new projects.
- Want to use a consistent team of
  - Trusted people.
  - Knowledgeable people.

The consortium is ideally composed of:
- Companies who have similar needs.
- Are not in the same competitive space.
- Companies who have work cycles that do not peak at the same time.
- Representatives that understand and appreciate the consortium's philosophy.
- Reps who are mature, accommodating communicators.

*Statistics*
- There are approximately ___x___ companies who make between 5 and 20 million dollars in the metropolitan area (e.g. Seattle Metropolitan area).
- There are ___y___ sectors of business. (E.g. technology, manufacturing, etc).
- There are the following kinds of networking opportunities:
  - Washington Software Alliance (Seattle area)
  - Etc.

### Employees

This proposal is ideal for the following kinds of workers:
- Free Agents who like being Free Agents but are tired of the risks and pitfalls of independent work.
- Wish to have work continuity.
- Wish to have work flexibility.
- Wish to have benefits.
- Wish to work on a variety of projects.
- Enjoy working on teams. I.e. they have social needs.
- Enjoy working with familiar team-members.
- Wish to stay in a geographic locality.

The collective is ideally composed of:
- Professional-quality free-agents.
- People who understand and appreciate the value of the collective.
- People who are good communicators and have a sense of organizational needs.
- A mixture of skills from different sectors (e.g. Accounting, Legal, Software Developers, etc)

*Statistics*
- There are approximately __a___ Free Agents in the Seattle Area.
- There are over __b__ contract agencies and over __c__ outsource agencies.
- There are numerous network agencies.
- The most popular job boards are Monster, Dice, etc.

# 4. Value Proposition

**What exists in the market space now?**
There are a number of existing solutions that provide similar sets of services to employees or employers, but there are few, if any, solutions that consider both the employer and the employee needs in the way this document proposes. In particular, there are not structured, organized solutions that consist of teams of employers cooperating with teams of freelancers in a way that is mutually and optimally beneficial to both. For reasons outlined above, many solutions are too costly to the employer or provide inconsistent work resources. Likewise, for the employee, many solutions are isolating, inconsistent and provide inadequate benefits.

*Sample Outsource/Contractor Organizations (Seattle Metropolitan area)*
- http://www.rhi.com (contract)
- http://www.greythorn.com (contract)
- http://www.accenture.com (domestic outsource)
- http://www.monster.com (domestic job board)
- http://www.trigent.com (foreign outsource)
- http://www.odesk.com (foreign job board)

*Sample Freelance Organizations*
- http://www.workingsolo.com/
- http://www.freelance-seattle.net/
- http://www.freelancersunion.org/
- http://www.freeagentassociation.com/

I have yet to see a working model where companies have teamed up to engage a team of Free Agents. Nor have I seen a case where Free Agents have pooled their resources to engage a group of similar employers. Employers have certainly formed consortiums (even consortiums to share resources) and Free Agents have certainly organized themselves into semi-coherent structures. But at the time of this writing I do not know of a situation where the two kinds of organizational structures have cooperated with each other to smoothly satisfy the others needs.

**Why/How is this idea different?**
Because it considers both sides of the equation: the employee and the employer. Other solutions are one-sided for the reasons shown above.

Also, implementing a relationship between a zero-to-low-cost business consortium and an autonomous collective avoids profit-oriented, bureaucratic structures (e.g. contract agencies) while providing
- Potentially as good or greater income and stability for Free Agents.
- Greater cost savings, consistency and flexibility for employers.

This solution also has the potential to promote cooperation within the consortium and collective as well as between the consortium and collective.

Other advantages are mentioned above.

# 5. Revenue Model

**Profit Potential**

For the reasons explained above, the idea behind the recommended solution is not meant to make money. It is meant to provide

- Cost savings for companies (and skilled, on-demand staff, less knowledge-loss, etc).
- Salary and benefits for workers (and continuity, flexibility, less isolation, etc).

*Employer Scenarios*

Cost savings can be considered as follows:

**Mix #1 - Side by Side Cost Comparison - Equal Mix**

|  | Internal Staff | Contractors | Outsource - Domestic | Outsource – Foreign | Free Agents |  |
|---|---|---|---|---|---|---|
| Rate | 65 | 85 | 110 | 45 | 53 |  |
| Avg number of projects per year | 12 | 12 | 12 | 12 | 12 | 60 |
| Avg number of hours per project | 80 | 80 | 80 | 80 | 80 |  |
| Additional staff time % | 5 | 10 | 15 | 30 | 10 |  |
| Add staff rate | 65 | 65 | 65 | 65 | 65 |  |
| Additional staff costs | 3120 | 6240 | 9360 | 18720 | 6240 |  |
| Total $ | 65,520 | 87,840 | 114,960 | 61,920 | 57,120 | **387,360** |

**Mix #2 – Internal and Domestic Sources, no Free Agents**

|  | Internal Staff | Contractors | Outsource - Domestic | Outsource – Foreign | Free Agents |  |
|---|---|---|---|---|---|---|
| Rate | 65 | 85 | 110 | 45 | 53 |  |
| Avg number of projects per year | 10 | 30 | 20 | 0 | 0 | 60 |
| Avg number of hours per project | 80 | 80 | 80 | 80 | 80 |  |
| Additional staff time % | 5 | 10 | 15 | 30 | 10 |  |
| Add staff rate | 65 | 65 | 65 | 65 | 65 |  |
| Additional staff costs | 2600 | 15600 | 15600 | 0 | 0 |  |
| Total $ | 54,600 | 219,600 | 191,600 | 0 | 0 | **465,800** |

**Mix #3 - Internal and Foreign Outsource**

|  | Internal Staff | Contractors | Outsource - Domestic | Outsource – Foreign | Free Agents |  |
|---|---|---|---|---|---|---|
| Rate | 65 | 85 | 110 | 45 | 53 |  |
| Avg number of projects per year | 10 | 0 | 0 | 50 | 0 | 60 |
| Avg number of hours per project | 80 | 80 | 80 | 80 | 80 |  |

| | | | | | | |
|---|---|---|---|---|---|---|
| Additional staff time % | 5 | 10 | 15 | 30 | 10 | |
| Add staff rate | 65 | 65 | 65 | 65 | 65 | |
| Additional staff costs | 2600 | 0 | 0 | 78000 | 0 | |
| Total $ | 54,600 | 0 | 0 | 258,000 | 0 | **312,600** |

**Mix #4 - Half Internal, Half Free-agents**

| | Internal Staff | Contractors | Outsource - Domestic | Outsource – Foreign | Free Agents | |
|---|---|---|---|---|---|---|
| Rate | 65 | 85 | 110 | 45 | 53 | |
| Avg number of projects per year | 30 | 0 | 0 | 0 | 30 | 60 |
| Avg number of hours per project | 80 | 80 | 80 | 80 | 80 | |
| Additional staff time % | 5 | 10 | 15 | 30 | 10 | |
| Add staff rate | 65 | 65 | 65 | 65 | 65 | |
| Additional staff costs | 7800 | 0 | 0 | 0 | 15600 | |
| Total $ | 163,800 | 0 | 0 | 0 | 142,800 | **306,600** |

*Employee Scenarios*
Some rough scenarios to help compare salary possibilities for the different options:

| | FTE | Contract | Free Agent | Collective |
|---|---|---|---|---|
| Wage / Hr | 40 | 40 | 55 | 50 |
| Hours / Yr | 2,080 | 1,800 | 1,500 | 1,800 |
| Insurance Cost/yr | 200 | 500 | 1,500 | 400 |
| Benefits Cost/yr | 0 | 1,500 | 1,500 | 800 |
| Total Before tax | 83,000 | 70,000 | 79,500 | 88,800 |

**Growth Potential**
Does the market have potential for growth?

The optimal consortium-collective probably consists of 5 to 10 employers and 20 to 40 workers, depending on variables of work cycles, project size, skill set, and so forth. Bigger than that and the organizational structure starts to break down, becomes burdensome and overly bureaucratic.

