



**Freelancer's Union:
Branding a Social Innovation**

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Why do a handful of social innovations take off, leading to broad social impact, while the vast majority of attempts, even though impressive from a technical viewpoint, never gain traction? Although many thousands of innovative small businesses with impressive social change missions have

emerged in recent years, few such enterprises have scaled to the size needed to have an appreciable societal impact. This diffusion problem—often termed the problem of scale in social innovation circles—has become a key concern amongst experts in the area. We argue that the primary impediment today is branding. Many social innovations fail to diffuse because they use strategies that have been designed for marketing widgets rather than for social change. Social innovations require a distinctive approach to branding based upon *cultural strategy*.

The Problem With Better Mousetraps Models

The Problem With Better Mousetraps Models. What makes social enterprises distinctive is their business model, which is structured to promote social and environmental change as well as deliver profit to stockholders. It is this ideological core that is potentially the company's biggest asset—what sets the company apart from much better-resourced commercial competitors. Yet, existing strategy models for social enterprises ignore the very feature that distinguishes these companies from conventional commerce. Recently, two of the most influential management gurus—Jim Collins and Clayton Christensen—have imported their commercial strategy models into social enterprise. Both models apply a similar economic logic. Their underlying assumptions follow Ralph Waldo Emerson's dictum "build a better mousetrap and the world will beat a path to your door," and so we call them *better mousetraps models*.

Clayton Christensen's disruptive innovation model focuses on products and services that trump existing category competition because they are cheaper, more useful, more reliable, or more convenient. Innovation is centered on a product or service with features that dramatically alter the conventional value proposition of an existing category. Recently, Christensen and his colleagues have applied this model directly to social enterprise. In an influential *Harvard Business Review* article, "Disruptive Innovation for Social Change," they argue that "catalytic innovations" drive how social enterprises can solve social problems:

"Like disruptive innovations, which challenge industry incumbents by offering simpler, good-enough alternatives to an underserved group of customers, catalytic innovations can surpass the status quo by providing good-enough solutions to inadequately addressed social problems."

Likewise, Jim Collins applies the recommendations in his best-selling book *Good to Great* to the social sector to provide guidance on the strategies required for social enterprises to take off (and become "great"). To scale a strong social enterprise concept (what he calls "the hedgehog concept") into a social enterprise with broad and sustainable social impact Collins recommends building a brand through "turning the flywheel." Turning the flywheel is none other than a simplified version of the economic model of branding, in which a company consistently executes on their better mousetrap concept, over time earning a reputation for performance, quality, and reliability.

While developing a better mousetrap, and then executing on it to earn the brand a reputation for doing so, is a laudable goal for any business, it is generic business recipe that fails to address the particular strategic opportunities and challenges that social enterprises face. Social enterprises do business in a different way, hoping that consumers will buy into their social change ideology through their purchases. It is this ideological core that is potentially the company's biggest asset, but, instead, far too often creates the most imposing stumbling block. This focus on ideological innovation necessarily makes social enterprise strategy distinctive. Social enterprises that follow advice to pursue a better mousetraps strategy necessarily walk away from their ideology, in so doing sidelining what is potentially their most valuable asset.

Applying Cultural Strategy to Social Enterprise

We have become particularly interested in social enterprises because they provide such a seamless fit with our model, given that many such businesses address tumultuous social issues with innovative ideology. Social enterprises have a substantial advantage in branding with ideology. Compared to conventional companies, which try to insinuate a social change ideology via CSR and cause-related marketing, prospective consumers consider social

enterprises to be far more credible and authentic. We have conducted academic research on some of the most influential social enterprises, including Patagonia and Ben & Jerry's. And we have been fortunate to develop cultural strategies that helped some of the most esteemed American social enterprise brands break through, including Ben & Jerry's, the Freelancer's Union, and New Belgium Brewing Company.

Social enterprises seek to bring to market innovative products and services that serve a social or environmental purpose—socially better mousetraps. Such transformative efforts usually stumble, though, because they encounter entrenched deep-pocketed incumbents, and they do so with very limited financial resources because they are designed around a lower economic return-on-investment (e.g., triple bottom-line criteria) or even as not-for-profit organizations. Cultural strategy can help social innovations to break through, transforming their ideological advantage into brand value.

