

Cost-Cutting, Tech Advances Spur Call for 'Home-Sourcing'

By DANIEL NASAW

Melissa Richardson quit her job at an Office Depot Inc. call center in July to spend more time with her family in West Palm Beach, Fla. But the 30-year-old mother of three didn't stop answering customer service and sales calls.

Instead, Ms. Richardson joined the growing legion of home-based independent contractors. She now works about 40 hours per week, getting paid for every Office Depot call that she handles.

People have done piecemeal work from home since the dawn of the industrial revolution. Today, however, technological advances and corporate cost-cutting drives are spurring demand for a new class of white-collar employee based at home. Dubbed "home-sourced" workers, they come from fields as diverse as medical transcription, marketing, Web design and information technology. Many like their improved work-life balance even though they may receive lower wages and no benefits.

Though the total number of home-sourced workers is difficult to track, the ranks of their professional groups are swelling. The International Virtual Assistants Association says it has grown to more than 600 members from about 160 in 2001. The Reno, Nev.-based organization represents independent operators who provide creative, technical and administrative services.

An independent contractor's income depends on the type of service offered. Technical specialists can charge as much as \$150 an hour, says Jodi Diehl, president of the Virtual Assistants group, citing a survey of its membership. Those performing traditional administrative tasks may bill \$35 an hour or less, she says.

Angela Allen Parker, a Dunnville, Ky., marketing consultant, earns more than \$50,000 annually—but must cover the costs of her major-medical insurance coverage, software, Social Security taxes and related expenses. The 38-year-old contractor saves on commuting costs, another car and an extensive business wardrobe because she mainly works online from a 25-acre farm "in the middle of nowhere."

"The technology has allowed me to do what I do best from the location that I enjoy most," Ms. Parker says.

For others, the increased flexibility of working from home offsets any financial burden. Esther Dejesus, an Orlando, Fla., insurance agent based at home earns between \$3 and \$4 an hour less than what she made as a manager at a company that runs citrus groves. Because her old job required a 140-mile commute each way, financially, "it's a wash-out," she says. On the other hand, working from home allows her to teach aerobics and care for her elderly grandmother.

Home-sourcing also helps protect individuals prone to being outsourced. In July, Keith Burton became an independent contractor, supplying information technology services to small businesses. He made the shift partly because his previous employer, a large Philadelphia-area company, was considering outsourcing its information technology department, where he had worked for several years. He pre-empted his own layoff.

"With that extra uncertainty, it started sounding like a better and better idea to go out on my own," Mr. Burton says.

Businesses appreciate the chance to reduce employee benefits, technology and real-estate costs while maintaining staffing flexibility. Soon after Ms. Richardson began taking Office Depot calls from home, the Delray Beach, Fla., office-supply retailer announced plans to lay off about 900 call-center workers in six states. It offered many a chance to work from home as independent contractors.

Office Depot will contract with WillowCSN Inc., a closely held outfit in Miramar, Fla., that manages call centers through a network of about 2,000 home-based workers.

Chief Executive Officer Basil Bennett says its contractors already field calls for businesses such as Carnival Corp., Virgin Atlantic Airways and Verizon Communications Inc. He hopes to add 650 more contractors before year end, including many staffers laid off by Office Depot.