However, this idea can be replicated readily to other right-size groups. Possibly, a helper org ("nursery") could be created to help kick-start other consortium-collectives:
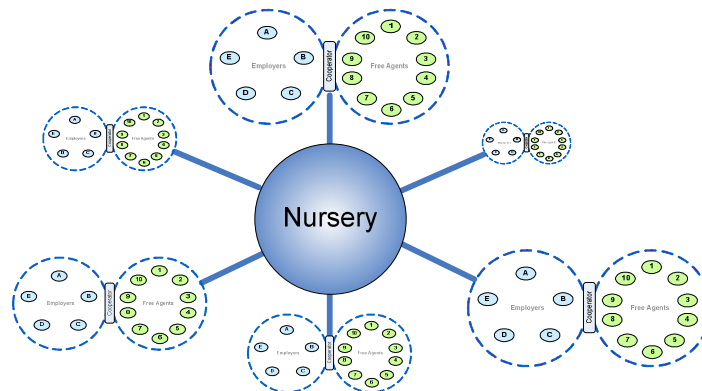


- There are approximately ___x___ companies who make between 5 and 20 million dollars in the Seattle area.
- There are ___y___ sectors of business. (E.g. technology, manufacturing, etc).
- Assuming that each consortium has representation from each sector, there are at approximately x/y potential consortiums (actually would need to weight the formula).

http://www.ica-group.org/ does something similar to this nursery (except for cooperatives) and would be a good partner group.

**Triple Bottom Line**

The Free Agent Consortium concept is not just oriented towards the singular pursuit of profit on the bottom line. It certainly satisfies that by maximizing profit through minimizing costs. More so, however, the Free Agent Consortium concept also works towards satisfying the Triple Bottom Line (TBL) of profit, people and planet. The
TBL concept represents an "expanded spectrum of values and criteria for measuring organizational (and societal) success; economic, environmental and social." [1]

> **"Profit"** is the bottom line shared by all commerce, conscientious or not. In the original concept, within a sustainability framework, the "profit" aspect needs to be seen as the economic benefit enjoyed by the host society. It is the lasting economic impact the organization has on its economic environment.

> **"People"** (Human Capital) pertains to fair and beneficial business practices toward labor and the community and region in which a corporation conducts its business. A TBL company conceives a reciprocal social structure in which the well being of corporate, labor and other stakeholder interests are interdependent. A triple bottom line enterprise seeks to benefit many constituencies, not exploit or endanger any group of them.

**"Planet"** (Natural Capital) refers to sustainable environmental practices. A TBL company endeavors to benefit the natural order as much as possible or at the least do no harm and curtail environmental impact. A TBL endeavor reduces its ecological footprint by, among other things, carefully managing its consumption of energy and non-renewables and reducing manufacturing waste as well as rendering waste less toxic before disposing of it in a safe and legal manner.

[1] http://en.wikipedia.org/wiki/Triple_bottom_line

Free Agent Consortiums have the potential to accommodate a TBL in the following ways:

| Profit | Maximizes profit by minimizing costs of labor. Promotes strong inter-company cooperation and possibly more commerce options in the local environment. |
|---|---|
| People | Reframes the employer-employee (Free Agent) relationship. Considers both needs closely (Golden Rule). Promotes inter-company cooperation. |
| Planet | Since people are used more efficiently (sharing), Free Agent Consortiums potentially uses less natural resources by reducing the amount of square footage needed or energy needed. |

**Conclusions**

For employers, a heavy mix of Free Agents can provide significant cost advantages over the supposedly least expensive model (e.g. foreign outsourcing).

For employees, a consortium-collective relationship can potentially provide not only better benefits but greater income due to improved continuity.

There are intriguing service-business options associated with nursery models.

Free Agent Consortiums have the potential to accommodate Triple Bottom Lines.

# 6. Phases and Changes

**Implementation**

This section briefly outlines some preliminary chores to consider for implementing a Free Agent Consortium.  This section does not go into in-depth study of more detailed aspects like insurance and benefits. See the "Dialogues" section for additional ideas and information about implementation.

Keep in mind there will probably be some overlap of each implementation step. That is, some steps may be occurring  simultaneously with others. For example, the consortium may still be recruiting members even though the are already working on a later stage.

*Coalescing*
There will typically be a coalescing period, perhaps mediated by a bulletin board or forum, a third party, word of mouth, etc. During this period, a nucleus of interested parties will agree to investigate further the possibility of creating an appropriate organizational structure.

In some cases the consortium and collective will form with each other in mind. In that case, the word will go out that an employer/free agent "pod" is forming. In other situations, consortiums and collectives may form independently and only later hook up.

*Recruiting*
People will be invited to join and contribute to the formation of the consortium or collective, depending on their circumstances.

*Formalizing*
The respective groups will meet to hash out some details.

*Employers*
Employers will need to reach a consensus about the following kinds of things:

1) Which companies will participate in the consortium.
2) What is the philosophy, goals and priorities of the consortium.
3) What are the rules of the consortium.
4) What roles need to be filled.
5) What are typical labor fluctuations.
6) How and what to communicate.
7) A name for the consortium.

*Free Agents*
Free Agents will need to reach a consensus about the following kinds of things:

1) Which individuals will participate in the collective.
2) What is the philosophy, goals and priorities of the collective.
3) What are the rules of the collective.
4) What skills are available for the consortium.
5) What to do if there is a shortage.
6) How to admit new comers.
7) How and what to communicate.
8) A name for the collective.

*Engaging*
Once the organizational structures attain some level of coherence, a consortium and a collective will discover and review each other's needs and offerings. Based on the expressed needs, there may need to be adjustments to the roster of participants in either groups. For example, it is possible that the collective has no accountants and the interested consortium desires an accountant. At his point the collective might be given the option to add an accountant to their ranks. Or, it might be possible that the consortium has more database professionals than what the consortium needs. In this case, the consortium may be asked by the collective to add a company that has more need of database professionals.

The pod will come to some agreement about these kinds of issues:
- Pay
- Benefits
- Schedules
- Communication
- Technology platforms
- etc

*Transitioning*
At some point, the consortium will begin publishing opportunities and making request for resources. The collective will supply the necessary resources at that time. There may be an initial trial period followed by a general ramp up to full engagement.

*Aligning*
From time to time, there may need to be adjustments to an organizational structure, communication methods, pay rates, etc. These are discussed and agreed upon without stopping the engagement process. Alignment of priorities and needs should be able to occur on the fly without significant bureaucratic intervention.

At times it may be necessary for pods to divide if they become too big, too specialized, etc.

*Mentoring and Linking*
Pods may decide to assist new pods with their own implementation steps. Also, other third parties may be called upon to help "midwife" a pod. This could be a contract agency, a consultant, other pod members, etc.

These kinds of interactions may create new kinds of links for the pod.

**Growth**

The Pod can experience growth-related change in several ways such as the following:
1) A company experiences an increase in demand for their services or products.
2) Special projects increases demand for staff.
3) A collective acquires more talented people into their pool.

