

NMJC PROGRAM THEATER PROFILE: Solowork

Introduction

Attendees at the Jobs Council meeting in Ruidoso on July 6, 2015, utilized an advance report, prepared by sector experts, on the Solowork sector. They reached the following conclusions through a consensus process. Attendees were legislators, Council board members, state and local governmental agency staff, private industry representatives, and local citizens.

Theater Definition

How is the Solowork program theater defined?

A solo economic base worker performs work full time from a home office, workshop, studio or mobile platform. While they may work for a corporation, they do not work in a centralized workplace.

They are often sole proprietors with their own LLC or S Corp, and/or 1099 or W2 contract employees.

They must also be a resident of the state and a taxpayer. The qualifier for economic base is that 51% or more of the revenue from Solowork be generated from out of state. The level of income generated by a Solowork enterprise must exceed 200% of the federal poverty rate.

The rationale behind this parameter is that the amount of income to qualify as contributory to the economic base needs to exceed the amount that could be made from welfare. The figure of 200% was reached in order to ensure that the risk of a Soloworker falling below the poverty line would be minimized. For example, a family of three would need to make \$40,000 per year before they were financially stable enough to ensure that they wouldn't fall below the poverty line and begin to take money from the state instead of adding.

Other names for Solo work economic base jobs include: Independent contractor, remote worker, freelancer, home-based consultant, 1099, Lone Eagle, gradually retiring worker, solo-preneur, third-bedroom worker, location neutral worker, virtual commuter.

Transaction Definition

How is an economic base job creation transaction defined for this theater?

A new economic base job transaction occurs when a Solowork program or agent causes a fulltime economic base Soloworker to start up, move to the state or convert from non-economic base solowork to economic base.

There are three general program modes:

- **Recruiting Mode:** The act of procuring, retaining, converting or starting up within a job creation program.

- **Organic Mode:** When a business climate improvement is made that increases the rate of job creation.
- **Expansion Mode:** Existing Soloworkers are supported to expand and find new out-of-state activities.

Attributes and Insights

What important attributes, distinctions and insights are important to understanding the nature a capacity of this theater?

In most places, this theater is already the fastest growing source of economic base jobs. In 2010 it was estimated that in 2010 as much as 13% of all jobs in the country were Solo, independent or freelance in nature in contrast with traditional W2 employment. A recent Forbes article reported that the percentage of Solowork has grown to 36% and is expected to be a full 50% of the job market by 2020.

Economic base Soloworkers are often uncounted and invisible to job counting efforts with vague accounting and reporting methods. The types of work performed by Soloworkers include consulting, writing, art, digital animation, personal finance, accounting, design services, medical transcription, and IT services.

A group within Solowork that commands a significant portion of the job creation market is the category of virtual commuter. This group is composed of employees of corporations who have conventional W2 jobs but work entirely from a remote location. They have structured jobs with less self-direction than freelance Soloworkers and do not need to rely on their own marketing/sales efforts to be paid.

A person who works from home outside of a centralized work location is private by nature.

Advantages:

- Create new jobs fast
- Fastest growing economic base sector
- Create jobs for a fraction of the infrastructure costs of other s
- Highest paying
- Target-rich sector with virtually no organized competition
- Virtually unlimited
- Footloose
- Lowest cost of entry
- Green
- Scale to any economy
- May be the only viable job creation strategy for many rural communities

Disadvantages:

- Need to manage marketing and sales transaction costs
- No current programs- must be developed
- No obvious procuring agents- must be created or adapted

Players/Procuring Agents:

What organizations and institutions are formally missioned, funded and staffed to create economic base jobs in this theater?

- SBDCs*
- Incubators, accelerators
- Co-working spaces, multigenerational centers*
- Credit unions, banks
- Temp agencies, workforce solutions
- Tourism
- EDOs, Main Street
- Chambers of commerce
- AARP
- Freelancers unions, organizations
- Real estate
- Senior living centers
- Professional and trade associations
- Higher education
- Out-of-state virtual employers
- Churches, religious organizations

*Key roles

3. Economic Sectors

Which are the primary economic sectors in this theater?

Soloworkers cross into a variety of economic sectors.

