

How to Measure the ROI of Freelance Talent



From the team at

Outsized.



The future of talent

In today's job market, freelancers and independent professionals are becoming essential contributors. Companies across industries are staying competitive by leveraging the flexibility, expertise, and cost-effectiveness that freelancers offer. However, measuring the return on investment (ROI) for freelance engagements presents unique challenges compared to traditional employees.

Challenges in Measuring ROI for Freelance Engagements

Determining the ROI of freelance talent can be complex. When measuring ROI, firms must consider both sides of the equation: the cost and the return.

While the cost side is typically easier to quantify, the return side is more subtle. For example, how do you measure the additional revenue generated by a highly motivated and skilled independent freelancer compared to an internal team member who lacks the same expertise?

“A study highlighted by McKinsey revealed that top performers, including freelancers, can be up to 400% more productive than the average employee. This dramatic increase in productivity is especially noticeable in roles that require complex problem-solving and specialized skills.”

Moreover, freelancers tend to work on a project basis, which means their contributions might be less visible and harder to track, especially if they work remotely or part time. The nature of freelance work makes it essential to measure relevant metrics accurately.

In this guide, we walk through everything you need to know about calculating the true ROI of your freelancers, providing strategies to accurately capture both the tangible and intangible benefits they bring to your organization.

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Beyond Dollars & Cents: A Broader Understanding of ROI

How we think about ROI

Understanding the return on investment (ROI) for freelance talent is crucial for businesses looking to optimize their resources. For freelance talent, ROI encompasses not only direct financial savings but also project-specific impacts and qualitative benefits such as innovation and flexibility. This section delves into the specifics of calculating ROI for freelance engagements versus traditional employees, highlighting differences in cost structures and the impact on business flexibility and agility.

“



A true Partnership

I have worked with Outsized for last three years and have built a true partnership with them. The quality of candidates and service from the team is very good and exactly what you need from a vendor. They are flexible, considerate and quick to turn things around. Highly recommended.

Trustpilot review



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4 Benefits of Freelance Talent

1

Significant Cost Savings

Freelance talent often incurs lower long-term costs compared to full-time employees, who require benefits, office space, and long-term salary commitments. Freelancers, on the other hand, are typically responsible for their own benefits, which can lead to significant savings for companies. Additionally, for freelance work that is remote, it can reduce overhead costs such as office space and utilities.

2

Greater Agility & Flexibility

Freelancers provide businesses with the ability to scale their workforce up or down based on project demands. This flexibility leads to more efficient use of resources and better alignment with business cycles. At Outsized we have a product called [Bench](#), where enterprise clients and consulting firms get access to deeply curated 'talent pools' across their most common and important skill areas. This fundamentally shifts business agility - at scale - without the fixed cost associated with carrying a permanent team.

3

Faster & More Efficient Testing Of New Capabilities

Use freelancers to test new capabilities before fully investing in them. For instance, if a consulting firm wants to explore offering AI or ESG projects, they can initially use freelancers to build a flexible capability and test the market demand before making a long-term commitment. An enterprise client might want to leverage freelance expertise to pilot new technologies or methodologies without the long-term commitment of hiring full-time specialists. This approach allows companies to explore innovative solutions, gauge their effectiveness, and make informed decisions about future investments in talent and resources.

In other words, using freelancers to test new capabilities reduces risk and costs while allowing firms to explore new opportunities.

4

Reduced Lead Times

Freelancers can help speed up project initiation by providing the necessary skills quickly, thus reducing the sales life cycle. This can help you win more projects and increase revenue by being more responsive to client needs.

Curated Talent Pools



Key Metrics for Measuring ROI

Direct and Indirect Metrics

Measuring the ROI of freelance talent requires evaluating both direct and indirect financial metrics. Direct financial metrics include cost savings, such as reductions in overhead costs and the comparative costs of hiring full-time employees versus freelancers. Indirect metrics involve time savings, efficiency in project completion, and productivity gains from specialized skills. These metrics collectively contribute to a comprehensive understanding of how freelance talent can enhance business performance and profitability.

