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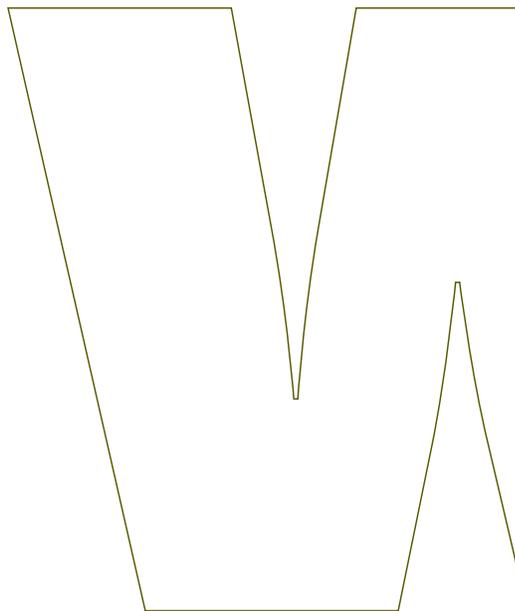
The Microwork Solution

A new approach to outsourcing can support economic development—and add to your bottom line. *by Francesca Gino and Bradley R. Staats*

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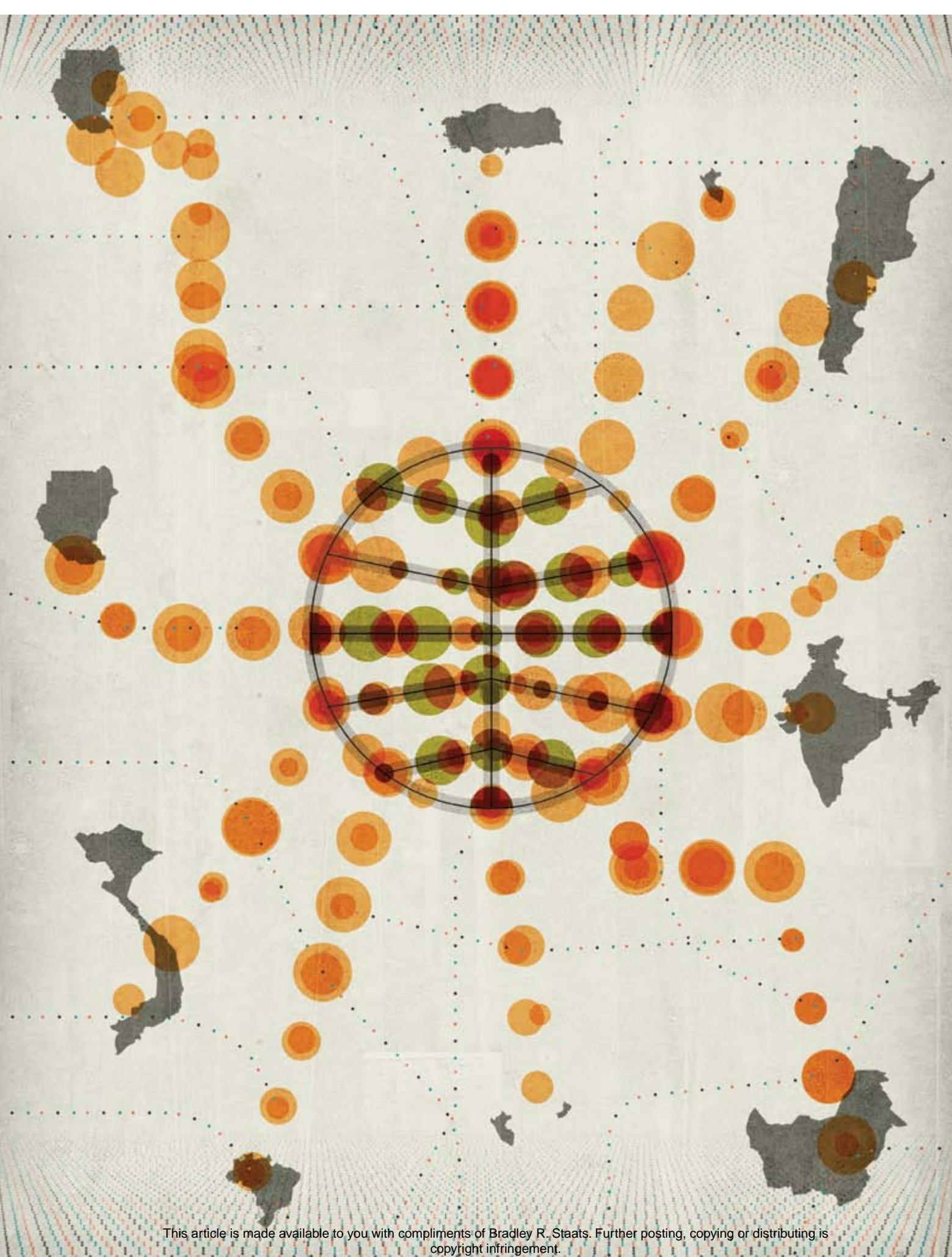
A new approach to outsourcing can support economic development—and add to your bottom line.

