

Small Biz Bites Blog

The Age of the Contractor

Posted by: Andrew Benkard : January 15th, 2008

This is the age of outsourcing. Companies outsource website design, homeowners outsource patching the roof, and throughout the economy independent contractors wrestle with issues of branding, warding off bigger competition, and trying to grow good ideas into big businesses.

Suddenly, contingent, on demand, flexible workforces – contract labor that is available to solve urgent issues – is what cost-conscious organizations crave. One irony: many contracting jobs now are among the best because, simply put, cleaning up a flooded basement cannot be subcontracted to Bangalore, India. That said, however, significant profits continue to be made by cleverly riding the offshoring wave, where work shifts to lower-wage labor markets and companies unafraid of distance cut costs, sometimes with no lessening of work quality.

The reality is that in today's economy, just what and who is involved in contracting is fast morphing but the good news for entrepreneurs is that there are potentially big profits to be had by thinking far ahead.

Cases in point:

With Eyes Wide Open

Here's the problem: you have hired a website designer in Mumbai, India to redesign your site and you are paying her an hourly wage. How do you know she isn't sipping chai when she should be coding – and perhaps more to this point, how do you know she's on the right track in terms of what you want? Enter **oDesk**, a Menlo Park, CA-based company whose mission is to introduce greater comfort into long-distance work relationships. Here is how: hire a remote contractor through oDesk and up to six times an hour you receive a screenshot of the contractor's computer desktop. "We take distance out of the equation," says oDesk CEO Gary Swart. A 21st century labor exchange, oDesk lets companies post help-wanted notices and providers bid on jobs. When a buyer and labor provider come to terms, the job commences and, for her part, the labor provider agrees to install and use oDesk's screen-shot software. Is this Orwellian? Not according to Swart who explains that many hiring companies often have concerns about how hard and fast that contractor halfway around the globe is working. Another oDesk plus: savvy managers use oDesk's screenshots a lot when a project is starting up in order to see if the contractor is on the same wave length. It is cheaper for all concerned to re-tool at the get-go and oDesk's screenshots let you, in effect, look over the distant contractor's shoulder. "Today, we have 1200 jobs available and the average number of candidates per job is 11," says Swart. He elaborates that 30 percent of his labor is in India, a like number are in Eastern Europe, and 40 percent are from everywhere else. "We are bringing the global workforce to the local market," says Swart. "No matter where you are, you can source globally."



Money in Muck

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Flooded basements. Fires. Sewage backflow. Name the disaster and Somerdale, NJ-based [allRisk](#) already has a plan in place for responding, quickly, because the top focus of its customers is not missing a beat, no matter how much devastation their facilities suffer. "It's all about planning. We are experts in logistics," says Dean Ragone, co-owner of the disaster recovery firm which specializes in commercial properties, from office towers to hotels (allRisk recently entered into a relationship with Choice Hotels, which operates 5400 lodgings in the United States, including Comfort Inn and Econo Lodge). "We focus on a niche market," says Ragone, whose company employs around 64 and who has been through hurricanes, Nor-easters, and, lately, the south Jersey company has been kept busy by the frequent flooding of the Delaware River. The wheelchair-bound Ragone (he's been a quadriplegic since a childhood accident) says that allRisk wins contracts because it is available 24/7 and that every employee knows that prompt response is what keeps customers happy. Another allRisk plus: "We market relentlessly. We are always working on new deals," says Ragone, the self-proclaimed "Mr. Inside" (his partner is a general contractor who is Mr. Outside). Ragone recognizes it's not easy to be top of mind for most executives – who thinks about disasters in advance? – so he aggressively works to remind potential clients that the time to sign an agreement with allRisk is now, not when a hurricane has swept through the northeast and companies like allRisk are too busy handling the needs of existing clients to give much thought to new business. One tactic Ragone uses to raise awareness: allRisk's signature vehicle is a big yellow Hummer and Ragone nowadays mails out toy yellow Hummers to key prospects. "Last year I probably sent out 100," he says. "This puts us in front of decisionmakers. They open the box, they read about us, and, sometimes, we get the business. Who can resist looking at a yellow Hummer?"



Fighting the Big Boys

A hard drive dies. The wireless network goes out. A hacker deletes key accounting files. Who are you going to call? Big businesses have large IT departments on site to troubleshoot but small and even some mid-sized businesses have traditionally had to improvise responses to tech disasters. Enter [Gurus2Go](#) (caution: audio on page load), a nationwide repair network founded by J.D. Bryant ("in a bedroom in my home") in 2001. Six years later, Bryant has lined up over 4000 certified computer gurus (all independent contractors) and, smiles Bryant, he's not particularly fearful of better publicized competitors such as Best Buy's Geek Squad. "Their advertising has done a lot for our business," says Bryant who claims that Geek Squad's heavy marketing has fueled customer demand for quick responses to high-tech emergencies – "but their footprint is more limited than ours. We operate pretty much everywhere in the United States and they are focused around Best Buy stores." Another Gurus2Go difference: Bryant's attention is fully on the enterprise market. Businesses – one of his customers is a national network of auto dealers, for instance — deliver repeat assignments. As for his gurus – who are tested for skills and who must score high with customers or they will be dropped, says Bryant – this is a win-win for them because most lag at marketing and Gurus2Go keeps them busy. Bryant also has pushed the definition of what his gurus will fix – "we now work on ATM machines, for instance" he says and his crews will also install flat panels televisions, troubleshoot Voice over IP (digital voice) telephone systems, and try to revive dying PDAs. "We are outsourced IT and when a company needs us, they need us."



Again and Again

Is a 60 year-old chemist washed up? Day in, day out, Indianapolis-based [YourEncore.com](#) proves the absurdity of that. On one hand, YourEncore CEO Brad Lawson has lined up a blue-chip roster of client companies – Procter & Gamble, Eli Lilly, and Boeing among them – and



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on the other hand he has located close to 4000 retired technical professionals (chemists, engineers, computer scientists) and the building block idea is that these retirees do not want fulltime employment, but would they be turned on with the chance to join a high-energy team helping a major company solve a key problem? You bet they would be, and since October, 2003, YourEncore – founded with prompting by P & G and Eli Lilly, says Lawson – has taken on hundreds of assignments, often on short notice. For instance, when Hurricane Katrina knocked out a major coffee plant and nobody had a template for getting back into production, YourEncore pulled together a team that – inside 48 hours – was on the ground in Louisiana. “We had six, sometimes eight people who worked three months down there,” says Lawson.

YourEncore’s sweet spot is retirees who are in their late fifties into their late sixties – “but we have some who are well into their eighties,” interjects Lawson – and the attraction goes beyond the money they are paid. For many, it’s about doing important, interesting work but doing it on their own terms (perhaps four hour days, or maybe it is working three days a week). “At any given time we have around 300 individuals working on assignments,” says Lawson, who says that the companies that use YourEncore are particularly drawn to the depth of longitudinal knowledge of these retirees. They not only know what is new in, say, polymer chemistry but they remember when this was a newer field and, sometimes, that in-depth insight is exactly what is needed to solve a knotty problem that, so far, has stymied the regular work force. “Our people want to contribute at a high level and that is exactly what the assignments we take on let them do,” says Lawson.

One Response to “The Age of the Contractor”

- 1.
January 18th,
2008
4:05 pm

I have written a detailed review of the oDesk service in this [post](#)

Posted by [Karel Soupal](#)

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