Quantitative Metrics

Cost Savings

- **Reduction in Overhead Costs:** Freelancers typically come with lower overhead cost than permanent employees. Studies show that hiring freelancers can lead to significant cost reductions by avoiding expenses associated with benefits, taxes, and other employee-related costs. In some cases, freelancers work fully remotely, therefore not coming with any office costs.

- **Comparison with Full-Time Employee**

Costs: Hiring freelancers can avoid costs associated with benefits, taxes, and long-term salaries. This can lead to substantial savings, especially for short-term projects or specialized tasks.

**3-6
Months**
Avg time to
find talent

31%
Avg time
employee is
productive

Revenue Impact

- **Contribution to Project Completion and Success:** Freelancers can help complete projects faster and more efficiently, contributing to timely project delivery and client satisfaction. For example, companies that utilize freelance talent often report quicker turnaround times and higher project success rates.
- **Impact on Sales or Revenue Generation:** Depending on what types of initiatives freelancers are supporting or driving,

their expertise helps drive sales, enhance product development, and improve market responsiveness. Utilizing flexible talent models can help firms expand their client base, launch new products, and win more business.

Indirect Metrics

Time Savings

- **Reduced Time-to-Hire:** Freelancers can often be onboarded more quickly than permanent employees, reducing the time gap between project inception and execution. This swift onboarding can be crucial for projects with tight deadlines or sudden increases in workload.
- **Efficiency in Project Completion:** Specialized freelancers can complete tasks more efficiently, leading to quicker project turnarounds. They tend to require significantly less supervision and oversight and are execution focused.

Productivity Gains

- **Increased Output from Specialized Skills:** Freelancers bring specialized skills that can enhance productivity and innovation. Independent professionals can significantly boost project efficiency due to their expertise and focus.
- **Comparison with In-House Talent**
Productivity: Freelancers are highly motivated and can be more productive due to their focused expertise and motivation to deliver quality work for repeat business. They also benefit from the lack of workplace distractions and the discipline required to manage multiple clients and projects simultaneously.



Qualitative Metrics

Beyond dollars and cents

It's not just about the money. Yes, it is easier to talk about ROI at the board table if we focus on the most measurable aspects of ROI, like the immediate financial benefits, but this approach is missing the big picture.

Qualitative metrics provide a deeper insight into the value of freelance talent beyond mere short-term financial calculations. These metrics focus on the quality of work delivered, client satisfaction, and the freelancer's ability to adapt and innovate. High client satisfaction scores, repeat engagements, and long-term contracts are strong indicators of a freelancer's performance and value. What's more, freelancers often introduce new ideas and perspectives, enhancing project outcomes.

These qualitative metrics will, of course, lead to greater financial outcomes over time, but they are not as easily measurable, so a degree of common sense is needed from the leadership when assessing the overall ROI impact of using expert freelancers

Quality of Work

- **Client Satisfaction and Feedback:** Positive feedback and high client satisfaction scores indicate successful engagements and high-quality work. Repeated positive client feedback is a strong indicator of a freelancer's value.
- **Repeat Engagements and Long-Term Contracts:** A high rate of repeat business suggests strong performance and value addition by freelancers. For instance, companies that maintain long-term contracts with freelancers often report improved project outcomes and higher overall satisfaction.