by Francesca Gino and Bradley R. Staats



WHAT'S THE BEST way to help the world's poor? The answer may not be giving them more aid. What people need to break the cycle of poverty is work. A small but growing industry known as “impact sourcing” is addressing that need head-on by hiring people at the bottom of the pyramid to perform digital tasks such as transcribing audio files and editing product databases. Essentially, it's business process outsourcing aimed at boosting economic development.

Impact sourcing is not unlike microfinancing: It aspires to create meaningful work for and put money in the pockets of the people who need it most. And because it connects new workers—often those who've been marginalized, such as Muslim women in Calcutta—to the global supply chain and addresses real needs of first-world companies, it could quickly reach a large scale. In a study commissioned by the Rockefeller Foundation last year, Monitor Group estimated that the market for impact sourcing



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was \$4.5 billion in 2010 and would rise to \$20 billion by 2015. It also predicted that employment in the industry would grow from 144,000 to 780,000 over the same period.

Samasource, a nonprofit based in San Francisco, is fast becoming a leader in this market. Founded in 2008 by Leila Janah, Samasource is still small: Just 30 people work at the organization's headquarters, about half in field operations and the remainder spread more or less evenly across sales, technology, fundraising, and internal operations. But it has already established 16 work centers—in South Asia, Africa, and Haiti—which have paid more than \$2 million to 3,000-plus workers. That relatively large impact suggests that the organization's approach has a lot of promise.

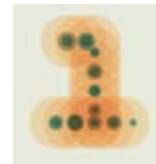
Samasource is a middleman. It secures contracts for digital services from large U.S. and European companies (including LinkedIn and Google), divides the work into small tasks—"microwork"—and sends it to centers in developing regions, where employees complete it using a web-based interface. Much of that work involves data—phone numbers on websites, for example—that can be easily verified online by people with little training who are in remote locations. In the short term, employees earn a living wage (typically \$100 to \$300 a month), but they also gain skills that can help them in the long term. And customers, by using microwork centers instead of large for-profit vendors, can get jobs done for 30% to 40% less, Samasource calculates.

There are a number of other leading players in the space. Digital Divide Data, for example, is a nonprofit that began operations in Cambodia in 2001 and then expanded to Laos and Kenya. The for-profit company DesiCrew, which grew out of work done at the Indian Institute of Technology Madras, targets opportunities in India. So do the for-profits B2R Technologies, which focuses on India's northern hill country, and RuralShores, which hopes to establish 500 centers across India and connect them virtually so that they can execute increasingly larger projects for clients.

All these organizations strive to improve the lives of disadvantaged workers. But Samasource stands

out for its ability to address the significant challenges that impact sourcing faces. For one, people at the bottom of the pyramid don't necessarily have the skills or experience to perform knowledge work. Few have held jobs in traditional offices, and many lack technology expertise. And though potential customers may like the idea of impact sourcing, most still make purchasing decisions on the basis of price, not social impact. Finally, building a microwork business requires significant capital investment in an IT platform that can coordinate the work.

