5 reasons to outsource

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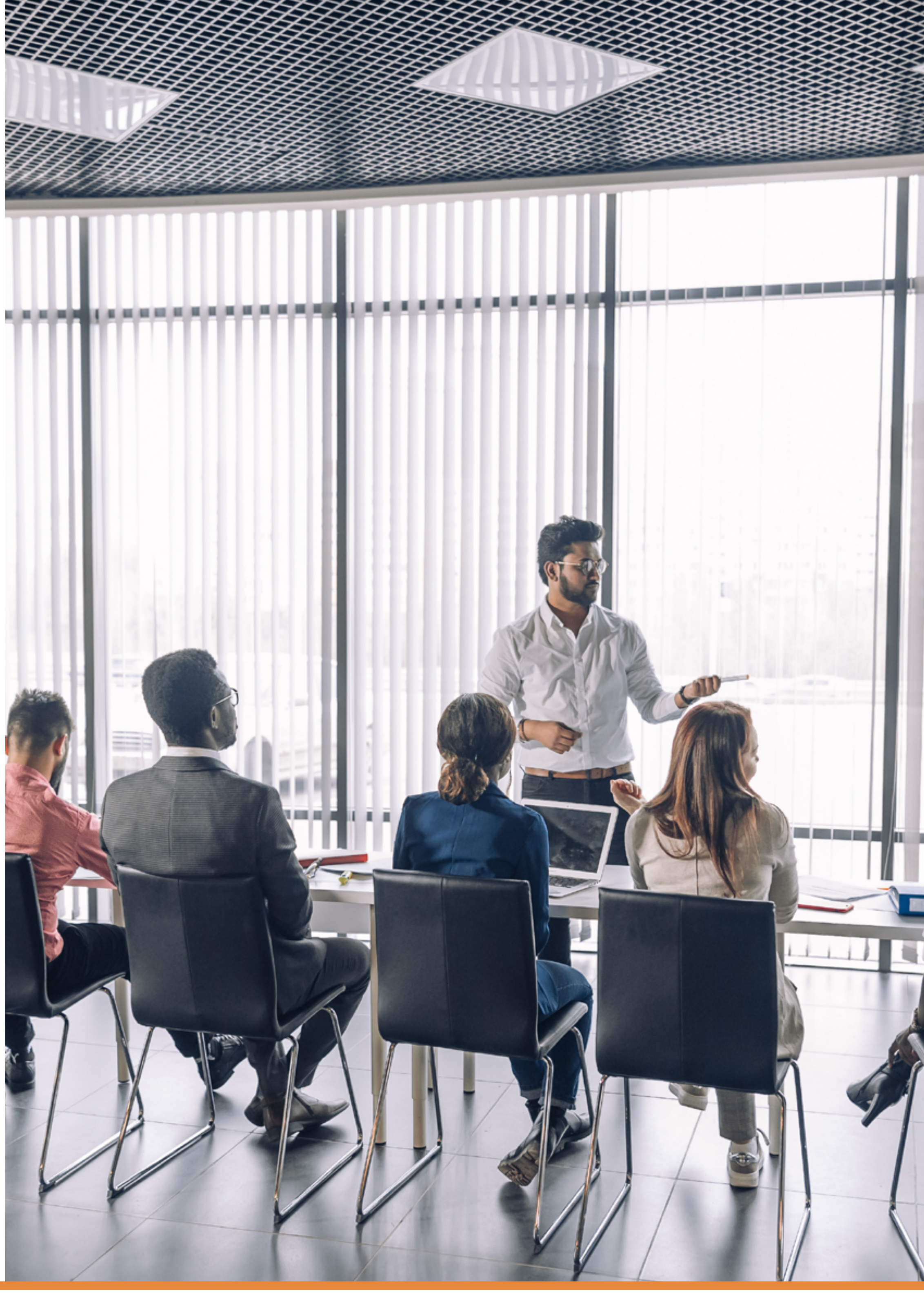
Outsourcing has a bit of a bad reputation. "America First" policies, rising unemployment rates, and lower quality of services and labor have all been connected to the idea of the outsourced worker. Whether they're across an ocean or across the southern border, outsourcing is hotly contested across the US. Unsurprisingly, this isn't the whole story, despite the fact that "eight-in-ten adults say that increased outsourcing of jobs to other countries hurts American workers," according to the Pew Research Center.

But, the truth of outsourcing is much muddier. It's easy to attribute job loss and the general disillusionment of US workers on exporting their positions, and much more work to talk about the trade agreements and other factors that contribute to the loss of American jobs in certain industries, according to Kimberly Amadeo of the balance.