*A company experiences an increase in demand for their services or products.*

There are several scenarios for this situation:

    a) The growth is temporary.
       i) Use existing staff and the pod to handle it.
          (1) Ask for overtime.
          (2) Ask pod to ramp up.
       ii) Use external resources.
    b) The growth is sustained and permanent.
       i) Small growth
          (1) The collective adds more staff.
          (2) The consortium
       ii) Large growth that exceeds the collective's capabilities to handle.
          (1)

*Special projects increases demand for staff.*

*A collective acquires more talented people into their pool.*

**Downsizing**

1) Loss of sustained business.
2) Loss of collective members

**Expanding Capabilities**
New locations.
New lines of business.
New skill sets

**Conversions**

1) Collective members to FTEs
2) FTEs to Collective members.

# 7. Dialogues

**The Business Mixer**
The representatives from several companies are at a business mixer. Andy is the manager of software development for Acme Applications, Brenda is finance director for Blaylox BioGen and Carl is the services manager for Calhoun Consulting. Andy, Brenda and Carl find themselves near the appetizers discussing their staffing problems.

ANDY: Our work load is all over the place! Sometimes the work load is high and I don't have enough people. Sometimes it is low and I have to let people go … good people that I'd much rather keep around.

BRENDA: We have a lot of fluctuation, too. What really hurts me is that I can't really afford to keep training new staff. Every time I bring someone on board I have to get them trained. We have large, complicated processes and systems and it can easily take up to six months to get some of those positions up to speed. All that training adds up and erodes our margin. On top of that, we have significant concerns about knowledge and IP leaks. NDAs are all well and good, but our business is highly dependent on first-to-market conditions. One slip of the tongue from a contractor that worked for us last year can have a significant impact on us.

CARL: Boy, us consultants are in the same boat or maybe in even worse shape! Consulting work is basically project-to-project so our staffing really jumps up and down. I mean, we can't entirely predict when we will land a project. I'm currently trying to pull in several software developers for a really interesting project we have coming through, but I can only afford them for the duration of the project. This is a great opportunity for the right candidate, but I've seen some fabulous applicants walk away when they see the length of the project.

ANDY: I've used local contract agencies, sometimes and that has helped out.

BRENDA: Sure, you can go that route, but they're often expensive with the middleman costs on top of a competitive salary.

CARL: Well, to be fair, you are paying the contract agency, so these "middleman-costs" take care of payroll, screening and benefits for the contractor.

BRENDA: That's true, and I understand the need for those things. I just wish there was a lower-cost alternative. I have a bottom line to worry about.

CARL: How about outsourcing? I've done that before.

BRENDA: Foreign or domestic outsourcing? Did it work? I mean, did it work for you financially?

CARL: We did foreign outsourcing to India and, sure, it worked. It took a lot of effort on our part but, yes, it worked. Truthfully, though the margins were smaller than we had hoped because the amount of extra communication, documentation and quality checking was higher than we expected. The overhead of going with foreign outsourcing, even English speaking outsourcing, basically eats away a lot of your margin. I am pretty sure if we were a larger company and were more organized we could have done better but a small to mid-sized consulting group like mine can have a tough time with the overhead necessary for successful outsourcing.

ANDY: I guess that nixes any hope for domestic outsourcing, at least from a cost standpoint. I mean, if foreign outsourcing with their low labor rates cannot be profitable then it seems very unlikely that domestic outsourcing, with its much higher rates, will be profitable.

BRENDA: When I've researched this, the most expensive option was domestic outsourcing. Domestic contractors are the next most expensive followed by using your own staff. Foreign outsourcing appears – on paper - to be the least expensive, but those communication and structure costs, as you just said, Carl, can actually make the foreign outsourcing model not quite the bargain that you initially think it is.

CARL: And yet I keep hearing about all those people who leave the regular work world to become Free Agents.  They're out there somewhere.

ANDY: Freelancers? I am not sure there are that many that meet my needs. Besides, where do you find them?

CARL: Well, how about the job boards?

BRENDA: You mean like Monster and Guru? I've used those and they work okay but, in my experience, most of those people are looking for full time.  Even at their best, those sites still don't address my biggest issues: ramp-up time and cost and the potential for knowledge leaks. The freelance boards out there don't solve these problems for me either.

CARL: Actually, my company is in the same boat.

ANDY: Me too.  Training time is especially a problem in the Fall when my business picks up.

BRENDA: Fall is not typically my busy time. For me its usually tied to our budget cycle which puts a big crunch on our org in May and June. You know, last minute pushes to shore up the bottom line.

CARL: That's interesting because most of our clients have budget cycles that don't release funds until the first of the year. So we are often super-busy in the first quarters of the year.

ANDY: And February through May is often our low time. (Laughing) What say we work out a swap?  You can borrow some of my staff for part of the year – so long as I can get them back in time for my rush.

BRENDA: It's a neat idea but I need software developers, accountants and geneticists.

CARL: I have lots of great devs that I could loan you during that time, Brenda.

ANDY: I certainly don't have any geneticists but I have a few IT pros and accountants I could probably rent out in May and June.

BRENDA: Hmm, this is an interesting idea. My staff are available to you guys if you want them when I am at a low cycle. Your staff are available to me when you are at a low cycle? How would that actually work?

CARL: Well, there are few different ways we could do it. Somehow we'd have to communicate to each other when our respective staffs are actually available, how long they'd be available for, etc.

ANDY: That is fairly easy to do. We could even use a project-management web site to map out resource availability, dependencies, project timelines, etc. But what about pay? What if your IT folks are more expensive than mine?

BRENDA: It seems like there ought to be a solution for that. The simplest that occurs to me is if you just paid my company the higher rate. I mean, even if my staff are more expensive whatever my rates are they are going to be less expensive for you than outsource-rates or contractor-rates. Or maybe you could continue to pay your rate to us and we would pay the difference. It would be cheaper than retaining the staff when I don't need them, and it acts as a sort of insurance that I'll be able to get those workers back when I need them without the training time.

CARL: Yeah, but this could get tricky. I mean, how do I know the skill level of your worker? It sounds to me like a lot of HR hassle: job descriptions, testing …

ANDY: Well, let's not shoot it down just yet. Yes, there would almost certainly be some bumps but let's just keep thinking this through.  I mean, some jobs have quite a bit of standardization.  A Junior Accountant at Blaylox probably has the same skill set as a Junior Accountant at Calhoun. We don't need to get overly analytical about this.

BRENDA: But what about software development? What if my folks use one computer language and yours' use another?

CARL: You see, there's another show-stopper. I need specific expertise in a single area.

ANDY: Now hold on. There are a couple ways we could deal with that. Ideally, they use the same computer languages. But what if they don't? I don't know about you but my staff, my tech staff in particular, are always looking for opportunities to learn new things. Have you ever lost people because they get bored? I know I have. Okay, so what about the situation where you have a crack programming team but they don't know my environment or my language? If I knew that I could count on your team to come back and work for me one day I would gladly invest in a little time to let them get up to speed. I realize that some gaps are too far to span, that some technologies are just too different. But if it is not that far of a leap I'd invest in them.

BRENDA: I would too. My experience is that a lot of those people are quite flexible and can learn things quickly. I guess some of this would have to be played by ear. We'd have to consider it an experiment if we were to really try it.

CARL: Well, I guess if we considered it an experiment, an "alpha" prototype of a process, then I can see my firm participating.

ANDY: It might be worth trying out. To be honest, though, I am a little reluctant to loan out my core group. I guess I am a little paranoid about losing them.

BRENDA: That's totally understandable. While we are being honest, I have to admit that I really am pared down to our core already. My problem is less about keeping my core staff busy and more about adding staff when I need it.

CARL: And I have both problems. Sometimes I am overstaffed and sometimes understaffed. Like I said it depends on how much project work is coming through.

ANDY: So that brings us back to our discussion about outside resources.