In one of our earliest projects to apply the cultural strategy model to social enterprise, with our colleagues at Amalgamated we were offered the opportunity to restage *Working Today*, seemingly a very promising social innovation that had failed to scale after seven years of dedicated effort. This is a particularly interesting case to consider since Clayton Christensen used *Working Today* as key empirical support for his argument that his disruptive innovation model is a powerful tool for doing social innovation. We describe how cultural strategy drove the success of this social innovation.

Freelancers Union: Branding a Healthcare Innovation

In 1996, Sarah Horowitz, a third-generation labor activist troubled by the health-care dilemma facing the outsourced workers of the new economy, founded *Working Today*, an internet-driven not-for-profit organization that offered independent workers better health-insurance rates than they could secure elsewhere. Most insurance in the United States is delivered through corporations that negotiate group rates for their employees. People who don't work for a company that carries health insurance must finance their health care on their own.

Horowitz recognized that the new “knowledge” economy relied on a rapidly expanding workforce of outsourced part-timers, consultants, freelancers, and independent contractors. Companies were rationalizing salary and health insurance costs by outsourcing what had been white-collar jobs. These workers, not being full-time employees, had no corporate health benefits. Facing huge premiums in the market for individual policies, many of them rolled the dice and lived without any medical insurance at all. The idea behind *Working Today* was to aggregate these independent workers and use their collective bargaining power to negotiate much lower group health insurance rates for them. The concept was truly innovative, a clever solution to a real social problem that had recently emerged. Horowitz received a MacArthur genius award in 1999 in recognition of her creative activism.

However, the award was more an act of wishful thinking than recognition for a successful social innovation. During its first six years of operation, *Working Today* was a modest business at best. When Horowitz sought out our help in 2002, the organization had pulled in less than 2,000 independent workers to join up and buy into its health insurance plan. Its aggregated health care purchase was a meager \$1.2 million per year. *Working Today* had hit a cultural chasm: despite that the potentially disruptive social innovation, the business did not have the resources to market aggressively to its target market, particularly because the brand was marketed as a conventional better mousetrap.

Mimicking the Cultural Orthodoxy

When Horowitz came to us in 2002, we quickly identified why *Working Today* was struggling. In designing the brand, she had worried that prospects would not take her tiny start-up seriously as a health insurance company. So she had purposely stripped out the ideological foundations of her innovative service—the labor activism—thinking this would scare away prospects. Instead, she sought to mimic the cultural codes of the health insurance industry’s dominant ideology of corporate professionalism. The organization’s name, *Working Today*, expressed a sense of mundane professionalism. Its tagline, “Benefiting the way that you work,” echoed the cloaking attempts of larger

insurers to present their benefits claims from their consumers' perspective. *Working Today's* logo, with its unobtrusive abstract vector art, invited to customers to think that they were dealing with an anonymous, risk-averse, conglomerate. Its website used the conventional corporate stock imagery that other health insurance providers featured on their sites: workers dressed in professional attire, the image intentionally blurred as if to maintain a sense of anonymity.

By following Collins' "spin the flywheel" dictums to portray *Working Today* as a professional, dependable corporate provider of affordable insurance, Horowitz had actually stripped her offering of its enormous cultural potential. Given the vastly superior financial resources of its competitors, *Working Today* was fighting a losing battle. Whereas health insurance conglomerates typically spent tens of millions each year on advertising and employed large sales forces to respond to inquiries, *Working Today* had an annual communications budget of less than \$100,000 and no sales force to speak of.