4. Jobs/Goals

How many new (gross) economic base jobs are estimated to be created in each sector of the theater by 2024?

The following are consensus estimates from the 2014-15 Jobs Council statewide job creation assessment:

NW:	400
EP:	40
MR:	8,500
NC:	2,130
SE:	90
SW:	320
SC:	440
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Total Solowork Jobs:	11,920

5. Program Reliant

How many of the jobs in this theater are to be directly caused or procured by the organizations specifically missioned, funded and staffed to generate economic base transactions in this theater?

An estimated 2,980 jobs or 25% would require critical assistance from a program to be procured. The remaining 75% are assumed to be created organically as a result of favorable change in the business climate. Before a more active role can exist, solowork programs across the state must be piloted and measured for impact.

FACTORS OF PRODUCTION

What factors of production gaps must be cured if economic base jobs in this theater are to be created?

6. Marketing and Sales Capacity

Is the marketing, sales and completion apparatus in place and at scale to generate the necessary interest, manage the pipeline of prospects, and complete transactions?

What is the current marketing and sales gap and how will it need to scale over the next decade to meet the ten-year transaction goals for this theater?

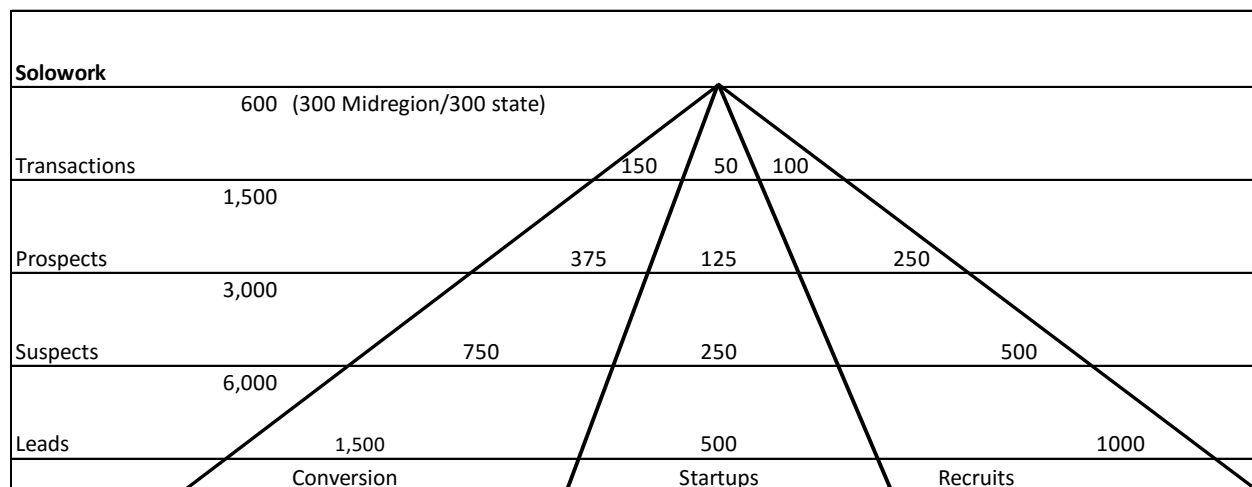
Process:

Transaction: A new economic base job is created when a new Soloworker is added to the state economic base by moving to the state, starting up, or converting as a result of a program effort.

Prospect: This is a Solowork candidate who has a business started but does not yet meet all of the transaction criteria.

Suspect: This is a person who engaged the program and has begun developing a Solowork business.

Lead: This is someone who has expressed interest in Solowork and made contact with a procuring program or agent.



The goal is to turn leads into suspects, suspects into prospects, and prospects into transactions.

Key Metrics: 6,000 leads, 3,000 suspects, 1,500 prospects, 600 deals per year to reach 6,000 jobs over 10 years. Of the 600 deals per year, 300 must come from the Mid Region and 300 from the balance of the state. Out of the 300, 150 would be conversions, 50 would be startups and 100 would be recruited. These figures were considered too low at the council meeting since the number of recruits should be higher due to the number of potential virtual commuters in the area, but there was not enough information to decide on a new figure.