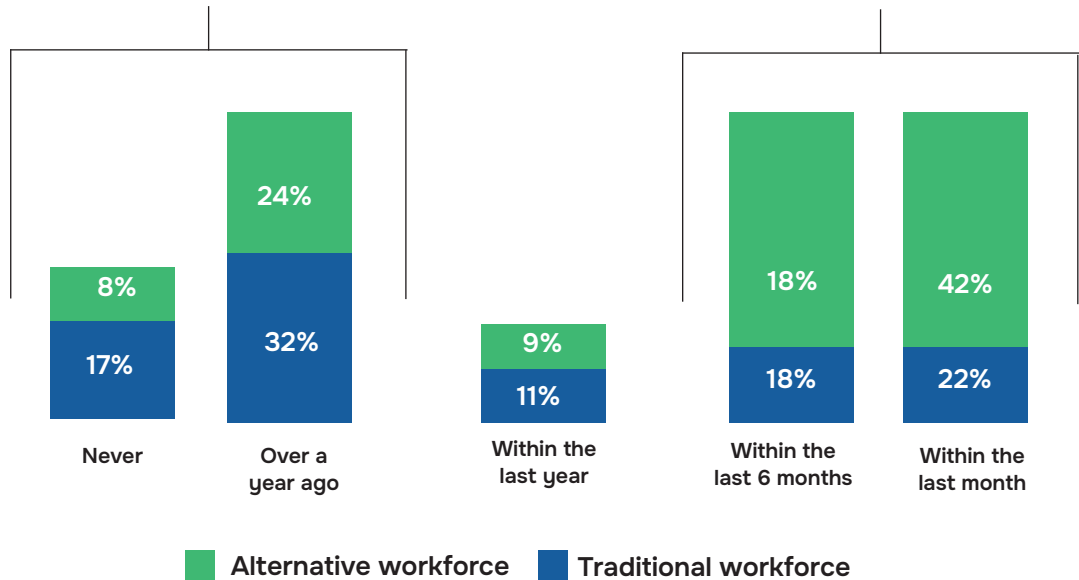
Innovation, Flexibility & Upskilling

- **Ability to Adapt to Project Changes:** Freelancers often bring a flexible approach, adapting quickly to changes and new requirements. Their ability to pivot and adjust to new project scopes can be invaluable for dynamic business environments.
- **Introduction of New Ideas and Perspectives:** There's nothing like an outside perspective. The diverse experiences freelancers bring to the table contribute to innovative solutions and fresh perspectives, helping companies stay competitive and innovative.
- **Specialized skills:** Freelance workers invest a significant amount of their time in upskilling and staying up to date in their industry. They give organizations

“ **Good, professional experience.**
It was our first engagement, and Outsized found us good candidates within a relatively short period of time, resulting in a successful placement. ”

49% of the traditional workforce updated their skills more than a year ago or never

60% of the alternative workforce have updated their skills within the past six months



Should You Hire a Permanent Employee or a Freelancer?

A framework for making the decision

Factor	Permanent employee	Freelancer
Length of project	Long-term projects needing deep context and flexibility	Shorter term, clearly defined projects
A permanent skill	A core skill needed for the foreseeable future	Uncertain long-term need
Cost	Lower hourly rates but higher long-term costs	Higher hourly rates but lower long-term costs.
Culture	Slower integration, culture focused	Quick integration, project focused

Best Practices for Maximizing ROI

Effective Onboarding and Integration

To maximize the return on investment (ROI) from freelance talent, businesses need to implement best practices in onboarding, project management, and engagement. Effective onboarding and integration help freelancers align with company culture, leading to better collaboration and project success. Clear project scoping and regular check-ins ensure freelancers understand their roles and responsibilities, fostering efficient execution.

Leveraging specialized freelance platforms like Outsized can streamline the hiring, onboarding and management process. Additionally, building long-term relationships and providing feedback and recognition can enhance freelancer engagement and retention, ensuring consistent and high-quality performance.

Effective Onboarding and Integration

- **Ensuring Cultural Fit (Team Integration):** Proper onboarding helps freelancers align with company culture and team dynamics. This can lead to better collaboration and project success. Ensuring cultural fit involves not only technical onboarding but also integrating

freelancers into the social fabric of the team, which can enhance their engagement and productivity.