BRENDA: I wish we could have a pool of staff available that we dipped into as needed. With our differing work loads, it sounds like we could keep the pool pretty consistently employed. That way, knowledge-loss and security issues would be less of a problem.

CARL: Now that sounds appealing to me, especially if they are high-quality pros. But what is in it for them. What do the Free Agents get out of being part of this "pool"?

ANDY: Well, they get consistent work … if they want it. Plus, because they are more or less consistently employed by three of us instead of some hodge-podge of employers, they get to know some systems deeply instead of just in passing. Also, because they will often be working with familiar people, over time they get to feel more like they are part of a team. I have heard that isolation can be problem for a lot of freelancers. But how would they get paid?

BRENDA: Hmm, we'd have to work that out. I think the three of us should establish a common rate and we'd each pay them from our own payroll for the hours worked.

CARL: I suppose we could set up a company shell to pay them from. That way their paychecks would come from a common source.

ANDY: Wouldn't a shell org just add overhead though? The goal is to minimize costs while meeting resource demands. I don't think we need to add a company to the mix.

BRENDA: I agree that creating a business to coordinate this, a shell org as you say, would probably only add cost. I can see it now: first, we add a coordinator position and then an HR person, etc, etc, and the next thing you know we have a private contract agency … with all the overhead associated with it. So, creating a separate business to handle our resource needs is probably not the way to go. A structure of some sort would probably have some value to us though. It just should be free.

CARL: Hm... like a consortium. A consortium is a group of companies that agree to cooperate, often by pooling resources together, in order to meet some common goal. There is little to no overhead to creating and running a consortium. But they do take some time from the consortium members.

ANDY: A consortium, huh? How would that work? It sounds like we'd agree to be a consortium and then we'd communicate every now and then for the purpose of sharing a pool of Free Agents.

BRENDA: Yeah, something like that. Our individual organizations would provide the payroll and HR functions. That way we leverage our existing infrastructure without adding overhead. But what is in it for the freelancers? What do they get out of it and what are their needs?

CARL: Well, I think we have a pretty good idea what would be the advantages to them. They want good pay and work continuity .

ANDY: They'd want less isolation.

BRENDA: And they'd want benefits. Not sure how we'd handle that one. If they are working less than 25 hours per week at my company then they cannot receive benefits from my company. If the pool of freelancers had some sort of structure themselves then they could probably negotiate some insurance on behalf of their collective group. I know some other groups have done that.

CARL: That presupposes that there is some sort of group of Free Agents, though. (Smiling) A group of Free Agents is sort of an oxymoron.

ANDY: I don't think so. I can easily imagine a group of Free Agents agreeing to join forces, form a team and cooperate with each other if they have a good reason to do so. And if the consortium can provide some good reasons, we might be able to encourage them to form such a team.

BRENDA: You know, there is a conference coming up just for local Free Agents and freelancers. We could probably go and ask them what they really need and what they think of this idea.

CARL: It's worth a shot. After all, it's just an idea that we are experimenting with. Let's check it out and see if we can generate any interest.

**The Freelance Conference**
We find our Free Agents at a seminar about how to manage personal finances as a freelance. XIANG is a Project Manager with 10 years of experience in high tech. She quit a lucrative full-time position a year ago to help care  for her aging mother. Now that her mother is doing well, she'd like to get back into the work world but she really enjoyed the sense of independence that came with leaving a regular 9-5 job. YOLANDA is a software tester. She's worked on various projects throughout her long tenure at a major software company but she's feeling a bit static and ready to experience some new environments so she's toying with leaving her current job to become a freelance. ZACH graduated from an Ivy League school 4 years ago and  was picked up by a well-established firm. He enjoys his work as an accountant... but he's also the front man of Shackaroo, an alt-country rock band. Shackaroo has released their first full-length CD on Sub Pop Records and they're in the process of negotiating a tour schedule.

XIANG:  The thing is, I liked my job when I left it, and I'd love to do the same thing again, but I hate feeling like I'm just warming a seat.  I want to feel like if I'm in the building it's because I have something useful to do.  Otherwise, I could certainly find something to do!

YOLANDA:  Seriously.  I just wish I could find someplace that could give me a reasonable sense of financial security without turning me into a cube-farmer.

ZACH:  Yeah.  I think if I could just find someplace that'd work with me on  the best way to get my job done and still be able to tour with my band, I'd  be happy.  I get the feeling that my current boss would rather have to train  someone totally new for my job than work with me on my tour schedule. I  know if he'd just get out of his 1950's thinking we could figure it out, but he's so all-or-nothing.

XIANG: The only part about taking a regular job that appeals to me is getting insurance.  After all the challenges with my mom's illness, I'm nervous about the expense of health insurance.

YOLANDA: I've got insurance through my husband's company, but I know I'm going to miss some of the social elements of being in a regular job.  I like working on teams, the idea of working alone all the time is not very appealing. If there was a group of people that I could work with somewhat regularly I would be happy.

ZACH: You know, I want to have some kind of a regular income, but I don't really need the full-time thing.  If I could find a place that would let me have arranged time off, but still have a place for me to come back to, that'd be great.

XIANG: I've been working in the same role for 10 years.  I want to use my experience to work somewhere that has a healthy dose of new challenges but also lets me flex my PM skills.  Maybe if I could just cycle through a couple of different places so I could gain some familiarity without getting too stuck in a rut...

YOLANDA: That would be nice.  Just work for a couple different companies and work out some kind of regular plan with them so we're just there when they're busy, but we can go off and try new things.  We'd still be able to come back to the familiar faces during their next busy season

and be able to hit the ground running.  It'd be like getting continuity and flexibility at the same time.

XIANG: Yeah, and maybe we could get some insurance breaks too.

ZACH: Well that's what a contract agency is for, right? I mean they shop us out to whatever companies need us at the time. And they provide some benefits.

XIANG: Yeah but the contract agencies take a huge cut right off the top. It bugs me to think about how much a company pays for my service.  Besides, it seems like by the time a company pays for a contractor they'd be in pretty tight shape and I'd end up spending more time putting out fires than actually contributing to their business.

YOLANDA: Oh, totally. Sometimes the employer is paying almost double what the employee is actually getting. I am not sure why the employers put up with it.

ZACH: Well, they must need the contractors pretty badly … and they can afford it I guess.

XIANG: I doubt any company is happy about paying nearly double though. I mean they already have staff.

YOLANDA: Well, that's why a lot of companies are outsourcing to foreign labor. The labor rate is so low in places like India and the Philippines that even with some middleman's fee,  the cost to the employer is *still* lower than their in-house staff rates.

ZACH: I don't think foreign outsourcing is quite as popular nowadays.  I've read where companies have such a hard time with the time zones, language barriers and extra documentation that the whole process doesn't end up being quite as thrifty as they'd expected.

XIANG: Some companies are using domestic local-sourcing where they use labor from rural areas.

YOLANDA: Interesting... but I couldn't imagine getting some of my projects done without the face time.  Teams don't have to be constantly face-to-face, but projects are more efficient when people are physically near each other.

ZACH: That seems pretty reasonable. It makes sense that people would be more productive when they're able to just walk over to a co-worker's desk to ask a simple question.  And more fun, too.

XIANG: Oh, sure. Many studies support that. But I had a co-worker at my last job that was *constantly* doing drive-bys and it was really distracting. It can really drain productivity if it gets out of hand. There are some advantages to having some isolation.

YOLANDA: Well, as long as its not too isolated, y'know?

ZACH: I think, too, that people generally care less about the company they work for than the people they work with.  I know that's the story for me. I think its a lot different than my Dad's time where they stayed at one gig for a long time or even a lifetime. The employee was loyal to the company and the company was loyal to the employee.  That's just not the way things work any more.