Spotting the Ideological Opportunity

Horowitz had cleverly designed *Working Today* to attack a major economic dislocation in the labor market. What she hadn't done, though, is to consider the ideological opportunity that this social disruption had created, which would enable her brand to break through. In our cultural analysis, we sought to understand the ideological desires that had emerged amongst outsourced workers as a result of this shift. By the early 2000s, outsourcing was hitting commercial arts workers with particular force. Companies realized that they could cut costs by outsourcing disciplines such as graphic design, web design, interior design, journalism, architecture, advertising, web programming, technical writing, illustration, and 3-D animation. As a result, a large workforce of commercial arts contractors emerged who made a living by combining piecemeal freelance jobs. These commercial arts freelancers were a particularly attractive target for *Working Today*. Not only were they in need of reasonably priced health-insurance plans, but as a group, they were relatively young, mostly in their twenties and thirties, and represented a low-risk from an

actuarial perspective. Because of this, *Working Today* could negotiate significantly lower group rates for health insurance coverage.

Investigating the New York marketplace, we learned that many of our informants had attended art and design schools and, before the economic realities of making a living set in, had dreamed of becoming artists. So many of them identified with the bohemian ideology of the art world and resided in neighborhoods known for their bohemian artist communities, such as Manhattan's East Village and Lower East Side, and Brooklyn's Williamsburg, Fort Greene, Greenpoint, and Boerum Hill.

They not only embraced the cultural side of bohemia, but also favored bohemia's leftist politics, in which social activism has replaced the revolutionary fervor of old. Given their anti-corporate sentiment and poor experience with healthcare, it came as little surprise to learn that these commercial arts workers were extremely cynical about the incumbent health insurance companies. They mocked healthcare marketing that sought to portray such companies as trustworthy and dependable. And they accused these health providers of taking advantage of independent workers, charging them exorbitant prices because they had nowhere else to get insurance.

When it came to their freelance labor arrangements, the commercial arts freelancers were deeply conflicted. On one hand, they welcomed the autonomy that freelance work offered, and valued their independence from big corporations. Because commercial arts freelancers operated outside the constraints of mainstream institutions, they were able to paint themselves as free-spirited mavericks, modern bohemians who worked in the margins. Maybe they didn't make much money, but they could work when they wanted and where they wanted. If the muse struck them, they might hop in the car for a road trip.

On the other hand, the freelance labor arrangements left a material and social void. Freelancing meant being denied the security of healthcare and unemployment benefits. And freelancers experienced a profound lack of group solidarity. Because they worked on short-term projects moving from workplace to workplace, they rarely experienced the organizational camaraderie that other workers enjoy. At the same time, because freelancing often meant long hours

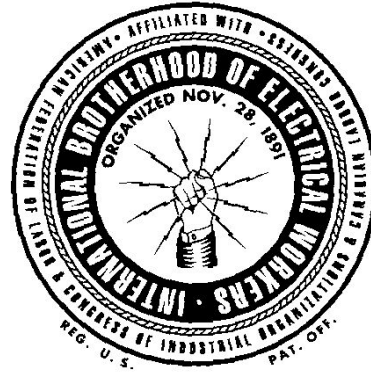
working alone from home or from coffee shops, freelancers rarely get to actually experience the joie de vie of the bohemian community. Our discovery of this collective yearning for group solidarity built around a bohemian-leftist ideology revealed the perfect ideological opportunity for *Working Today*.

Cultural Source Material

We then moved forward in our cultural strategy process to identify the most appropriate source material from which to craft a restaged version of *Working Today*. Ironically, when Horowitz adopted conventional marketing to make benefit claims like the big insurance companies, she had abandoned her most precious asset—the highly credible ideology that she brought to health insurance as a not-for-profit social enterprise founded by a long-time labor advocate and daughter of union activists. We knew that we needed to adapt cultural materials from labor activism, which sent us on an historical journey to find the most poignant materials to work with.

We researched the history of worker solidarity and labor struggles against the unregulated power of large corporations. We soon realized that—in a country that was generally unfriendly to organized labor and, with Reaganism, had eviscerated labor organizing—one of the most provocative cultural moves that a worker’s organization could make would be to start a union. A straightforward organizing pitch—join the SEIU—wouldn’t work. But an artful appropriation of unionism to create the identity value that our target sought should work. To do so, we drew from the halcyon days of unionism in the United States: the period from about 1900 through the Great Depression when labor activism peaked. In 2003, this era remained etched in memory as one of the most powerful expressions of worker solidarity, frequently celebrated in films by left-leaning producers and directors.