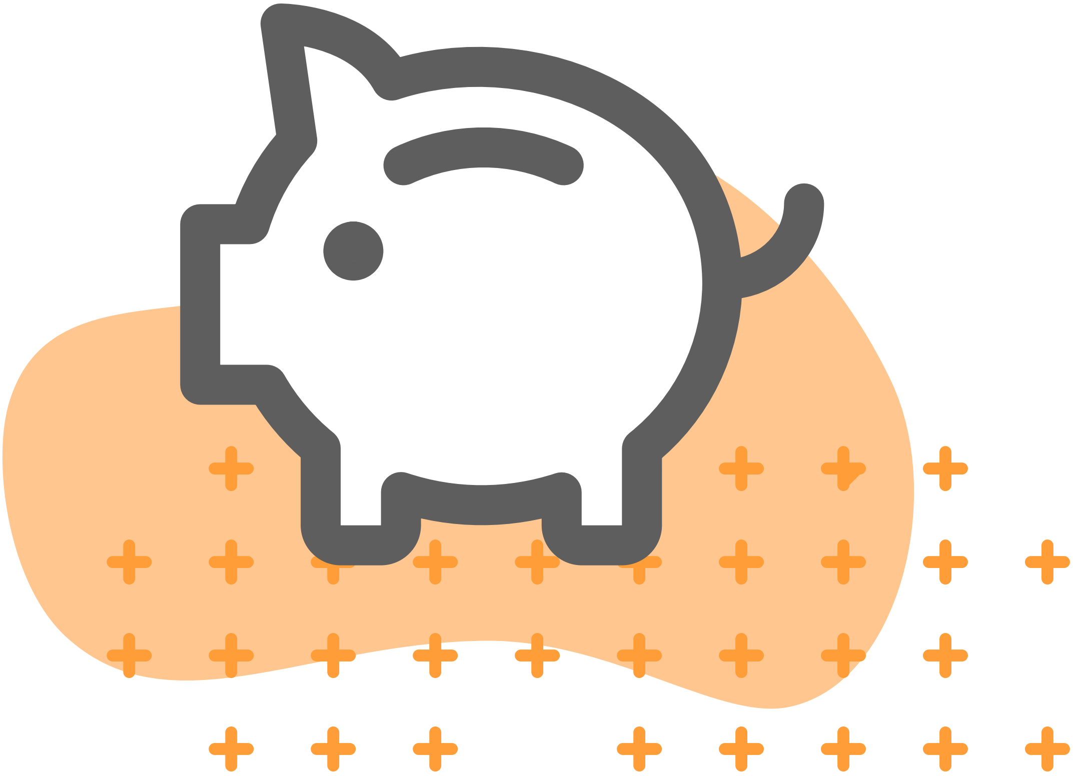
What's more, the importance of outsourcing is rarely discussed when it comes to businesses. More than anyone, businesses benefit from outsourcing as a way to cut costs, save time, focus operations, and improve productivity. The more money and time businesses have, the more they can focus on creating increasingly specialized and high paying positions, expand to other markets, and create jobs outside of what they've outsourced.

All of that, on top of the fact that outsourcing also helps grow the economies of countries where these workers live. But that's a story for another time.

While many in the US believe outsourcing takes away American jobs, lowers the quality of goods and services, and weakens the economy, the opposite is in fact true. If you're wondering whether or not to outsource as a small or enterprise business owner, here are the five reasons why it might be the best thing you'll ever do for your organization.



1. Save money



Save money by hiring

It can be hard to see how hiring saves anyone any money. But, by strategically outsourcing certain positions, businesses can get a major bang for their buck. Many businesses of all sizes outsource lower-level and entry-level positions such as writing, data entry, customer service, etc. These positions, while key to any successful business in one way or another, are also not very high-paying positions compared to executives and upper-management. By outsourcing these positions, businesses make these jobs even cheaper.

Take customer service for example. The average customer service representative employed in the US ranges in salary from $30,000 to $45,000 per year (**USD**). According to PayScale, the average call center employee in India makes Wan average of ₹221,000 per year. Get ready: that's USD $3,000. These salaries are the average between both Indian-based and global companies who employ CSRs. That's a low wage. Some would say criminally low.

Livable wages are significantly lower

Business owners don’t have to pay so little for these services. Even giving an outsourced employee a livable wage in some countries is still significantly lower than the average wage of a US worker. Plus, business owners don’t have to pay for everything else that comes with the average US salary: benefits, RRSPs, and training. As well, there’s no money wasted on overhead for housing an employee on-site. If that doesn’t sound like a big deal, think again.