XIANG: As a project manager, my allegiances have always been slightly nebulous. Yes, I have to support the project sponsor but on a day-to-day basis I have to work with the project team,

typically on behalf of a paying client. What is important to me is to create something of value that makes a difference to someone. I'll encourage or push back on a client or a member of the project team to keep the project in line, not because they're in the role of client or team member.

YOLANDA: I think the "company" is an artificial boundary that just doesn't carry the same importance that it used to. Zach, I think in your father's era people thought of their work in really finite terms. You're supposed to arrive at work at 9am, take your lunch at noon, then leave promptly at 5pm. If you also happened to like your work, well that's a bonus... but not really required. Now that that structure has broken down, people are giving more of themselves and demanding more – emotionally - from their jobs. Forward-thinking companies are starting to realize that if they can provide a place for people to collaborate and share their talents while providing decent compensation then they'll get more value from their staff. I know that's really what I'm looking for!

ZACH: Sounds about right to me. It seems like there must be companies out there who're tired of paying contractor costs or who don't like the idea of remote outsourcing, but who need a consistent group of professionals to work with like ourselves, don't you think?

XIANG: There must be. But how do we find them? I mean, I don't know of any disgruntled employers dot com site that'll lead us towards them.

YOLANDA: And even if there were, what would we do with them? I mean, the three of us just aren't enough by ourselves to provide sufficient breadth of services to entice a company to employ us consistently.

ZACH: Well, we could add some people to our group to round out the services that we provide. I know of at least a half-dozen people that might be willing to participate – definitely all of my band-mates, plus some friends I still talk to from college.

XIANG: Hmm, that might work, I know some people too. But why would an employer work with us instead of a contractor?

YOLANDA: Cost. We'd have no overhead. They could get quality professionals like ourselves at competitive rates.

ZACH: Not to mention – if we had a regular agreement with them, then the same person could come back to do the same job – a familiar already trained person is going to be more valuable to them than any unfamiliar contractor, no matter what else the contractor can offer.

XIANG: Absolutely. A lot of companies have cyclical or project-based staffing needs. If there was an employer, or a group of employers, who needed contract people on a regular basis then we could forge some kind of working agreement with them.

YOLANDA: Sure, they get a pool of available pros that they can dip into as needed. We get consistent work at competitive wages... and hopefully some benefits, too. But it would have to be consistent to appeal to me, not just a week here and there.

ZACH: Actually, something that's just a week or a month here and there would be great for me … gives me flexibility to pursue opportunities with my band without burning any corporate bridges. But don't we need to form a company or something so that we'll be taken seriously by the kinds of companies that we'd want to work for?

XIANG: Not really, we just need a structure of some sort where the workers can represent themselves as a cohesive unit. Besides, forming a company just adds cost and hassle. First we

would elect a president, and then we would hire a coordinator, etc, etc.  The next thing you know we have all the overhead that a contract agency has. And then we would have to pass those costs on to the employer and then we are no longer cost-competitive for them. For this idea to work, we'd have to agree to shoulder some of the responsibilities ourselves so that we could keep our rates low.

YOLANDA: Well, maybe we should get some unions involved in this. They could probably negotiate for us.

ZACH: Ugh.  No.  I'm sorry, but unions seem like exactly the place where those ancient power bureaucracies flourish! Not to mention union dues putting a damper on the whole cost-competitive idea.  We definitely don't need that.  We can represent ourselves just fine.

XIANG: I guess it depends on who we are dealing with. If we are dealing with unionized mega-huge corporations then I can imagine some sticky complications. But if we are dealing with small to mid-sized companies then we are in smoother waters. I think you're right, unions might be able to provide some services but in general I think they would only gum things up for us.

YOLANDA: It sounds like we are talking about a group of people like ourselves all working together but without rigid power structures and excessive bureaucracy. Sounds like a tribe of some sort to me.

ZACH: Yeah, some sort of co-op.

XIANG: A co-op is a good idea but even co-ops are often profit-oriented.  Our 'profit' would have to be completely restricted to market-competitive paychecks for the employees, not for the collective that got us those paychecks.

YOLANDA: Right, we'd need to stay light so that we remain cost-competitive for the companies while still financially appealing for the employees. This idea has real possibilities for competing with the foreign outsourcing movement. I mean, we're right here, we are available to jump in and get into the company culture without all the documentation that foreign outsourcing requires and we can do it at competitive rates. That must have some interest for some companies. So, yes, we need some organizational structure but not too much. I guess we wouldn't want to be a huge tribe, maybe 20 or 30 people depending on the employers' needs.

ZACH: I think what you are describing is a collective: an autonomous, self-governing group of people who join forces for the purpose of achieving some common goals.

XIANG: Sounds about right. In this case, the goal is to be gainfully, meaningfully and consistently employed. And while we can do that right now on our own there is probably real benefits to joining forces.

YOLANDA: But there are already freelancer groups out there and Monster, etc. Why wouldn't we just keep doing those? Why would we need to form a worker's collective?  This is a pretty new idea.  Why would we do this instead of the networks that are already out there?  I mean, really...what's the advantage to us - and to the employers, for that matter?

ZACH: Well, for the reasons we already discussed. I think the employers can engage us more confidently if there is some consistency to who we provide to them. It must be a problem for them when contractors or freelancers walk out the door after a project is over and all the knowledge and experience walks out with them.

XIANG: Sure, the Intellectual Property loss and security concerns...

YOLANDA: Right, right. And it must be a hassle to keep training new contractors. I know at one previous job, we kept bringing back the same mediocre contractor. I think the higher-ups figured even through he wasn't very good at his job, he'd still be more beneficial than having to start with someone completely new that may- or may not be much better. I bet it would be a relief to be able to tap into a consistent pool of professionals. You know, some familiar faces. Sorta like their own staff.

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XYZ then notice that three people, ABC, have moved closer and are intently listening to the conversation and nodding at each other.

ANDY: Excuse us for eavesdropping, but we couldn't help but notice that you three were talking about something that we have been thinking about as well.

XIANG: Forming a collective?

BRENDA: Well, not really. Each of us work at companies that have cyclical work where sometimes we don't have enough people. So, we are forming a consortium to share some common resources … in this case working professionals.

YOLANDA: Wow that sounds great. Your consortium could work with our collective. But what about compensation? How would we get paid and what about benefits? And how would we be notified that there is work and what if there is not enough work? Do we get go to work for a contract agency? I have to have some consistency. I have a million questions.

CARL: We have a lot of questions too! We haven't thought everything through all the way but we think that it makes sense to discuss it and experiment with this sort of thing. We just want to make sure that it makes sense for both sides. So we came to this conference hoping to get some perspective on freelancer needs.

ZACH: Well, you bumped into the right group! We should all get together and see if we can't figure out some answers and then see what it would take to try this out.


**The Consortium and the Collective Meet**

ABC and XYZ are in a meeting room of one of ABC's companies. There are a few other people, company reps from other companies and some freelancers, who are there listening in.

ANDY: This is great that we are finally all getting together. I hope everybody has had a chance to give it some more thought. I believe this idea, while not completely fleshed out, has some real potential and I am interested to see where it can go.

XIANG: Yes, thanks for setting this up. We are interested in seeing what you have to offer us.

BRENDA: And we are interested in seeing what *you* have to offer us also. So, I guess we should start this meeting off by first recognizing that your group and our group will benefit the most when we are aware of not only our own needs but the other group's needs as well. That we each have something to offer each other.

