

Have You Heard of Outsourcer Arbitrage?

Arbitrage is a concept typically used on Wall Street. There are several flavors of arbitrage, but one of the easiest to understand is when a stock price is out of whack on two different markets, say Philadelphia and New York. When this happens, an arbitrageur will step in and buy the lower-priced market and simultaneously sell the higher-priced market. The result is a profit for the arbitrageur and the market moving back to equilibrium. Arbitrageurs deal in large quantities of the stocks and that is why their actions affect the stock price. Although the concept still exists on Wall Street, it has shifted to automated computer systems. This is one of the reasons why you don't see heavy price swings as often as they used to occur.

Did you know the same concept of arbitrage can be used with outsourcers? The process involves finding lower-priced jobs being offered and selling them to clients willing to pay higher prices. Or conversely, you could scan through forums where people are looking for certain jobs at a high price and find people willing to do them for less, such as on Fiverr.com. The beauty of this method is you get to play the middleman and net the difference between the prices.

If you do this practice enough times, you can make a pretty decent living. However, you are now assuming the role of project manager and you have to make sure the people you find to do the work, will actually deliver. You also need a plan if the person is not able to complete the job. Can you step in yourself, or will you need to hire others? This may not be practical as your original deadline may be creeping up on you and it will be difficult to find someone in a pinch that can fill in. This is why it's a good idea to add a buffer to the deadline if it's possible to do so.

Another problem when taking these types of opportunities is people bite off more than they can chew. They try to manage too many projects and get overwhelmed. If all the jobs run smoothly that may not be as big an issue, but this is seldom the case. There are going to be situations that arise that need to be handled. The worst thing that you can let happen is to start missing deadlines. You will find it very difficult to find future work if this happens too often.