

Managing at a Distance (Jun 10)

New websites help managers at small companies keep closer track of their freelancers' work

By SARAH E. NEEDLEMAN, June 21st

Small-business owners have long used the Web to connect with freelancers from around the globe. Now a growing number of them are going further—and using the Web to manage and compensate those far-flung workers.

Making the move possible are websites such as oDesk Corp.'s oDesk.com and Elance Inc.'s Elance.com. These marketplaces provide ways to help employers keep closer track of the work freelancers are doing, as well as handling financial transactions between them. Elance charges employers a one-time fee of \$10 to get started; oDesk is free. Both sites profit by taking a slice of freelancers' earnings.

Jeffrey B. Meltzer, owner of Universal Hardwood Flooring & Moulding Inc. in Los Angeles, says he typically employs about 10 freelancers at any given time through oDesk. He says the site simplifies what used to be a cumbersome process of partnering with independent workers because it serves as an impartial third party for transactions.

"In the past, freelancers required money up front," says Mr. Meltzer. "They didn't trust sellers would pay them so sometimes it took longer to structure the agreement than it did to do the work."

Keeping an Eye Out

Elance and oDesk offer ways to assure employers that they're getting their money's worth. For example, oDesk invites freelancers to take tests on subject matters that pertain to the services they offer to provide, such as computer programming, email etiquette and technical writing. They can then post their scores to their profiles on the site. Elance requires freelancers to complete a 30-minute admissions test specific to the kind of services they want to provide, as well as submit proof of identification.



Harry Campbell

"I don't need to question whether or not it's a piece of fluff they've put on their resume," says Charles Sieg, founder and chief executive officer of Renkara Media Group Inc., a developer of mobile-phone

applications in Chicago. The company, which launched in spring 2008, has hired about two dozen freelancers through Elance, he says.

From there, oDesk and Elance use different approaches to keeping employers in the loop as projects get done. ODesk requires freelancers to be logged into the site whenever they're working on a project, so it can track their work hours. Meanwhile, the site takes screen shots of freelancers' computers up to six times an hour at random intervals, and employers can review these immediately after. However, freelancers also can reject a screen shot if, for example, it was captured while they were taking a break to check Facebook. In such instances, employers can decline to pay freelancers for the amount of time each screen shot represents—10 minutes.

Elance helps keep employers in the know by encouraging—though not requiring—freelancers to be signed in while they work. (Those who don't must log their own hours to get paid.) Elance also lets freelancers send employers screen shots of their work. Further, employers and workers have access to a secure digital workroom to chat with one another in real time, as well as exchange files or images.

Employers are required to compensate freelancers on a weekly basis for hourly projects, but for fixed-price assignments, employers who use Elance must pay freelancers upon completion of milestones for project work. On oDesk, payments for fixed-price project work depends on an agreement between both parties. Employers don't need to take any action to make payments; unless they specifically reject a claim, payments automatically go through.

Settling Disputes

If there is a dispute, such as a rejected claim, both sites offer to help settle it. Jerry Villarreal, owner of Nusion LLC, a small Internet marketing firm in Houston, says he filed a complaint with Elance late last year against freelancers he had hired through the site to complete a large Web-programming project. He says the freelancers repeatedly missed deadlines both parties had settled on and that cultural differences made it too difficult to resolve the matter.

"I was prepared for a long battle," says Mr. Villarreal, but adds that Elance provided a swift refund for the weekly payments his company had already made. Both sites claim such disagreements are rare.

Still, all that online oversight may hold some downsides for freelancers. Loss of privacy isn't usually a big concern, since freelancers must agree to the rules when they opt in.

But Sara Horowitz, founder and executive director of Freelancers Union, an advocacy group for independent workers, based in Brooklyn, N.Y., says business owners might be inclined to make premature assessments of a project or micromanage freelancers.

"There will always be cases where people are poking their noses into the work before it has been completed," Ms. Horowitz says.

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