Samasource may not have all the answers, but it has developed a model that effectively tackles each of those issues. That model follows five key principles:



Conserve Capital

Samasource's first challenge was to set up a network of centers that would offer workers the right training and infrastructure (computers, internet connections, and so forth). Because the organization lacked the capital to build a wholly owned network, it teamed up with local entrepreneurs who had the resources to open franchises at a cost of about \$25,000 each. The deal was that Samasource would find the customers and then pay the centers to execute the work. The nonprofit's staff would also help the entrepreneurs secure space, equipment, and employees, and would create standard operating procedures for hiring, orientation, and training.

Identifying people with the capability and willingness to open a center was critical. Janah believed that many prior economic development efforts had failed when unwilling participants were handed a new "opportunity." Therefore Samasource used a "pull" rather than a "push" model: Partners had to reach out to Samasource. To aid this process, Samasource held information sessions in targeted areas. Candidates needed to come to the sessions with their own capital; they couldn't just expect a handout.

Consider the session Samasource held in Nairobi in 2008. Sixty people participated, and the session generated such interest in the community that

By using microwork centers instead of large for-profit vendors, customers can get jobs done for 30% to 40% less.

Idea in Brief

“Impact sourcing” is a promising new way to promote economic progress in developing regions. The idea is to hire and train people at the bottom of the pyramid to execute digital tasks like transcribing audio files and editing product databases. Like microfinancing, impact sourcing aims to create meaningful work for the poor, and because it addresses real needs of

first-world companies, it could reach a large scale.

Samasource is a leader in this field. Its model follows five principles:

1. Conserve capital.

Samasource teams up with local entrepreneurs who have the resources to open franchises. It then helps these partners secure space, equipment, workers, and customers.

2. Set the stage for success.

The organization scopes and preps clients’ projects and helps centers run pilots to work out any kinks.

3. Build workers’ skills.

Many people in developing regions need help learning the basics. Samasource provides online training programs that workers can complete on their own time.

4. Leverage technology.

The organization developed a platform called SamaHub, which helps automate training, work flow, and quality assurance.

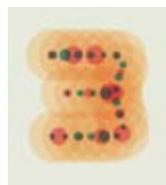
5. Define metrics.

To stay true to its mission, Samasource needs to get work, give work, and grow. So it tracks performance in all three areas and gathers detailed metrics like accuracy rates.

afterward more than 80 entrepreneurs applied to open centers. Samasource rigorously evaluated the commitment and abilities of the applicants and then selected just seven. Two were a brother and sister, who had respectively been running an internet café and working as a manager for Shell and were eager to build a social business that could help marginalized workers in Kenya. By 2012 their center was turning a profit and employed more than 180 people.

The franchise model not only allows Samasource to efficiently use its limited capital but also builds the entrepreneurship capability in a region. And it ensures that more profits stay in the area the organization is trying to help. In some ways this setup is risky. If entrepreneurs see a better opportunity elsewhere, they might abandon ship. But Samasource doesn’t select franchisees who are focused only on making money; it makes sure its local partners share its mission of dramatically reducing poverty.

native to each region so that it can channel projects to centers best equipped to handle them. For example, the center in Uganda, which has a long local tradition in pottery, crafts, and poetry, is very good at handling creative and writing tasks. The centers in India prefer work with clear answers. Samasource tries to match projects to the local employees’ capabilities, although it also gives people assignments that will stretch them.



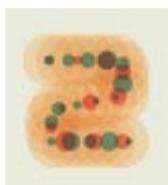
Build Workers’ Skills

Sama means “equal” in Sanskrit, and Samasource was founded on the belief that all people are equal and that anyone who has the necessary commitment can complete

a job that needs to be done. Yet many of its centers’ employees require help with the basics—building self-confidence, for instance, or learning office protocols (such as following a schedule). Workers have to be able to speak and write in English, but most have little to no traditional work experience.

The centers’ employees often face unique challenges—which aren’t always obvious. The Samasource team tries to recognize these. For example, it found that workers at one center were consistently showing up late because the company’s hygiene standards required them to bathe before arriving at work. It turned out that the local lake was very cold first thing in the morning—workers were waiting to wash up. The solution? Push back the start of the workday.

