What Work Should You Outsource?

Small businesses don’t need a big team to make a big impact. Here’s how to be strategic about what work gets outsourced.

August 28, 2019 4 min read

This story appears in the September 2019 issue of *Entrepreneur*. Subscribe »

Q: I don’t have the money to hire a big team. What skills do I need to keep in-house, and what can I just hire contractors for? — Rachel Y., Miami

Good startups start with good people. That’s what Paul Graham, one of the founders of the famed Silicon Valley accelerator Y Combinator, often says. And research backs him up. The Startup Genome project found that compared with companies that have a full team, solopreneurs take 3.6 times longer to outgrow their startup phase. And according to CB Insights research, “not having the right team” is one of the top three reasons startups fail. (The other two are “no market need” and “running out of cash.”)

But who cares about that, right? If you don’t have the money to hire a full team, then no amount of snappy quotes or studies can change your fortunes. That’s why a world of outsourced options are available — everyone from highly skilled freelancers to agencies promising to serve as your outsourced CMO or CTO.

So the question becomes: Given your startup’s limited funds,

who *definitely* belongs on the payroll?

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I come at this question from a unique vantage point, because I've seen it from both sides. I've hired staff and contractors for my businesses, but I'm also a contractor myself. Through my consulting growth agency, other companies bring me in to be their non-staff solution.

After seeing how many teams (including my own) work with contractors, my recommendation is this. Think of your in-house team as your survival crew — and survival means having something that other businesses don't possess or can't offer. Who are the people who can give your company this edge? They're the ones you hire. Everything else can come later.

Here are examples from both sides of my work.

First, as the guy who hires: When I started my fitness business, Born Fitness, I knew that survival depended upon having the best coaches. Without them, we're nothing. So I brought them on staff, and I outsourced almost everything else.

Next, as the guy who's hired as a business consultant: My agency, Pen Name, will identify gaps and opportunities for our clients and provide them with strategy and tactical execution. But we're up front with our clients, too. We say that we're not the fundamental difference-maker in a business — our typical role is to improve or amplify what our client has already built. If they're looking for survival strategies from the outside, we say, it means their business is flawed and at risk.

In general, outsourcing should help *most* with the short game. Anything that can help growth *today* is oftentimes best achieved by outsourcing. That's because you can assemble an entire team to move quickly, building systems to help generate

revenue. Maybe that means a freelancer to build your website, or to create email funnels that turn traffic into revenue.

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There are also plenty of process-oriented jobs worth outsourcing. For example, for most businesses, customer service and admin work is a necessity, but those skills can be plug-and-play. When you're low on cash, consider outsourcing them.

But you also need to think of the long game. Which jobs require innovation or unique leadership? Hire for those positions, and develop those team members. They're key to survival—and they'll often help you avoid redundancy and a bloated staff later on. For example, in a product-based business, the person who created the product ideally can also manage the sales and assist with marketing. After all, who else knows the product better?

In growth, there is rarely one model that works for everyone. But it can usually boil down to this: Everyone on your team should play a key role in pushing your business forward – and everything on the outside should amplify your efforts.

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