



When Outsourcing Makes Sense (and Dollars)

By Leah Thiss, BBBS, Inc.

The demand for outsourcing, in this case locally not overseas, is growing. More than 70% of the senior executives interviewed predicted that demand for outsourcing would become even more prevalent over the next three years, according to a 2003 study conducted by Accenture and the Economist Intelligence Unit.

For many, the decision to outsource is purely a financial one. Does it cost more money for me to hire the talent in-house or to outsource? However, an increasing number of executives are finding that outsourcing can create a strategic advantage, especially for a growing company whose needs are often rapidly changing.

The most common functions to outsource are services such as accounting departments, payroll, information systems, sales, marketing and human resources. Successful outsourcing relationships enable business owners/CEOs to focus on their own core competencies, eliminating the daily tactical to-do lists (working in the business) that keep them from spending time on the big picture and strategic initiatives (working on the business).

As an example, all companies need relevant, timely and accurate financial reports and analyses. Whether Fortune 500 or a smaller emerging business, the needs are very similar. Unlike their large corporate counterparts, small and mid-size businesses cannot afford to hire an accounting department with specialists in each area. Many companies over or under utilize the accounting employees they do hire – perhaps expecting a controller to perform bookkeeping functions or an accounting clerk to provide financial analyses. An outsourced accounting services company can provide the right services and skill at the right time. A company's requirements may be for a CFO/controller a few hours each month for planning; a bookkeeper a couple of hours daily to maintain data entry; and an accounting clerk a few hours weekly to review the data, prepare reports and make collection calls. The key is the company only pays for the professional level it needs for the time it is needed. In this scenario, the company secures access to the high-level strategic financial expertise that will propel its growth while maintaining its day-to-day accounting needs with the most cost-effective mix of talent.

The value of outside services has been enhanced in recent years with the utilization of state-of-the-art electronic communication systems that operate transparently, away from a client company's headquarters. This technology allows the outsourced team to interact with a company's in-house employees as if they were just down the hall on a daily basis. This makes the integration and acceptance of outsourcing more practical for any size business.

Although outsource companies are sometimes confused with temporary employment services, true outsourcing services maintain regular full-time professionals that develop working relationships with their clients. They operate as an extension of their client companies. The rapport and commitment developed between clients and outsourced professionals are difficult to find with traditional part-time or temporary agencies.

So, when does outsourcing make sense? If you're a growing company, your needs are constantly changing so having a flexible support team that can quickly refine its talent mix to support your needs will give you the edge you need to keep your momentum going. If you're a small to mid-size business, chances are you cannot afford to hire the breadth of expertise you may require in any given functional area. With few exceptions, outsourcing is a viable option for you in many areas that can result in operating cost reductions and better strategic insight. If you're a company that is seeking change, an outsourcing team can bring an outsider's perspective and the ability to see past the way things are done to the possibilities of how they could and should be done.

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