5 Questions to Ask When Hiring a Tech Team

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Picture this: your business is booming, your team is expanding and now you are thinking about the next steps for your company's future. One of those questions may involve taking departments in-house. That's the scenario that I encounter with business leaders I mentor regularly.

Throughout my career, I started a successful business that grew into 150 franchises nationwide. I currently run a full-stack technology company and am an advisor to other tech businesses while mentoring various founders. What's unique about my experience is that I've led businesses with a core competency of technology and ones without. When I get asked about bringing a tech team internally, there are a few questions I recommend when considering your decision:

1. What is your size of spend?

It's critical to evaluate how much you spend on a tech team outside your organization compared to how much it would cost to bring it in-house. As a general rule of thumb, if you are spending north of a million dollars a year on an outside tech team, now is when you can start making those apple-to-apple comparisons. For about the same price, you likely will be able to have a team of 2-4 software developers and a strategy leader. Are you getting enough value for your overhead?

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2. Is this the core of your business?

Think about your core competencies and your personal expertise before making this decision. If you run a business that doesn't specialize in technology, do you need to have an internal tech team? Who will oversee the nuances of the technological decisions if you aren't an expert yourself? Of course, if you are an underlying technology company that needs a unique interface to run the business, this decision may lean towards bringing someone in-house sooner.

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3. Where are your freelancers?

Many tech teams rely on overseas freelancers for a significant portion of their output. While I have had success with overseas partners, I have also encountered some critical issues. Often there is a disconnect with time zones – forcing you to take meetings well after business hours – coupled with communication break-downs and quality control issues. You never want to rely on someone unreliable to ensure your business is successful.

4. What would an internal tech department look like?

Once you think you are ready to create that internal technology department, there are some additional considerations you will want to plan and budget. I explain this by telling my clients to imagine they are building a house. You wouldn't hire one general maintenance person to do all the necessary jobs. Of course, you would want an electrician, a plumber, a builder, an architect, etc. The same

thought process goes for a technology team. You will need specialists skilled in specialties to fit your exact need. That’s the benefit you get with an outside freelance team unless you budget for all of the specialists that would be needed.

Let’s take it further and assume you are hiring for that internal department. Software developers are notoriously career nomads. That’s not an insult; you can’t blame them for bouncing from job to job. Typically, if they are any good, they are getting exponentially more significant salary opportunities within just a few years.

Usually, it takes four to six months for the developer to get proficient in your tech needs, and then on average, they leave after 18 months. That means you have just one solid year to see their full potential. When you have to hire someone, you often pay recruiter fees which can be a large percentage of the employee’s salary. On the flip side, you can keep your developer happy by matching their salary potential if they leave, but that is costly too. It’s not a cheap game to play, but the benefits may outweigh the costs if they are focused on your technology and sound.

5. Do you need it “all or nothing”?

This one has a simple answer: no! Many companies find success in a balance of having both internal and external technology teams. Perhaps, you bring in 70-80% in-house and leave certain features and solutions to an external team to solve. The answer doesn’t need to be all or nothing, which is okay!

Whether your answer to bringing a tech team internally is yes, no, or a combination, it is always best to do what is right for your business. That means weighing the pros, cons and cost analysis before making such a big decision. Maybe even talk to your network about what worked for them. Your biggest asset is your employees, so ensure you have the right ones to keep your

company working to its fullest potential.

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