We were particularly interested in the movement's songs and slogans, which called for collectivism and emphasized communal bonds, as in the Wobblies' *"an injury to one in an injury to all,"* and the classic, *"Solidarity Forever!"* and *"the union makes us strong!"* The directness and combativeness of some of the movement's slogans had a special appeal. The challenge, *"Which side are you on?"* rallied striking coal miners in 1931 in Harlan County, Kentucky. In 1937, General Motors strikers were challenged with *"Sit down and watch your pay go up,"* to sit at their work stations and refuse to work. Because this rhetoric was so antithetical to the corporate cultural expressions of the major health insurance companies like Oxford, Aetna and Empire Blue Cross Blue Shield, we felt it had great potential.



Our target was also familiar with the art associated with the early 20th century labor union movement, which was reinvented by designers throughout the years, taught in art school classes, printed up in art history textbooks, shown in retrospective exhibits, and depicted in films about the Soviet Union. Perhaps the most iconic expressions of worker solidarity came from the constructivist art movement of the Soviet Union in the period following the Russian revolution, and continuing through the 1930s. Constructivist artists created visually striking posters used abstract and angular geometric design to communicate messages about worker solidarity.



The union logos that came to prominence in early 20th century also provided promising material for us to work with. Their slogans evoked the bonds of community using words like *"united"* and *"brotherhood."* Their design often featured the union's core craft skills or its collectivist bonds. Images of craft tools such as wrenches, saws, or framing squares, evoked a pride in craftsmanship that was increasingly absent in the New Economy, where craft skills were increasingly outsourced.

Other logos used images of handshakes or clenched fists to express ideals such as community bonding or collective strength.

Cultural Strategy

To catalyze independent commercial arts workers around Horowitz' collective insurance concept, we mapped out an ideology of *independent worker solidarity* that her organization could advance, and then worked to create a cultural expression to dramatize this ideology. We wanted to create a rallying call to commercial arts freelancers to come together as a defiant voice redefining how society should treat outsourced labor in the new networked economy. Championing collective healthcare as a right for all citizens would become our core issue to organize the union.

Our first decision was to change the name *Working Today* to *Freelancers Union*. The name change proved to be a controversial recommendation. Our cultural research revealed that *Working Today* conveyed the same qualities as corporate health-care providers, that it projected the same ideology, and, as a result, did not stimulate any interest amongst our target. The idea of using the term "freelancer" was in itself a considerable departure. Until this point, Horowitz had used the term "independent worker" because her conventional marketing research had indicated that this term was better at expressing the target's "professionalism." But our cultural research suggested that commercial arts workers wanted to distinguish themselves from corporate managers. So using the cultural code "freelancers" as a tongue-in-cheek reference would work much better at engendering group solidarity and cultural value. The term "union" was even more controversial. Horowitz had purposely avoided talking about her organization's offering in terms of unionism.

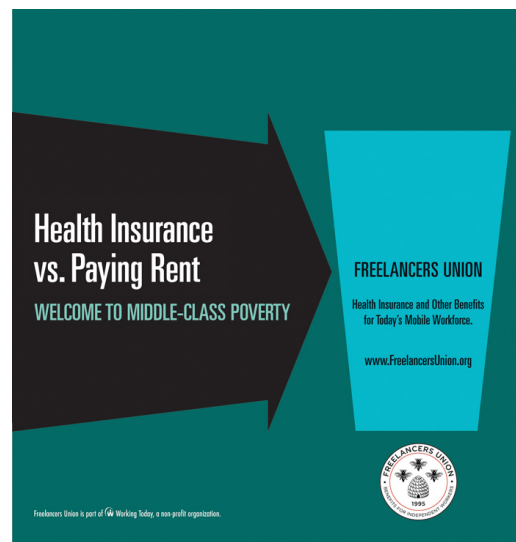
After settling on the Freelancers Union name, we developed a new logo that playfully riffed on the well-known design codes of early 20th century unionism. We designed a badge-like logo with the union name inscribed between the two outer two circles, the date of the union's founding inside near the



bottom of the inner circle, and at the center, iconographic etchings that symbolize craft labor practices and worker solidarity. We considered featuring commercial artist tools in the iconography, such as a pen, a ruler, and a computer keyboard. But in the end, we settled on the image of three bees, to represent the independent workers, and a beehive, to represent the greater community that freelancers could now belong to, despite operating as free agents.

