

3 Signs That Outsourcing a Business Function Will Be More Efficient Than Keeping It In-House



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Whatever someone's formula for creating a successful business happens to be, running that business means taking on a lot of unfamiliar responsibilities. Knowing what tasks and responsibilities to outsource from the beginning could be the secret to your success.

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Let's review some of the biggest benefits of outsourcing even simple business activities.

The benefits

Outsourcing parts of your business can feel like both an added expense and unnecessary additional work, especially when you first adopt a new approach. After all, it involves taking the time to explain your brand, vision and objectives to someone else.

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However, there are several benefits of outsourcing. For instance, outsourcing a business function can:

- **Save you time:** Outsourcing can free you up to focus on areas of your business that are more important for you to oversee personally and unique to your vision.
- **Reduce complexity:** As you shift tasks to other qualified professionals, you reduce the complexity of your organization. This includes reducing hiring, payroll, training, strategy and other activities that come with in-house management.
- **Give you access to excellence:** Outsourcing means you're taking advantage of someone else's strengths, training and knowledge. You don't have to become an expert in every area of your business.
- **Cut costs:** From more time to fewer mistakes to playing to your team's strengths, outsourcing can help your bottom line and easily pay for itself when done well.

Outsourcing isn't the answer to everything. However, it is a valuable tool entrepreneurs should not take for granted,

especially if all the little to-dos are getting in the way of the big picture.

Signs that it's time to outsource an activity

While outsourcing can have many benefits, it could also have a negative impact if it's too expensive or if it's not done well. If you start outsourcing the wrong activities or choosing the wrong partners, it can be a big mistake.

So how do you choose what to outsource? Here are three clear signals that prove you'll benefit from outside help:

1. You don't have time to strategize

Strategizing can feel like a luxury to an overstretched entrepreneur. It's easy to slip nuanced things like creativity and innovation to the back burner. This is especially true if you spend all of your time pushing paperwork.

Payroll software company OnPay surveyed small business owners and found that they spend over 18 hours a month on average tending to payroll. Not only that, but just one in four small business owners feel they deduct and submit payroll taxes correctly.

In other words, they spend nearly half a workweek tending to payroll and don't feel good about the results.

In contrast, the survey also found that 70% of those who outsourced their payroll concerns were confident about paying on time and 50% felt good about handling taxes correctly. They also only spent roughly an hour or less on payroll each month.

Ask yourself if you have the time to strategize for your business. If you find that your big picture focus is being interrupted by countless hours of administrative minutiae,

that can be a major sign that you need to outsource some of your activities.

2. Your company is growing

If your company is successful, it will grow. It's a reality of the transitory nature of business. As you strive to take your company to the next level, you may experience periods of rapid growth.

These are exciting times, but they can also be stressful. If your company is growing fast, you may find that you're feeling stressed and stretched in multiple directions. This is another major red flag that may signal the need for outsourcing.

The problem is, as a company scales, activities that used to be manageable can become too big to handle. For example, a grassroots marketing campaign may have worked when you had one office, but it might be harder to pull off when you have multiple locations. Or, maybe you didn't need to think about things like IT when you only had five employees, but as you hire more people, you find it hard (and outside your comfort zone) to stay on top of everyone's permissions and keep your online presence secure.

As you grow, keep an eye out for areas that used to be manageable but may have become too big to handle.

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3. You don't specialize in an activity

One of the easiest ways to peg an outsource-able function within your business is to consider if it's related to your field. It's no secret that specialized tasks require, well, specialization.

This is one of the simplest ways to see if your business

functions need outsourcing. If you're feeling busy or overwhelmed, consider how many activities you're engaged in that are essential to your business but not your field of focus, your objectives or your industry.

The Small Business Administration recommends several areas that are prime outsourcing candidates. Departments like accounting, marketing and IT management are all critical functions of a modern business. At the same time, they are often not connected to the primary focus of an enterprise.

If you're buried in non-industry-related minutia, that may be the sign that it's time to pass these responsibilities off to others.

There are many reasons to outsource a function of your business. The key is being willing to take a deep, introspective look at your company and find the areas worth handing over to another party. If you can do that, you can tap into some of the benefits that come from outsourcing.

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