

Adapt or Die: The Changing Workforce and Its Impact on Today and Tomorrow

by Brent Warrington

Uber, Airbnb, Lyft. They're certified unicorns in the tech industry, boasting billion-dollar valuations, ongoing press coverage and constant consumer attention. High-profile poster children of the on-demand economy, these startups have achieved massive success not by inventing new products or service categories but by disrupting accepted business models through innovative applications and improved infrastructure. From transportation to hospitality, food service to retail, ubiquitous communications and enhanced connectivity have empowered a "new" segment of flexible, independent workers. But is this modern workforce really a unique result of the on-demand economy?

On-demand platforms offer individuals the opportunity to forgo traditional employment and pursue a more independent career path, a concept that the direct selling industry pioneered years ago. Like the on-demand economy, direct selling attracts millions of distributors by offering them independence, flexibility and control of career path, all from within the protected ecosystem of a parent company.

And, like on-demand platforms, direct sales companies have been *killing it* in regard to revenue. According to the U.S. Direct Selling Association, more than 18 million workers generated roughly \$34.5 billion in sales in the U.S. in 2014. (For some perspective, Uber will reportedly hit an annual run rate of \$10 billion by the end of 2015; Amway, the nation's largest direct selling organization, reported sales of \$10.8 billion worldwide in 2014.)

The freelance worker model is nothing new; for decades, employers have leveraged independent and contract workers to expand their labor forces. So why the sudden spike in interest?



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And more important, how can direct selling organizations make the most of this renewed attention to independent employment to boost their sales teams? To answer that, we need to take a deeper look at the generation driving this movement.

Millennials and the Evolution of Work

Contractors now make up 34 percent—roughly 53 million people—of the U.S. workforce, according to a 2014 survey by Edelman Berland. Dig a little deeper and you'll find that millennials (workers between the ages of 21 and 33) make up roughly 44 percent of this on-demand workforce (source: Kleiner Perkins Caufield Byers 2015 Internet Trends Report). And unlike previous generations, who were motivated almost entirely by stock options and upward mobility, millennials are

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increasingly focused on finding gigs that enable them to feel fulfilled not just financially but also on a personal level. The 2015 1099 Economy Workforce Report from Requests for Startups found that 75 percent of survey participants selected “greater schedule flexibility” as the most popular reason for taking on an independent worker role, ahead of the opportunity to pursue higher pay options (46 percent). Following close behind was respondents’ desire to get greater enjoyment from their work (36.1 percent).

Understanding these motivations is crucial for companies that rely on a contract workforce; luckily, adapting to these subtle shifts in self-employment shouldn’t be hard for direct selling organizations. For generations, direct selling companies have provided their workers with the opportunity to control their career path. However, in order to remain successful, the next generation of contractor-driven companies (both in the direct selling industry and burgeoning tech scene) will need to provide more than just access to independence; they’ll need to ensure that their distributors are equipped with the tools necessary to achieve long-term success and financial freedom.

What Earnings Mean in the New Economy

Let’s rewind for a second and think back to the three main motivators driving today’s independent workforce: financial independence, work-life flexibility, and the pursuit of personally and professionally meaningful work. There’s a common thread that ties these three factors together. It’s not a fancy mobile app (although connectivity is becoming increasingly important), nor is it a complex digital marketing strategy to up retention rates. It’s earnings. Earnings are what enables your distributors to achieve financial independence, what ensures that they have the security to live a more balanced life, and what helps them give back to their community.

Want to keep your workers’ interest in your company? Focus on making sure your commission payout chain is executed in a manner that’s not just fast and secure but also clearly enables your workforce to achieve their goals.

After-Sale Support... for Your Worker

The next generation of direct selling companies will do more than simply support their workers’ sales efforts; they’ll help them handle all aspects of running their business, before, during



and after the commission checks have been written and cashed. The following are three areas where your organization can step up and improve distributor support right now:

1. Money Management

According to the 2015 1099 Economy Workforce Report, contract workers are struggling to handle the financial and legal complications of running their own enterprises. Common pain points include tracking income and expenses, understanding tax or legal obligations and tracking hours worked. Furthermore, workers are turning to third-party applications in order to find relief. For example, 64.9 percent of those surveyed in the 1099 Economy Workforce Report noted that they use tools to help with income and expense tracking, while another 44.2 percent use apps to assist with time tracking.

Solution: Provide your distributors with a commission payments platform that offers multiple financial services. Give your distributors access to tools that will help them determine future earnings, monitor spending habits and sell smarter.

2. Trackable Commission Data

Earnings access isn’t just important to your distributors, it’s absolutely critical. According to the Kleiner Perkins Caufield

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The next generation of contractor-driven companies will need to ensure that their distributors are equipped with the tools necessary to achieve long-term success and financial freedom.

Byers Internet Trends 2015 report, a lack of predictable income is one of the biggest challenges facing independent workers.

Your distributors, just like all workers, need fast, reliable access to their earnings. In a standard employer/employee payment transaction, employees are paid on a regular schedule. What's more, most employees are paid by direct deposit, so funds automatically appear in a bank account every two weeks. As an employee, you're not expected to do anything to ensure your payment is made, in full, on time, every time... other than your job duties, of course.

Unfortunately, there isn't a corresponding solution for contract workers. Direct selling organizations with global operations are often challenged to provide a similarly seamless commission payment experience across various borders and in multiple currencies. Unfortunately, no such solution exists. As a result, there isn't always visibility into the earnings transfer path from direct selling organization to direct seller.

Solution: Solve transfer turmoil with trackable cross-border commission payouts. This makes it easy to pinpoint delivery dates for a number of payout methods. This technology also can take into account national and international bank holidays, payment network cutoffs in various countries, and delivery service-level agreements.

3. Dedicated Distributor Support

Distributors trust your company to pay them quickly, efficiently and fairly for their services. Maintaining this trust relationship between your worker and your organization is paramount. The next generation of direct selling organizations will have robust worker support infrastructure in place to ensure fast and knowledgeable support.

Solution: Ease anxieties around payouts with fast-acting, reliable worker-facing support. Look to maintain a support service department and contact center that's fully staffed with multilingual help desk specialists. This first-line support goes to great lengths to understand your business and provide service quality.

The very nature of work is evolving. By 2040, the job market will consist of contract opportunities, portfolio careers and a wide range of entrepreneurial pursuits. Luckily, direct selling organizations are perfectly poised to take advantage of this workforce shift and provide their distributors with the tools they need to achieve long-term, independent success.

Adapt or die. Start preparing for the future of direct selling today. **DSN**



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