To launch the new Freelancers Union brand, we created an advertising campaign on the cheap. Outdoor and print ads featured a new design template that evoked the abstract geometry and the stark fonts of early 20th century constructivist poster design. We wrote short, provocative headlines that framed the push to expand collective health insurance to freelancers as a mobilization for a new social movement. The copy angrily winked at the healthcare problems that freelancers faced. One headline read, "Health Insurance vs. Paying Rent." Another headline alluded to the fact that many freelancers were foregoing health insurance entirely: "Echinacea is not an acceptable form of health insurance." Yet another alluded to the widespread use of WebMd to self-diagnose because doctors were unaffordable: "Your primary care physician should not be a website."

The branding was designed to feel as though it came from an activist who shared the same frustrations and fears about their health and wanted to do something about it. It was the antithesis to category's predominant cultural codes, which spoke to customers from on high as the authoritative big company. We ended all of the ads with the tagline "Welcome to Middle-Class Poverty," which served as a humorous political satire, putting a name to the problem that freelancers had to date experienced anonymously and autonomously. We knew that stating that college-educated white-collar workers suffered from poverty would get lots of attention and resonate with our



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target because it rubbed against the widespread claims amongst elites that the New Economy was creating widespread middle-class prosperity. The ads urged freelancers to join the union now to get access to “health insurance and other benefits for today’s mobile workforce.” Our media budget for combined advertising efforts was a meager \$85,000.

We helped to redesign the organization’s website to deliver on the *Freelancer’s Union* concept, shifting

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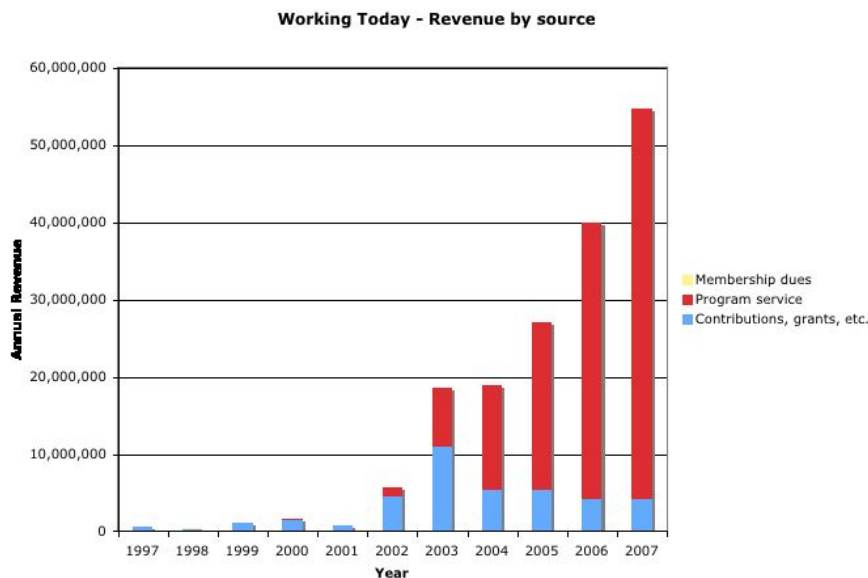
the emphasis from touting health insurance benefits to recruiting visitors as union members. Front and center of the redesigned homepage was a call to “join the movement.”

Now visitors were urged to become a member, even if they weren’t currently in the market for health insurance. We recommended a variety of new offerings designed to enhance the brand’s value as a quasi-union for freelancers: website freelancer job postings, freelancer-to-freelancer discussion groups, a calendar of union events at which freelancers could network, sales of union T-shirts, an offer for a “union card” that triggered freelancer discounts with participating retailers, and e-mail blasts that rallied people around our cause. These offerings transformed Horowitz’s relatively static website into a prototypical Web 2.0 social media community, visited regularly by large numbers of highly engaged participants.