YOLANDA: Agreed, it really is like a relationship in a way … a working relationship between two groups of people. That is part of what is appealing about this idea. Namely, that both groups are

concerned and aware of the other group's needs. A lot of the current employer-employee "relationships" out there are really somewhat lopsided or not optimal for either group. For example, contract agencies are okay for us freelancers but they are sometimes not that consistent with the work they provide us.

CARL: And for us, contract agencies charge a lot of money for their overhead. If we could reduce our labor costs then that would be great. So, I am pretty hopeful about this little experiment. My main concern I suppose is that it falls apart because we expect it to be perfect right from the start, that all the answers are already there. I believe as long as we ease into it and manage our expectations I think we should be okay. I feel we should all get used to thinking of it as something we are just trying out for now, an experiment.

ZACH: I am all for experimenting and trying out new things but I am hoping it is an experiment that actually works. For example, your companies all sound interesting to me and I would like to find out what opportunities there are. But I personally need a little flexibility in my work schedule because I am in a band, the Shackaroos, and I need to travel sometimes … but don't worry there are colleagues in our collective who have the same skill set as I do and can fill in when I am not around.

ANDY: That sounds similar to what my colleagues and I were talking about except we were saying that our work cycles go up and down but the overall demand for workers, if considered across all of our companies, is actually fairly constant. [Goes to white board and draws a work cycle  diagram]. For example, when my company is slowing down her company is at peak demand and so forth. It sounds like you are saying that your collective might have some similar things going on too.



XIANG: Yes, I suppose we do have the ability to fill in the valleys somewhat. So, are you saying that you will guarantee to keep us employed more consistently than the contractors or other employment methods do?

BRENDA: No, I don't think we can guarantee that, not at this early stage anyway. Again, I could ask the same of your group. Does your collective guarantee to provide us workers no matter what? I believe you would say the answer is no.

YOLANDA: Correct, we are not really in a position to guarantee anything at this point.

CARL: So, if neither group can guarantee each other anything then is there a point to this?

ZACH: Well, sure. I think this is about a different kind of relationship between employers and employees. It seems to me that the *employer's* intent is to keep us all working and *our* intent is to provide the employers adequate staff.

ANDY: But not just supply workers but supply reasonably priced workers that we can count on.

XIANG: And not just provide work to us but provide consistent, hopefully satisfying, work.

BRENDA: So, what we are doing is articulating what is important to our groups. I would like to add that the people I hire must be top notch professionals that I can trust.

YOLANDA: Okay, let me write some of these down [Goes to another part of the white board and starts writing]. I would like to add to the list that we are interested in benefits like insurance. Some of the contract agencies provide insurance already but you have to work very consistently with them before you are eligible.

CARL: Now, there's a good topic for discussion: insurance. We've given the topic of insurance a little thought and have come up with a few options.

ZACH: Yeah, what about insurance? How is that going to be handled?

ANDY: I recommend that we postpone a discussion about insurance for a moment and just finish jotting down our needs, okay?

[Everybody nods. They brainstorm a little while longer and eventually they have list with two columns:]

| *Summary of What Employers Want* | *Summary of What Workers Want* |
|---|---|
| <ul><li>Reduced costs.</li><li>Easy access to skilled labor.</li><li>The ability to flex quickly to meet project needs.</li><li>A trustworthy source of qualified labor that meets privacy and security needs.</li><li>Known entities.</li><li>Less training costs.</li><li>A group that integrates well with each other and existing staff.</li></ul> | <ul><li>Benefits, insurance</li><li>Good wage</li><li>Some autonomy</li><li>Less isolation, more sense of team</li><li>Decision-making authority</li><li>Work continuity</li><li>Work flexibility</li><li>Respect</li><li>Meaningful work</li><li>A sense of contribution</li></ul> |

XIANG: That is a pretty good list. I don't think it is prioritized entirely like it shows but I think it is safe to say that insurance and good wages are one of our top priorities, at least for some of us.

BRENDA: That makes sense, and I think reduced costs and the ability to add staff easily and quickly is our biggest wish.

YOLANDA: Well, in looking at your list I feel pretty good about saying that I think our collective can probably meet your needs. I mean, if you are paying us directly then there is no contractor costs that you have to pay so that reduces your costs some, right?

CARL: You bet it does, in some cases it would significantly reduce our costs.

XIANG: So, if it significantly reduces your costs doesn't that mean that you have sufficient savings to pay for our insurance? I mean, if the consortium members split the insurance cost amongst themselves, the cost per company is probably relatively small.

ANDY: We have considered that option and it seems okay to us, but just okay. There is a whole a spectrum of options.

[ANDY jumps up jots down some options on the board]

*Insurance Options*

A) Consortium pays for all. Collective pays for nothing.
B) Consortium pays for nothing. Collective pays for all.
C) Each pay some.

YOLANDA: What are your reservations about option A? That seems fair to me.

BRENDA: The main reservation we have with option A, or option B for that matter, has to do with fairness. Just like at a contract agency where you only get benefits if you work so many hours. We are concerned that we would be paying money for someone who only works part of the time. In an extreme example, suppose Zach only works 1 hour a week and Xiang works 40 hours a week. Clearly Xiang deserves a full benefit but it seems unfair to pay for all of Zach's insurance benefit. Yet Zach should have the option to have insurance.

CARL: Right, wouldn't it make more sense to have Zach, in this example, pay a portion of his insurance?

ZACH: To be honest, I don't care that much about insurance, I just really need the flexibility. But yeah, if I did want insurance I think it would make sense for me to chip in some.

XIANG: I think the question of what portion to pay is the easy one. The precedent has already been set. If you work 25 hours or more then you get full benefits. Am I wrong?

ANDY: No, that seems right to us also based on our existing company policies. Over 25 hours and the worker is entitled to full insurance bennies.

XIANG: So the real question is which group pays for the insurance. I cannot understand why we would ever want to pay for the insurance ourselves.

BRENDA: Well, it might be possible that you don't like the insurance plan that we offer. Or, maybe you don't believe that there is enough insurance coverage. In that case, the collective might want to manage their own insurance.

YOLANDA: But that is a separate question, namely, who is managing the insurance for the collective? We need to answer where the money is coming from.

CARL: Thinking like a corporation, the corporation is interested in maximizing profit and would therefore prefer not to pay anything for insurance.

BRENDA: True, but this isn't the 1800's and we realize that *we* have a responsibility to the worker (even if the government might not). So we believe it is entirely fair to at least pay for a portion of the insurance.

XIANG: But how much of a portion? Why don't you just come out and give us an answer?

ANDY: Again, we don't have all the answers, Xiang. We are figuring this out as we go, just like you are. It just seems like the collective should be responsible in some way for the insurance. Whether that is a portion of the costs or managing the insurance account, we are not sure.

YOLANDA: But how is it any different for the collective members from your current staff? It seems like we are being considered second class citizens. Your regular staff works 40 hours and they

get full benefits but we in the Free Agent Consortium who are also working 40 hours for you only get partial insurance? There is something wrong with this picture.

CARL: [To his colleagues] She's right. That is not a fair situation.

ANDY: If collective members are in fact working 40 hours for the consortium then it does seem ethical and professional to pay for their insurance benefit through some sort of kitty, perhaps. But what if they are working for someone outside of the consortium as well? How are we going to know how much to pay?

XIANG: Again, if we are not working full time then we do not get full insurance.

ANDY: How are we going to manage that? That seems like a big hassle. We don't want to have to hire someone to manage the comings and goings of all this.

YOLANDA: I think we could self-govern that piece.

BRENDA: That implies that the consortium members just chip in their money to a kitty, as Andy said. Then the collective is responsible for buying insurance for its members.

ZACH: But we can't buy insurance like you guys can.