Lead Sources:

- Conversion: SBDC client base, Co-working spaces, Chambers of commerce, Trade associations.
- Startups: The main source of startups would be higher education institutions with students succeeding with online courses, workforce solutions, and temp agencies. These organizations could screen and counsel people who are in the labor market about Solo career opportunities and then pass the leads to the procuring program.
- Out of State Recruiting: Realtors could focus marketing efforts in part on economic base Soloworkers from out of state. EDOs would contribute toward bringing attention of out of state virtual employers to the New Mexico job market. Tourism would be a key player in emphasizing the state as a Soloworker destination.

The following table categorizes the types of sources from which the program would source Solowork jobs and which players are associated with each source.

Sources	<ul style="list-style-type: none"> - Conversions From workforce to independent 	<ul style="list-style-type: none"> - Startups - Unemployed - Underemployed - Transition 	<ul style="list-style-type: none"> - Recruit - Move from outside the state
Players/ Procuring Agents	<ul style="list-style-type: none"> - SBDC - Chambers - Co-working space - Professional Associations 	<ul style="list-style-type: none"> - SBDC - Workforce Solutions - Sr. Living centers - Higher Learning 	<ul style="list-style-type: none"> - Real Estate - Community - Chamber - EDOs - Tourism - Incubators

In 2011 and 2012, the Community Economics Lab piloted three Solowork programs in the Albuquerque Metro area under an EDA grant. New Mexico is in an advanced state of preparation in developing Solowork as an economic development strategy.

Sample: Marketing and Sales Program Outline:

- Solowork jobs are created through:



- Procuring, retaining, converting or starting them within a job creation program
- Improving a business climate that increases the rate of job creation
- Expansion by existing Soloworkers who are supported to find new out-of-state activities

Gaps:

- There is no formal program for recruitment and retention of Soloworkers in New Mexico or any other state.
- New Mexico is not considered a national destination for Soloworkers.
- No major employers of virtual commuters have targeted our state for recruitment or advocated our state as a strong source of Solowork.
- Tourism, which could be a deep source for candidates, is not currently engaged in bringing in Soloworkers to the state.
- Solowork businesses starting here are coincidental and not actively recruited by a program.

Solutions:

- Fund a matching program to fund state-wide pilot program.
- Design and fund three to five pilot programs that either stand alone or are sheltered by an incubator, an SBDC or chamber. Each should have a marketing plan, sales process and funding for five years' minimum to prove the concept and get to scale.
- Provide incentives to encourage organizations to hire Soloworkers and to promote our state as a Soloworker destination.
- Develop an online, digitized, web-based platform that can automate a majority of the marketing and sales functions.
- Build a connection with Tourism and share goals. Explore redirecting some of the tourism budget to fund a Solowork campaign.

7. Real Estate, Infrastructure and Capital:

Does the region have the land, buildings, infrastructure, utility capacity and capital resources to fulfill the transactions envisioned for the theater over the next ten years?

Gaps:

- Physical platforms for conversion, startup, and recruiting, such as co-working spaces and housing
- Website development

- Bandwidth that is faster than our neighboring states and anticipates the next increase in bandwidth need ten years in the future

Solutions:

- Set a standard for bandwidth speed for Soloworkers to be successful.
- Designate the locations with sufficient bandwidth and target these areas with new infrastructure.
- Allocate LEDA funding for such a project.
- Partner with the Public School Critical Capital Committee to explore the conversion of certain vacant properties.

8. Workforce, Housing and Community Quality

Does the region have the qualified workforce, housing, and community quality necessary to grow, attract and retain the workers needed over the next ten years?

Community quality is the primary-driver in recruiting Soloworkers to the state.

Gaps:

- Unemployed or transitional workers often lack the education, entrepreneurial skills and experience to succeed at Solowork.
- There is no current way to determine community appeal to Solowork migration.

Solutions:

- Expand current entrepreneurship educational and training programs at all levels to help prepare students and mid career change candidates for the challenges of working Solo.
- Run focus groups of migrated Soloworkers to establish a hierarchy of factors driving the, start up, conversion and location of Soloworkers.
- Set up a formal rating system of communities and highlight the best communities for national exposure as a part of the pilot program.