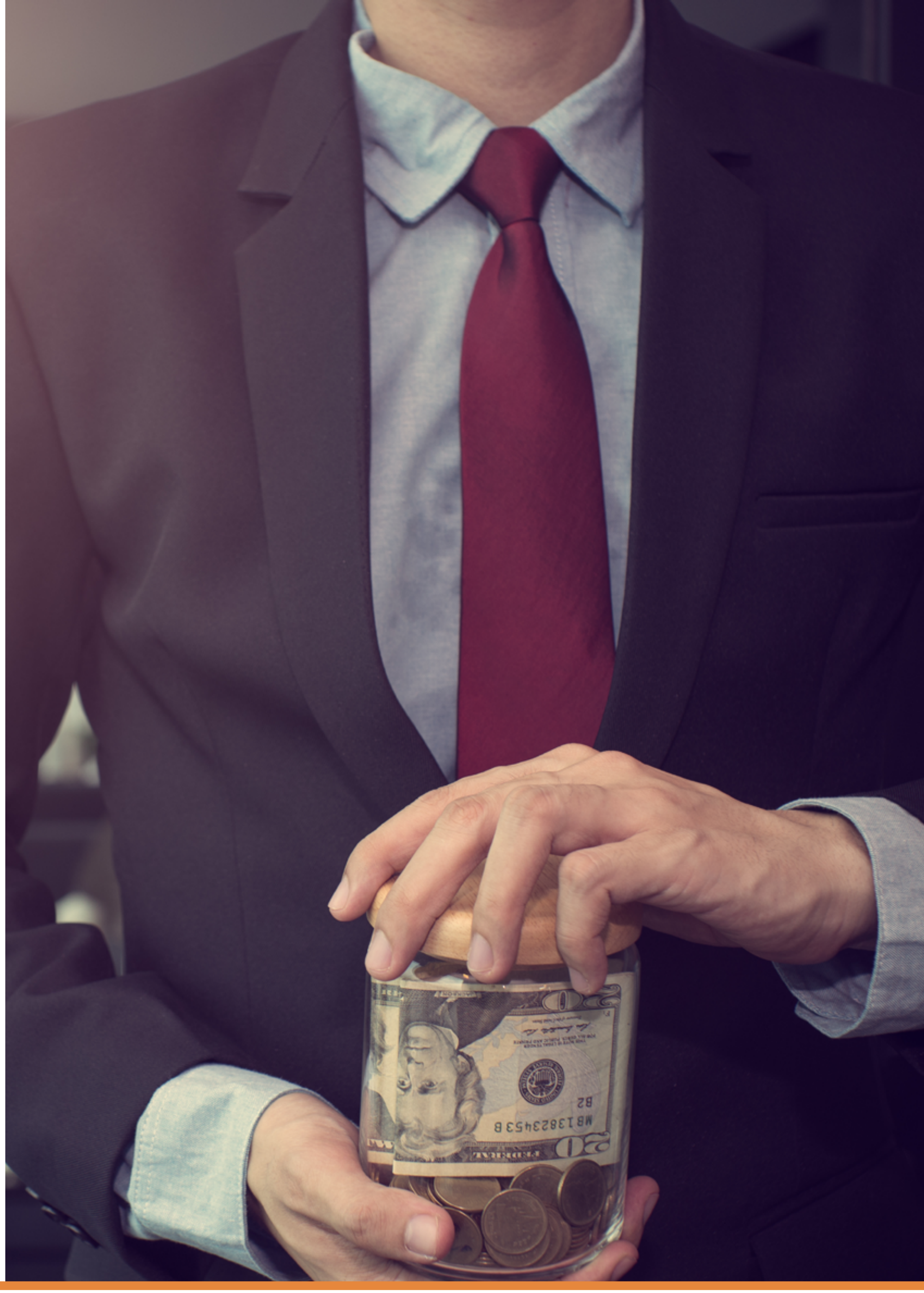
On average, a worker costs 1.25 to 1.4 times their base salary range. To put that into perspective, an employee salary of USD $50,000 will actually cost the employer $62,000 to $70,000, according to Joe Hadzima at MIT.

That’s a lot of savings. In fact, many companies report saving millions of dollars each year by simply outsourcing these kinds of jobs. Of course, there’s always the concern of outsourcing simply to save money, and boost the bottom line. If the savings are properly distributed, outsourcing can actually increase job opportunities for US workers, and create upward mobility pathways for employees.

As the company expands, there may be a need for a management team to communicate with these outsourced employees. Or, they could act as a trial-run for potential changes to company structure.

Bolstering your marketing department with content writers and designers is a risky and costly task. By outsourcing these jobs, businesses can build-out a model for how they’d like the department to function in-house before committing to hiring an on-site team.

Businesses generally hire for non-core functions when looking to outsource. Unfortunately, this means outsourced workers get a bad reputation for being less valuable and qualified than their US counterparts. However, as many studies and experiences have shown, the opposite may in fact be true.



2. Bigger, better talent pools

Many companies also outsource to access larger talent pools around the world. While there may be qualified employees open for the position, coupled with cost savings, business owners can get more for less in terms of quantity of employees.

But, is that true of the quality as well?