ANDY: Well, if there were 20 or 30 of you in the collective, you might be able to do pretty well. It is all about volume to the insurance providers.

BRENDA: There are other factors as well, but that's true. It's also possible for them to leverage off our company's insurance plans. I know we'd probably get a discount for adding insurees but I am not sure how that would work if they were not entirely on our payroll.

YOLANDA: I think we need to get some professional insurance perspective on this one. Maybe we should table this for now. At least we are in agreement that the consortium will contribute some portion, if not all, to the collective insurance, right?

[Consortium members look at each other and nod]

CARL: That seems about right, yes. But remind me what the consortium gets out it. What do we get for paying for the insurance of collective's members?

XIANG: What the consortium gets is first dibs on a pool of reliable, professional workers and you don't have to pay middleman markup like you do when using contract laborers.

ANDY: That sounds pretty appealing actually … and I agree we could use some professional advice here. I guess I want to know how the collective is going to guarantee that we have skilled people when we need them.

XIANG: Like we said earlier, I don't think we can guarantee that sort of thing … not at this early stage anyway.

ANDY: Okay, so how does it work?

ZACH: This is how we see it working. First, the consortium tells us roughly how many people they are going to need at any given time and the kinds of jobs they will be. From that, the collective forms a group of people that meets that need. It might 5 people or it might be 30 people. It just depends on the consortium needs.

BRENDA: But how do we know that the people you are getting are adequate?

XIANG: There are going to be some adjustments in the beginning as we settle in to the optimum number.

BRENDA: That makes sense. I guess I was actually wondering how are you going to ensure that the people have adequate skills?

YOLANDA: Well, we have thought of a few options including screening tests or interviews with our own subject matter experts … much like your HR departments already do. But basically it is the responsibility of the collective to ensure that they have adequate resources for the consortium. As long as the collective knows your requirements then I think we should be able to meet the needs.

CARL: Can you meet the needs at competitive rates?

ZACH: It's going to be a lot cheaper than paying contractor rates!

ANDY: Will the rates be commensurate with the rates I am paying my internal staff?

XIANG: Yes, why wouldn't it? I mean, we would expect rates similar to what you pay your staff. That's reasonable isn't it?

BRENDA: Yes, that is reasonable. We didn't really think you could be competitive with foreign outsourcing rates. But you wouldn't be charging us more either would you?

YOLANDA: [points to needs list on the whiteboard] We just want competitive wages, consistent hours, benefits, etc. It's in our best interest to provide you with competitively priced skills so that you can engage our services consistently.

CARL: Yes, if you can be there when we need you then we can provide you fair wages.

ZACH: We wouldn't be making any less money than what we are making right now though would we?

ANDY: Actually we worked out some sample scenarios and it seems that you could probably make *more* money as a collective worker than in other situations … mainly because you'd have more hours at same or higher pay and subsidized insurance.
[Andy passes around some printouts]

|  | FTE | Contract | Free Agent | Collective |
|---|---|---|---|---|
| Wage / Hr | 40 | 40 | 55 | 50 |
| Hours / Yr | 2,080 | 1,800 | 1,500 | 1,800 |
| Insurance Cost/yr | 200 | 500 | 1,500 | 400 |
| Benefits Cost/yr | 0 | 1,500 | 1,500 | 800 |
| Total Before tax | 83,000 | 70,000 | 79,500 | 88,800 |

ZACH: Now you're talking. This is looking pretty good to me. I think we should go for it. How soon could we get started?

BRENDA: Well, we still have a few things we have not really worked out yet, don't you think?

XIANG: Yes, we really should finalize our thoughts about how to handle insurance.

CARL: And we haven't discussed how to notify people when we need them.

YOLANDA: Nor have we discussed where our paychecks will come from. That is kinda important you know.

ANDY: Or what will happen if the collective runs out of people. That is important too.

ZACH: Sure, or what will happen if the consortium does not keep us consistently employed.

BRENDA: So yes there are a number of important things that we should answer still but none of the questions seem like real show-stoppers. So far, having this dialogue with you all makes me feel pretty comfortable saying that there is some real possibility for this collective-consortium idea to work out don't you think?

[General murmurs of consent and agreement]

CARL: Sure, lots of questions to answer before we launch this little experiment. I am eager to get them answered because, frankly, I need to get a front-end developer in ASAP for a client-project I have coming up and I would rather not have to go through another contractor process if I can avoid.

ZACH: Well, Carl, look no further because Zach is ready to roll!

The group works through a few more question and agrees to meet next week to finish up some of the remaining questions. Some numbers are exchanged for a couple jobs that are already in the queue.

# Appendix

## Definitions

*Cooperative*
A cooperative (also co-operative or co-op) has been defined in the International Co-operative Alliance (ICA) Statement on the Co-operative Identity as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise."[1] A cooperative may also be defined as a business owned by the people who use its services. They "are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others."[2] Such enterprises are the focus of study in the field of Co-operative economics. Cooperatives also have a sponsored top level domain .coop, which informs users that they are dealing with a co-op.
http://en.wikipedia.org/wiki/Cooperative

*Worker cooperative*
A worker cooperative or producer cooperative is a cooperative that is wholly owned and democratically controlled by its "worker-owners". There are no outside, or consumer owners, in a workers' cooperative—only the workers own shares of the business. Membership is not compulsory for employees, but only employees can become members.
http://en.wikipedia.org/wiki/Worker_cooperative

*Cooperatives vs. Unions*
While unions and worker-owners share many aims, there are also profound differences. True cooperatives address working conditions through direct democracy at the company level. Members have the right to participate in making decisions on matters such as compensation and business planning. Co-op members do not like being restricted in their decision-making by factors external to the cooperative—even factors like industry-wide collective bargaining agreements. When co-ops interact with other co-ops, they typically form secondary cooperatives controlled by the member co-ops, which run them to serve their common needs. One might say that co-ops tend toward decentralization.

In contrast, unions depend on numbers to build their strength. They need to maintain a degree of discipline among their locals, insisting on relative uniformity around key issues. Unions' most effective strategy for bringing about changes in the workplace is the collective refusal to work. If the central leadership cannot count on each local to follow its direction, the threat of a strike loses credibility. Thus, unions depend on centralization in order to create enough power to offset that of the owners.

"Worker-Owners and Unions" http://www.dollarsandsense.org/archives/2006/0906bell.html

"labor unions have derived their strength from seeking to establish a monopoly on the sale of labor in a certain industry or region"

Free Agent Nation: http://www.fastcompany.com/magazine/12/freeagent.html

*Wiki : Collective*
A collective is a group of people who share or are motivated by at least one common issue or interest, or work together on a specific project(s) to achieve a common objective. Collectives are also characterized by attempts to share and exercise political and social power and to make decisions on a consensus-driven and egalitarian basis. Collectives differ from cooperatives in that they are not necessarily focused upon an economic benefit or saving (but can be that as well).

*Consortium*
A consortium is an association of two or more individuals, companies, organizations or governments (or any combination of these entities) with the objective of participating in a common activity or ==pooling their resources for achieving a common goal==.

Consortium is a Latin word, meaning 'partnership, association or society' and derives from consors 'partner', itself from con- 'together' and sors 'fate', meaning owner of means or comrade.

*Economics*
Each participant retains its separate legal status and the consortium's ==control over each participant is generally limited== to activities involving the joint endeavor, particularly the division of profits. A consortium is formed by contract, which delineates the rights and obligations of each member. Consortia are more common in the nonprofit sector. ==A more permanent joint activity is usually called an institute==.
http://en.wikipedia.org/wiki/Consortium


**Examples**
*Eggplant Active Media Workers' Collective*
provides inexpensive and highly effective technology services to organizations creating social change. We are a tight-knit cooperative of technology and media activists working together to create efficient strategic solutions
http://eggplant.coop/

*The ICA Group*
As Venture Catalysts, we create model employee owned companies and community income generating projects that save and create jobs.

