

Pass it On: Save Time & Money with Outsourcing

With so many small- to medium-sized companies struggling to stay afloat in today's stormy economic climate, entrepreneurial success stories can seem few and far between. But even with shrinking consumer spending and rising margins, there are some businesses that are still turning a profit. How are they doing it? The answer is simple: They're not. Not by themselves, that is.

Many business owners have discovered outsourcing as a viable means of cutting costs. While there are always going to be critical functions that should remain in-house, there are many operations—human resources, marketing, research and development, content development, and IT support, to name a few—that can be successfully farmed out to a third-party provider who has the resources, time, and experience to get things done quickly and reliably.

The Advantages of Looking Elsewhere

When faced with the decision of whether to subcontract a business function, consider the many benefits it may afford your business:

- **Cutting of costs.** The most obvious advantage of outsourcing is a reduction in operating expenses and overhead. Instead of automatically shelling out fixed amounts each month for a service, you'll only pay for what you need, when you need it. This gives you more control over your capital, freeing up funds for billable activities and investments in the growth of your business.
- **Better value for consumers.** With the funds you'll save by outsourcing, you'll be able to offer your products or services at a price lower than competitors who attempt to do everything in-house.
- **More efficiency.** By delegating peripheral business functions, you'll be giving your staff the capability to devote more of their time to getting things done and streamlining processes, creating a more customer-centric focus.
- **A competitive advantage.** Most big companies have budgets to match, allowing them to retain dedicated in-house teams for functions like human resources, IT support, and marketing. For small- to mid-sized businesses, it may seem impossible to compete with these heavy hitters. By outsourcing, you'll be able to perform like a large corporation by leveraging the expertise and focus of third-party vendors.

Questions to Ask Yourself Before Outsourcing

Before contracting with a service provider, consider the following:

- **What should you farm out?** There's virtually no limit to the functions that can be outsourced, as there will always be a provider ready and willing to offer up their services. Be careful, though, not to delegate too much. As a general rule, any customer-focused, revenue-producing activities should be kept in-house. Some typical functions that are commonly outsourced by small businesses include payroll, human resources, technical support, research, web design and programming, marketing, content writing, and application development.
- **Do you know exactly what you need?** If not, take the time to define clear-cut requirements before advertising them. In order to forge a successful relationship with a vendor, you'll need to provide a detailed outline of expected deliverables and time frames. Otherwise, you'll end up spending valuable project time getting providers up to speed.
- **How much are you willing to pay?** It may be tempting to go with the cheapest quote, but this can often mean sacrificing quality of service. On the other hand, you want the process to be as cost-effective as possible. Strive for a nice middle ground—many businesses make it a general practice to discard the highest and lowest bids at the outset.
- **Have they done it before?** Make sure you choose a provider who has seasoned experience in the specific project type; it's even better if they've worked with companies in your industry. You don't want yours to be the project a new provider uses to get their feet wet. Don't be shy about requesting samples and references.

With the right preparation and a skilled provider, outsourcing can be an excellent way to cut costs, boost efficiency, and better serve your consumers. By doing what you do best and farming out the rest, you'll have a profitable advantage over other small businesses in your sector.