This shift in emphasis reflected our broader goal of transforming *Working Today’s* business model. Before the re-launch, *Working Today* had no systematic means for acquiring leads and then converting these leads into paying health insurance customers. Because we asked prospects first and foremost to join the freelancers solidarity movement, we were able to attract a much larger prospect pool than would normally be interested in a health insurance website, creating a highly effective sales funnel for Horowitz’s organization.

Results

The response to the restaging of *Working Today* as *Freelancers Union* was overwhelming. In its first seven years in business as *Working Today*, the organization had grown to 2000 members and \$1.2 million in health insurance revenues. In just five months following the 2003 re-launch membership tripled to 6000. For 2003, revenues from health insurance shot up 619% to \$7.6 million. By 2009, six years into the restaging, Freelancers Union was buying \$70 million in group insurance for 93,000 active members, becoming the fast-growing individual health-insurance provider in the USA. Sarah Horowitz now presides over one of the most famous American social innovations of the past decade.



Our application also reveals the inherent weaknesses of applying a better mousetraps model to social enterprise. Clayton Christensen's Harvard Business Review article, "Disruptive Innovation for Social Change," cites *Freelancer's Union* as empirical proof of their claims for catalytic innovation. To make such an argument, Christensen and his colleagues ignored the historical trajectory of Horowitz' organization, its five years of failure when branded as "*Working Today*," followed by its six years of success when branded as "*Freelancers Union*." During its five years of failure, the organization provided the same "cheap but good-enough" solution that better mousetraps models claim is the

ticket to mass market success. Yet the organization only took off when we used a cultural strategy to transform the offering into *Freelancer's Union*.

Breaking Through the Cultural Chasm

Social enterprises are unique in that the business promotes an ideology of social change: the more successful the business, the more the new ideology penetrates into society. So promoting social change through commerce necessarily involves winning over customers, through their purchases, to a new ideology. Existing strategic models for social enterprises—the better mousetraps models of Clayton Christensen and Jim Collins—have been lifted straight from the world of computer chips, banks, and pharmaceuticals. While these models offer solid business advice, they ignore this distinctive characteristic of social enterprise.

Today, many social enterprises ignore their ideology altogether and mimic conventional businesses, or else they wear their ideology on their sleeve as a sermon to activists. As a result, they usually fail to scale. We introduce a new way to think about branding social enterprise, using what we call cultural strategy, which puts ideology at the center of strategy development. While mass-market consumers aren't activists, they are voracious consumers of ideology, even though most would deny it. All consumers value brand symbolism, which is simply ideology, covertly consumed, through myth and cultural codes. The strategic problem, then, is how to transform the social enterprise's ideology into a cultural expression that resonates with the non-activist mass market? We demonstrate that social enterprises can leap over this chasm to mass market success and the potential to influence social change by developing a cultural strategy: crafting the brand's ideology into a cultural expression that responds to ideological opportunities in the marketplace.

Social enterprises break through by viewing customers, not as potential activists, but as consumers with identity desires. Successful social enterprises create identity value for their mass-market customers by using their brand to craft cultural expressions that convey ideology implicitly, in mythic form, rather than the didactic mission values that most social enterprises follow. Freelancers Union broke through when we used its nuts-and-bolts value

proposition—cheaper health insurance—as a foundation to forge a virtual community of bohemian laborers. We did so with an oddball cultural expression that college-educated professionals in the USA found provocative and exhilarating: join the union of broke middle-class workers who can't afford health insurance!

Social enterprises succeed when they learn to “commercialize” their ideologies. Rather than champion their mission statements to fellow believers, social enterprises need to view their social change ideology as a cultural asset. Cultural strategy pinpoints ideological opportunities in the marketplace and leverages the social enterprise ideology to create brand expressions that serve as valuable sources of identity value for mass-market consumers.