- **Providing Necessary Resources and Support:** Equip freelancers with the tools and information they need to succeed from the start. This includes access to necessary software, clear guidelines, and support from the internal team. Providing freelancers with adequate resources ensures they can deliver their best work, thereby maximizing their contribution to the project.

Onboarding Checklist for Clients Hiring Freelance Talent

Clear Project Scoping and Expectations

- **Detailed Project Briefs:** Clear and detailed briefs prevent misunderstandings and ensure freelancers know exactly what is expected. This includes defining project goals, timelines, and deliverables clearly. Detailed project briefs help freelancers understand their role and responsibilities, which can lead to higher quality work and more efficient project execution.

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Regular Check-ins and Feedback Loops

(Alignment): Maintain regular communication to monitor progress, provide feedback, and make necessary adjustments. This helps in keeping the project on track and addressing any issues promptly. Regular check-ins can also foster a collaborative environment, allowing for real-time adjustments and continuous improvement

Leveraging Freelance Platforms

- **Specialized Platforms like Outsized:** There are multiple platforms offering deep pools of freelance talent that organisations can tap into. Although they offer access, few spend the time pre-vetting the talent, making it just as difficult to find a quality candidate. When choosing a platform it is important to ask yourself whether they have the expertise in your specific area and look into how they onboard and vet their talent pool. At Outsized, for example, we put our talent through a rigorous vetting process and select talent specifically tailored to the needs of discerning enterprise and consulting firm clients.
- **Streamlining the Hiring and Management Process:** These platforms provide tools for efficient hiring, project management, and payment processing, making it easier to manage freelance engagements. Using freelance platforms can reduce the time and effort needed to find and onboard high-quality freelancers, allowing companies to focus on core business activities.

Enhancing Freelancer Engagement and Retention

- **Building Long-Term Relationships:** Investing in long-term relationships with freelancers can lead to more consistent and reliable performance. Companies should consider offering rate increases for long-term engagements, incentives such as bonuses



for high performance and opportunities for participating in professional development offered to permanent employees.

- **Providing Feedback and Recognition:** Regularly recognizing and rewarding freelancers for their contributions can boost morale and encourage continued excellence. Providing constructive feedback helps freelancers understand their strengths and areas for improvement, which can enhance their future performance.

A Holistic Approach to ROI

Leveraging freelance talent is an increasingly vital strategy for businesses seeking agility, innovation, and cost-effectiveness in today's dynamic market landscape. By understanding and implementing the methods to measure the ROI of freelance engagements as discussed in this guide, companies can make informed decisions that enhance their operational effectiveness and profitability.

Quantitative metrics such as cost savings and revenue impacts, along with qualitative measures affecting growth and bottomline in the long run, like client satisfaction and the ability to innovate, provide a comprehensive view of the benefits freelance talent brings.

Adopting best practices for integration, project scoping, and freelancer engagement ensures that the advantages of using freelance talent are maximized. As the workforce continues to evolve, embracing the flexibility and specialized skills of freelancers will not only support specific project needs but also contribute to the broader strategic goals of adaptability and growth.

Engaging with platforms like Outsized can simplify the transition to a more flexible workforce model, ensuring that businesses are well-positioned to meet the challenges of the future of work.