The ICA Group is a national not-for-profit organization which seeks to create and save jobs through the development and strengthening of employee-owned cooperatives and community-based projects. ICA provides a full range of business consulting and technical assistance services, education, and financing to clients working in or seeking to start worker-owned and community-based businesses.

ICA's clients include scores of employee-owned businesses in a wide range of industries and a variety of public sector and private non-profit organizations concerned with creating and retaining jobs. Through the development of worker-owned cooperatives and Employee Stock Ownership Plans (ESOPs) ICA helps these clients realize their goals.
http://www.ica-group.org/

*LEAF*
LEAF Provides Flexible Financing to Cooperatives and Social Purpose Ventures
LEAF's mission is to promote human and economic development by providing financing and development assistance to community-based and employee-owned businesses that create and save jobs.

We structure our financing to the needs and capacity of each business.  Investments are structured as secured debt, subordinated debt, lines of credit or equity financing depending on the business need.

Our close working relationship with the ICA Group, a non-profit consultant to worker cooperatives and other social purpose ventures for 25 years, enables us to provide our clients with access to first class business assistance in addition to financing.

Since our creation we have invested more than $3 million and leveraged an additional $27 million for worker cooperatives and community-based businesses.
http://www.leaffund.org/

*Freelancer Union*
http://www.freelancersunion.org/faqs-home/

What are the benefits of being a member?
As a member of Freelancers Union you can:
- Create a profile and get listed in the Freelancers Yellow Pages
- Access discounts
- Post a project or gig
- Contribute to the resources wiki
- Find and apply for a gig
- Manage your account and update your contact info
- Apply for insurance products
- Sign up to receive e-newsletters
- Network with other freelancers
- Post a message on the message board
- Get involved in advocacy so your voice is heard
- Attend a popular Freelancers Union event

Freelancers Union is a national nonprofit 501(c)(3) organization that represents the needs and concerns of America's growing independent workforce through advocacy, information and service. Independent workers—freelancers, consultants, independent contractors, temps, part-timers, contingent employees and the self-employed—currently make up about 30% of the nation's workforce.

We exist because we believe that freelancers can help each other. Whether it's forming a group to get a lower rate on insurance, or answering each other's professional questions, everyone does better through cooperation.

By coming together in Freelancers Union, independent workers also achieve visibility. The organization works to educate policymakers and the public about the needs of freelancers. We advocate for policy changes, and through our surveys, we do research on the independent workforce that no one else is doing.

Now, we're helping freelancers to come together in a nationwide online community to find work and share their knowledge. In fall 2006, we'll begin to offer life and disability insurance throughout the U.S., with health and dental insurance expanding on a state-by-state basis.

JOENOTE: At the time of this writing, they say they are nationwide but they actually seem isolated to NY.

## Financials

*Monster*
100 Mile radius

| Term Duration | Views | Price |
|---|---|---|
| 2 Weeks | 400 | $650 |
| 1 Month | 1,500 | $1,100 |
| 3 Months | 5,000 | $3,000 |
| 6 Months | 10,000 | $5,000 |
| Annual | 20,000 | $7,000 |

http://hiring.monster.com/products/resumeproducts.aspx

*Embedded Excel Work Sheet Objects*

*Employer*

| Mix #4 - Half Internal, Half Free-agents | Internal Staff | Contractors | Outsource - Domestic | Outsource – Foreign | Free Agents | |
|---|---|---|---|---|---|---|
| Rate | 65 | 85 | 110 | 45 | 65 | |
| Avg number of projects per year | 30 | 0 | 0 | 0 | 30 | 60 |
| Avg number of hours per project | 80 | 80 | 80 | 80 | 80 | |
| Additional staff time % | 5 | 10 | 15 | 30 | 10 | |
| Add staff rate | 65 | 65 | 65 | 65 | 65 | |
| Additional staff costs | 7800 | 0 | 0 | 0 | 15600 | |
| Total $ | 163,800 | 0 | 0 | 0 | 171,600 | **335,400** |

*Employee*

| | FTE | Free Agent | Contract | Collective |
|---|---|---|---|---|
| Wage / Hr | 40 | 50 | 40 | 50 |
| Hours | 2,080 | 1,500 | 1,900 | 1,800 |
| Insurance Cost/yr | 200 | 1,500 | 500 | 400 |
| Benefits Cost/yr | 0 | 1,500 | 1,500 | 800 |
| | 83,000 | 72,000 | 74,000 | 88,800 |

**Links and Sources**

http://en.wikipedia.org/wiki/Cooperative
http://en.wikipedia.org/wiki/.coop
http://en.wikipedia.org/wiki/Worker_cooperative
Article on difference between worker cooperatives and unions in Dollars & Sense magazine
http://www.google.com/custom?q=software+cooperative
http://www.google.com/custom?q=IT+cooperative
http://www.google.com/custom?q=worker+cooperative
Starting A Worker Cooperative. http://www.ica-group.org/1st%20Row/workercooperative.html
"Worker-Owners and Unions" http://www.dollarsandsense.org/archives/2006/0906bell.html
http://en.wikipedia.org/wiki/Collective
http://www.google.com/custom?q=worker+collective

http://freeagent.com/

New York State: http://www.freelancersunion.org/
http://www.workingtoday.com.au/
http://www.fastcompany.com/magazine/12/freeagent.html
http://www.workingsolo.com/
http://www.freeagentassociation.com/

http://www.freelance-seattle.net/

**To Do**

TODO: Metropolitan consideration vs. near-sourcing (e.g. rural).
TODO: Cultural Creatives / LOHAS connection?
TODO: find and cite work-cycles concept.
TODO: work FAP from the angle of a contract agency or some neutral party providing the coordination.

TODO: Extend Joe's story to approaching and engaging consortium members, Free Agents, etc.

add acknowledgements for NH, MP, DD, etc.

TODO: Business Requirements Doc for Cooperator.

*Finance*
TODO: Refine scenarios and insurances in finance section.

*Growth Potential*
TODO: insert similar calc for free agents then calc some consortium-collective info

TODO: contact ica-group

TODO: contact and discuss:
http://www.freelance-seattle.net/

Finish Phases and Changes section.

*Future Docs*
TODO:
- BRD/TRD for Cooperator.
- FAQ for consortium members.
- FAQ for Free Agents.
- Sample docs (forms, etc)

**Document History**

| Date | Description | Author(s) |
|---|---|---|
| 5/24/2007 | Draft | Joseph R Shuster |
| 5/29/2007 | Edits | JRS |
| 6/11/2007 | Edits, added sections 3, 4, 5 and cost sheets | JRS |
| 8/30/2007 | Edits and formatting, added Work Cycles section | JRS |
| 9/14/2007 | Edits, added Regular Employee section | JRS |
| 10/12/2007 | Added Employer dialogue. | JRS |
| 10/26/2007 | Drafted other two dialogues. | JRS |
| 11/20/2007 | Edit and revise first two dialogues. | Sandi Olson |
| 1/4/2008 | Reorg section 1. Refine the options grid, added option 7. | JRS |
| 5/21/2008 | Full review. Updated charts. Added Intro, Implementation and TBL. | JRS |
| 5/26/2008 | Clean up. Added Creative Commons license. | JRS |
| 9/10/2008 | Converted "Implementation" section to "Phases and Changes" | JRS |
| 2/24/2009 | Renamed to Free Agent Consortium. Grammatical edits. | JRS |