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Sizing Up Distributed Work

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“They’re everywhere, they’re everywhere.”

We’ve written extensively here and elsewhere about distributed work – why it’s important, why it’s difficult to do well, and why it takes new skills and processes to manage a distributed workforce effectively. Lately, however, we’ve begun to realize that there is another fundamental difficulty with distributed work and distributed workers: it and they together represent a new and rapidly growing marketplace for goods and services that no one (to our knowledge) really understands very well.

Perhaps more importantly, no one really understands how to communicate effectively with distributed workers, whether to learn about their wants and needs and their purchasing patterns, to sell to them, or to organize them into a coherent group with a common (and influential) voice. And this situation exists precisely because they are *not* organized in any coherent fashion

Thus, in this exploratory article we’re going to try to describe this highly elusive market and pose a number of questions that we believe should be of interest to anyone trying to understand, sell into, or influence the millions of people across the global economy who are working in a remote/mobile/distributed/virtual fashion.

Note that the only way we seem to be able to refer to this almost-invisible marketplace is by the use of multiple descriptors – “remote,” “mobile,” “distributed,” “virtual.” Part of the challenge, of course, is that it really isn’t a unified, monolithic market. There are many different kinds of distributed work. And even within many of its submarkets there is a wide diversity of people and activities that fit our broad concept. And those people, like all workers, purchase and use a wide variety of goods and services from many different industrial sectors.

Let’s begin by reviewing about what we (and others) mean when we talk about “distributed work.”

Towards a Typology of Distributed Work

To begin at the very beginning, we could refer to anyone who is working at a “different place” as a distributed worker. We have to be that generic because when you think about it, even two people who are working together on a project or task while in different offices within the same building are in one sense “distributed.”

To be more specific, there are at least four different but very common situations that we include in our concept of Distributed Work:

1. Local “telecommuting,” in which people work from home (either part-time or full-time) rather than commute to a central corporate office every day.
2. Truly remote work, conducted by individuals who are primarily home-based but work for an employer (or clients) whose primary offices are located a significant distance away from the individual’s workplace. This category also includes mobile workers, who are based out of a home office but spend the majority of their time visiting client sites (technicians, field sales, etc.).
3. Distributed teams, in which people work “together” on a project or task even though they may be physically spread out across different buildings, different cities, different states, or even different countries or continents.
4. Work being done by individuals or teams who operate primarily out of “third places” like coffee shops, airports, airplanes, hotels, and other venues that are distinctively different from a corporate office.

Of course, a single individual can – and often does – move frequently from one of these categories of distributed work to another. For instance, a person might work out of a corporate office on one day, then the next day be a telecommuter working out of his or her home, followed by a few days of travel to a remote location.

And to further complicate things, there are many different levels of mobility too. We just referred to local telecommuters and classic “road warriors” in the same sentence, yet they clearly have different work patterns and differing needs for technology.

There’s also another important variable that cuts across all three broad categories outlined above: some of these distributed workers are full-time organizational employees, while others are independent “free agents” or self-employed professionals.

At this point in our analysis, however, we are more interested in the needs that all these distributed workers have in common than we are in the differences among them.

Sizing the Distributed Work Market

Estimates of how many distributed workers there are today, and will be in the future, vary all over the map. Our data indicates they can be divided into two roughly equal groups: corporate employees and independent contractors. Conservatively, we believe there are about 25 million distributed workers in the United States. And they all consume a large amounts of goods and services - all the way from office and meeting space to office equipment/supplies, to business support services and professional services. One of the questions we want to answer is just how extensive is the list of goods and services these 25 million people purchase and consume.

We’re convinced that distributed workers have a unique purchasing and consumption profile, and – perhaps more importantly – draw on different sources of information and values for making their purchase decisions. We’re in the early stages of developing a research project aimed at measuring actual expenditures by distributed workers in these (and other) categories. But even without that benefit of valid data, it’s clear that we’re looking at a very big market.

If our initial estimates (based on personal experience and several informal interviews) are at all reasonable, each of those 25 million distributed workers spends, on average, upwards of \$28,000 a year on those goods and services. Now, if we apply that conservative estimate of 25 million distributed workers in the United States and count the number of zeroes correctly (we're fairly confident we did), we are looking at a total market of goods and services of approximately \$700 **Billion** a year! That's a lot of purchasing power – and that's just in the United States.

Now we know full well that no one company could ever provide all these goods and services – the distributed work “market” we're defining here is really a distributed work **economy**. And we know that most of the purchase decisions for full-time distributed employees are made by their managers through traditional corporate channels. Nevertheless, even if our crude estimate is off by 50%, we're still looking at a very big marketplace.

Supporting and Supplying Distributed Workers

In spite of its size, this is not an easy market to reach. Distributed workers are generally well-educated, affluent, and highly individualized decision makers. They are – by definition – dispersed geographically; and they tend to buy many of these services and supplies as individuals. In one sense the distributed work business marketplace is more like a specialized *consumer* market, with characteristics and distribution channels that are very different from traditional *business* markets and channels.

Yet distributed work is not just a specialized consumer market; the distributed work marketplace we're interested in is ultimately a *commercial* marketplace with information and purchasing processes, decision criteria, and distribution channels that are similar, but far from identical, to more traditional organizational purchasing practices and processes.

The simple fact is that distributed work is a complex marketplace with many different channels and many different decision rules. Yet we are convinced that it's real, that it's distinctively different from more traditional markets, and – perhaps most importantly – that it's being very poorly served.

First, in short, without the aggregating power of a larger organization, many distributed workers actually do make individual purchasing decisions, more like the general consumer market than the corporate channels that traditional workers depend on (and don't forget that in many areas those traditional workers have no choice at all, but must simply accept what the corporate purchasing department offers them).

The big challenge, and the reason we're engaging in this broad thought exercise, is that we don't think anyone (least of all the firms that provision distributed workers) really understands very well what goods and services we (again, all of us, together) really need to do our best work – nor how to listen to us, speak to us, or to provision us with the things that are “right” for us.

What Do We Want to Know about Distributed Workers?

To sum it up, here are some questions we'd love to find the answers to. If you have suggestions for where we should look, or how to proceed, we'd welcome your advice.

1. How should we structure and describe the overall marketplace for distributed work and distributed workers?
2. What is the size of this market? What are its major sub-sectors?
3. What goods and services do distributed workers actually purchase? How much do they spend per year?
4. Who do they interact with? How much time do they spend with whom?
5. How do distributed workers purchase good and services? How much is online, how much in retail stores, etc?
6. How do distributed workers make decisions about purchases? What sources of information (magazines, web sites, experts, friends) do they rely on?

As usual, your comments and reactions are more than welcome. And as always, please send your thoughts to us at comments@thefutureofwork.net.

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