Here’s How to Know When You Should Outsource



Sure, outsourcing can help you cut costs, but smart companies are asking it to do more.

January 2, 2019 4 min read

Opinions expressed by *Entrepreneur* contributors are their own.

These days, outsourcing helps companies of all sizes shore up skills gaps in their teams, boost efficiency and sharpen their focus.

And companies that opt to outsource won’t be at a loss for qualified candidates. More than one in three workers in the U.S. freelance, according to Betterment’s 2018 “Gig Economy and the Future of Retirement” report, and that number is predicted to reach 40 percent by 2020. In addition, because freelancers can complete projects from anywhere on the planet,

business leaders don’t need to shell out a lofty sum for travel and expenses.

Thanks to technology, outsourcing has become an affordable option — especially for smaller companies and entrepreneurs with little capital to burn. However, that doesn’t mean you’ll automatically benefit, so it pays to make sure that outsourcing is a good fit first. If you have trouble accomplishing a task on your own, then outsourcing may be the answer.

Related: 5 Things Small Businesses Should Outsource

So how do you better gauge whether or not your business will benefit from outsourcing a particular task? Before piecemealing out your organization or project, ask yourself these three questions.

1. Will it propel my business forward?

As Deloitte’s 2018 Global Outsourcing Survey highlights, controlling costs is still a major benefit of outsourcing, but the motivation behind the decision to outsource has changed. Now companies opt to outsource as a way to work with partners and integrate services that they couldn’t provide on their own.

For entrepreneurs, especially, outsourcing can be the key to propelling their startups forward faster and more effectively than they could do alone or with a small in-house team. You can even outsource product development. For instance, when Alex Turnbull wanted to launch Groove, he realized he lacked the technical expertise to build the SaaS product. He outsourced the online customer support platform’s entire early development so he could get his idea off the ground.

2. Will it boost my team’s capabilities?

Outsourcing can amp up your team’s skill set. For instance, say your marketing team can check off nine out of ten industry expertise boxes but lacks understanding of one area, such as graphic design or video production. By outsourcing this capability, you can complete the ecosystem. Whether it’s IT, accounting, marketing or any other function that needs help, building it up through strategic outsourcing helps everyone else excel.

The IT function offers an excellent example. With the exception of IT companies proper, most businesses don’t specialize in the types of technologies they depend on. To establish and manage any program, Christine Alemany, chief growth advisor for Trailblaze Growth Advisors, says that “you have to have much more than a cursory understanding of the technologies involved in the entire ecosystem.” Outsourcing with a partner that has this understanding will help your business thrive.

Related: 5 Tasks Entrepreneurs Are Better Off Outsourcing

3. Will it make my team more efficient?

Outsourcing is not about just handling areas in which you don’t excel. Sometimes you should even outsource some of your core competencies, too. By outsourcing some tasks that fall under the expertise of your team, you can free up time for in-house departments to flex their efficiency and productivity muscles. Outsourcing can streamline a process or help your team complete a time-consuming project while not abandoning all of their daily tasks.

For instance, with outsourcing’s help, Penske Truck Leasing, which leases equipment and provides logistics services, redesigned and centralized its back-office operations to better leverage a global delivery model. The company’s administrative and finance teams outsourced tasks to Genpact transition experts, leaning on them for some of the research and process mapping required to determine how operations should be redistributed.

Related: How Your Company Can Use Both Outsourced and In-House Marketing

The truth is that most companies, big and small, can relate to these three goals. Now, however, smaller organizations can have the same opportunities for success as their larger competitors thanks to strategic outsourcing. Before jumping in, though, take a comprehensive look at exactly what it is you should outsource for optimal results.

https://www.entrepreneur.com/article/324847