Because of its capital constraints, Samasource has to find ways to educate large groups cost-effectively. One approach it uses is “train the trainer”: It works closely with the instructor at a center but limits interactions with individual team members. It also builds training—sample tasks, tips, and videos—into the technology platform on which the work is done.



Set the Stage for Success

Selling the centers’ services to corporations requires a consultative approach. Customers need help scoping and adjusting their processes so that they can get value

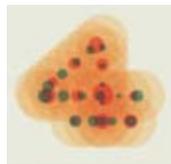
from microwork, and Samasource plays a key role in preparing them to hand off projects. If, for instance, the outsourced task is to write product descriptions for an online catalog, Samasource works with the company to determine the style, tone, and length. Typically, Samasource sets up small pilot projects, in which it trains the centers’ staffers and irons out the kinks in processes with the customers. During the pilots Samasource often identifies additional services the centers can provide—a win for the nonprofit and for its clients.

On the other side of the equation, Samasource’s staff also makes a point of understanding the skills

The Samasource team constantly pores over performance data to see how employees are doing. It not only considers those for quality (such as defect rate) and speed (completion time) but also looks at how measures change with time. If workers struggle with a certain type of task—editing website content for search engine optimization, for instance—the team may conclude that the work is inadequately structured or that workers are insufficiently trained. Often the fix is just a matter of restructuring the task.

The goal is to connect poor people to the digital supply chain so that they can earn a living.

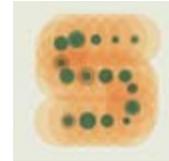
Finally, Samasource continually develops and refines what it calls SamaSchool. Though still in its early stages, SamaSchool will eventually offer a full training program (including English, analytical reasoning, internet skills, and practice work) in an online format. Workers can complete SamaSchool on their own time—perhaps at an internet café—earning badges to qualify for different types of work.



Leverage Technology

At launch, Samasource tried to use standard commercial systems to support training, work allocation, and performance monitoring. But the organization quickly found that its need for a unified distributed microwork platform far outstripped anything that was on the market. Its solution was to develop its own platform—called SamaHub—which plays a key role in automating training, work flows, and quality assurance.

For example, the system will randomly ask workers questions with known answers—say, what the URL for a given product is—and depending on the quality of the response, it will assign more or less difficult work. SamaHub also provides a centralized resource for training. The team at Samasource creates online project pages that describe the best way to complete a particular type of work and include video of the work being done. Employees know where to go for help and can do so as often as they need.



Define Metrics

Samasource has several ways of measuring how well it is achieving its mission. First, to be a groundbreaking social business, it has to *get work*, which it measures by sales revenue. It also tracks its profit margin, and whether profits are reinvested, to make sure that it stays true to its social mission. Second, to reduce poverty, Samasource has to *provide work*. So the organization measures and follows the changes in a worker's income over time. Finally, to have a large impact, Samasource has to *grow*. Therefore, it tracks the number of workers that it has employed and the funds paid to them.

While the senior management gets the pulse of the business with those three measures, managers in each region dive deeper. SamaHub offers detailed metrics on center and worker performance, such as time per task, accuracy rates, quality-assurance acceptance rates, and productivity per hour. (SamaHub can also be used by customers to track progress on their own jobs.) By defining metrics clearly, Samasource is able to determine where management attention is needed and rectify any problems immediately.

SAMASOURCE'S STORY isn't about "doing well by doing good." Executives like hearing about the company's social mission, but the decision to hire the organization is made by purchasing departments, which have to think about cost and quality. And many buyers harbor preconceived notions that nonprofits are slow and uneconomical. That's why Samasource prides itself on surprising potential customers with its efficiency. Its goal is to connect poor people to the digital supply chain so that they can earn a living and build valuable skills. But it accomplishes that goal by running a business that delivers high value at low cost. The principles it uses apply not only to impact-sourcing organizations but also to many businesses facing the critical question of how to grow. ♥

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