9. Leadership, Organization and Business Climate:

Does the region have the leadership, organizational assets, planning and the business climate needed to compete for the theater's targets?

Gaps:

- There are currently no champions and no organizations focused on Solowork as job major creation strategy.
- There has been no data or analytics on New Mexico's competitive position for attracting and retaining economic base Soloworkers.
- There is currently no practical way to count Solo-economic base work.

- Burdensome gross receipts taxes, which could make some Soloworkers uncompetitive and discourage reporting

Solutions:

- Make Solowork a major job creation priority for the state.
- Set up state match funding at \$500,000 per year for five years to fund three to five Solowork demonstration programs.
- Have the Tax and Revenue Department add an additional reporting line to collect economic base qualifying data from taxpayers.
- Streamline current reporting methods to make the self-reporting process easier and more intuitive.
- Evaluate the competitive impact of New Mexico's tax system on the migration of high value economic base Soloworkers.
- Explore which communities would be good candidates for co-working or multigenerational centers.
- Encourage the creation of a credit union specifically targeting Soloworkers to encourage the kind of financial reporting needed to verify and count job creation in the theater.
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Action Taken:

- Attendees approved a motion to add Solowork as a legitimate source of economic base jobs to the job creation .
- A proposal was made to set up a five year Solowork pilot program with a legislative appropriation of \$500,000 per year to use to match local funding. The program would be administrated by the NMEDD.

Pilot Program Concept Specifics:

1. Tracking of Sources: How many conversions, startups and recruits are being established and what percentage of each contributes to the total? How many are self-employed versus virtual commuters? What industries/sectors are prominent in the new transactions?
2. Identify the market and which sources contain the most leads. Explore the potential of using Work Keys to identify and recruit Soloworkers.
3. Develop a network of agencies with connections in Solowork. Go through the list of players and approach them with program needs. Check their availability as recruiting agents. Explore any current data on the population of Soloworkers in the state. Categorize each organization according to role. For example: recruitment, startup, conversion, business services, infrastructure development, workforce, business climate.
4. Divide organizations, designating branches to each factor of production:



- Marketing and Sales
- Real estate, Infrastructure and Capital
- Workforce, Housing and Community Quality
- Leadership, Organization and Business Climate

6. Identify key resources and factors involved in Solo job creation and recruitment and use them to rank communities.

7. Report status and results of program to the Legislature and major stakeholders.

Advance Team:

- Russell Wyrick, State Director of NMSBDC
- Adriene Gallegos, Associate State Director of NMSBDC
- Antoinette Vigil, Business Development Manager of Sandoval County
- Steve Howe, Owner of Steve Howe Consulting

Council Meeting Attendees:

- Kelly Klundt, Fiscal Analyst of Legislative Finance Committee
- Mark Chisholm, New Mexico Higher Education
- Trish Livingston, Business Advisor at NMSBDC
- Debbie Traynor, Lobbyist at Legislative and Regulatory Consulting
- Minda McGonagle, Owner of McGonagle Government Relations
- Russell Wyrick, State Director of NMSBDC
- Allison Smith, Owner of Kuper, Smith and Associates
- Antoinette Vigil, Associate State Director at NMSBDC
- Adriene Gallegos, Business Development Manager at Sandoval County

Council Members Present

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| - Sen. Mary Kay Papen, Co-Chair | - Sen. William F. Burt |
| - Rep. Don L. Tripp, Co-Chair | - Rep. Kelly K. Fajardo |
| - Vicente Alvarado | - Rep. Bealquin Bill Gomez |
| - Dale Armstrong | - Rep. Yvette Herrell |
| - Terry Brunner | - Rep. Larry A. Larranaga |
| - Jason Espinoza | - Rep. Bill McCamley |
| - Rep. Roberto "Bobby" Gonzales | - Sen. Howie C. Morales |
| - Rep. Sarah Maestas Barnes | - Rep. Debbie A. Rodella |
| - Alex O. Romero | - Sen. William P. Soules |
| - Sen. Mimi Stewart | - Rep. Monica Youngblood |
| - Rep. Alonzo Baldonado | - Sen. Linda M. Lopez |