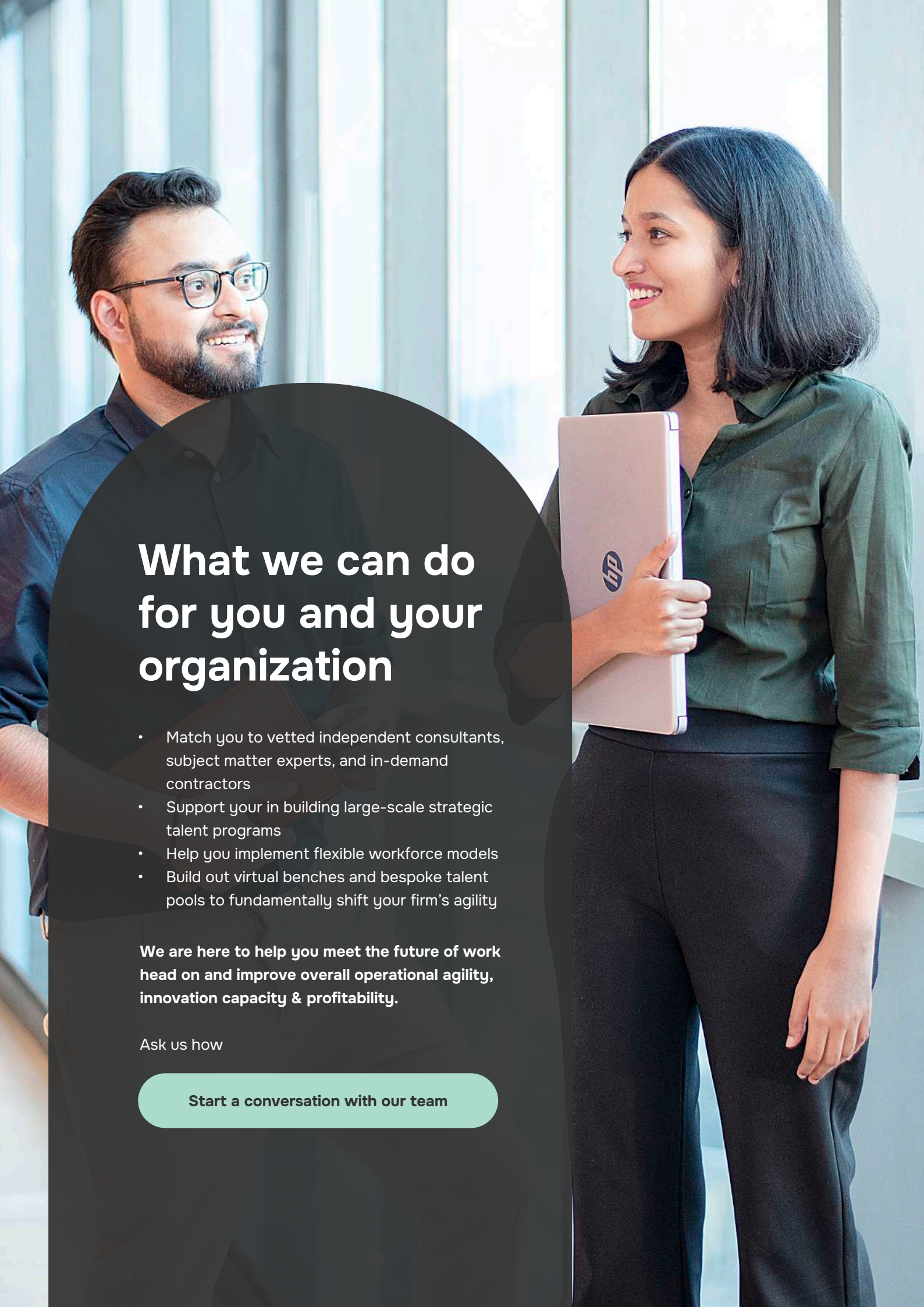
We are your gateway to the high-end independent talent market across Asia-Pacific, Africa & the Middle East

Meet Outsized: your competitive advantage

Outsized is the only platform that specializes in high-end independent talent for enterprise clients and management consulting firms across Asia-Pacific, Africa, and the Middle East.

We are a **values-driven organization** that believes in doing business the right way. That means being a force for good and building a sustainable and ethical talent market.





What we can do for you and your organization

- Match you to vetted independent consultants, subject matter experts, and in-demand contractors
- Support your in building large-scale strategic talent programs
- Help you implement flexible workforce models
- Build out virtual benches and bespoke talent pools to fundamentally shift your firm's agility

We are here to help you meet the future of work head on and improve overall operational agility, innovation capacity & profitability.

Ask us how

Start a conversation with our team

Get in touch



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