Many studies and publications warn business owners of what they call "*problems of quality*" with outsourced workers. These issues can be summed up into a few key issues:

A. Language barriers

B. Low pay, low quality

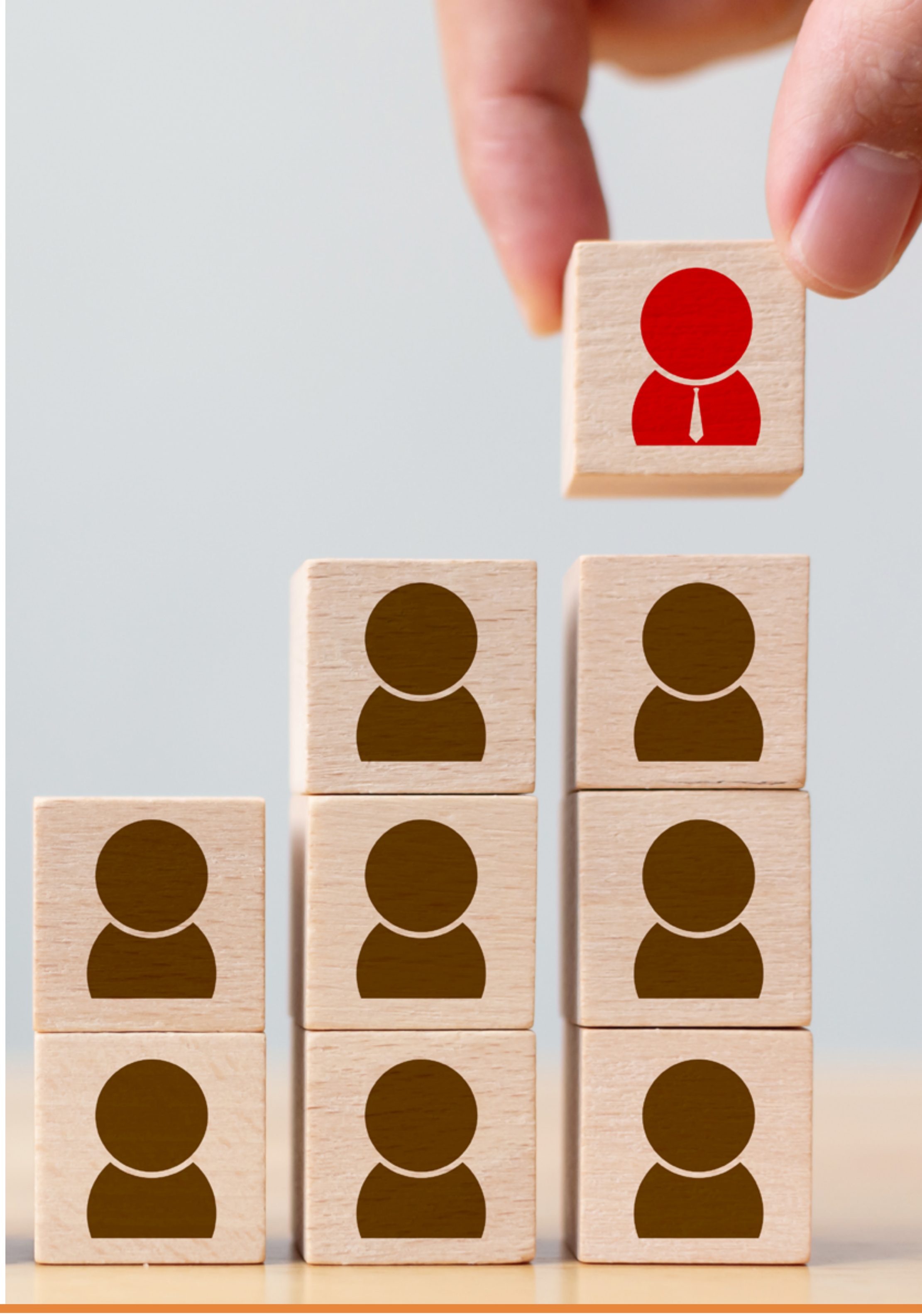
C. Time tracking

These are only some of the concerns of business owners, but they make up the bulk percentage of their worries. Ultimately, these three issues equate to communication issues.

Business owners and managers can't go over to an outsourced employee's desk to check in or ask them to pick up the pace. They have to trust their workers to do what they need them to, without slacking off.

According to Christoph Hermann and Jörg Flecker's book of essays, Privatization of Public Services, many factors are involved in ensuring the quality of services offered by outsourced employees. Working conditions, wages, and more affect this complicated aspect of remote, contract workers. However, if things are done properly and workers are treated well, quality isn't an issue for businesses looking to outsource.

The issue, then, isn't the workers themselves, but the way they're treated.



Setting expectations immediately should make working with outsourced employees a breeze. Whether that be working hours, quality of work, or wages, giving outsourced workers all the information they need to succeed is crucial to getting the most out of your investment.

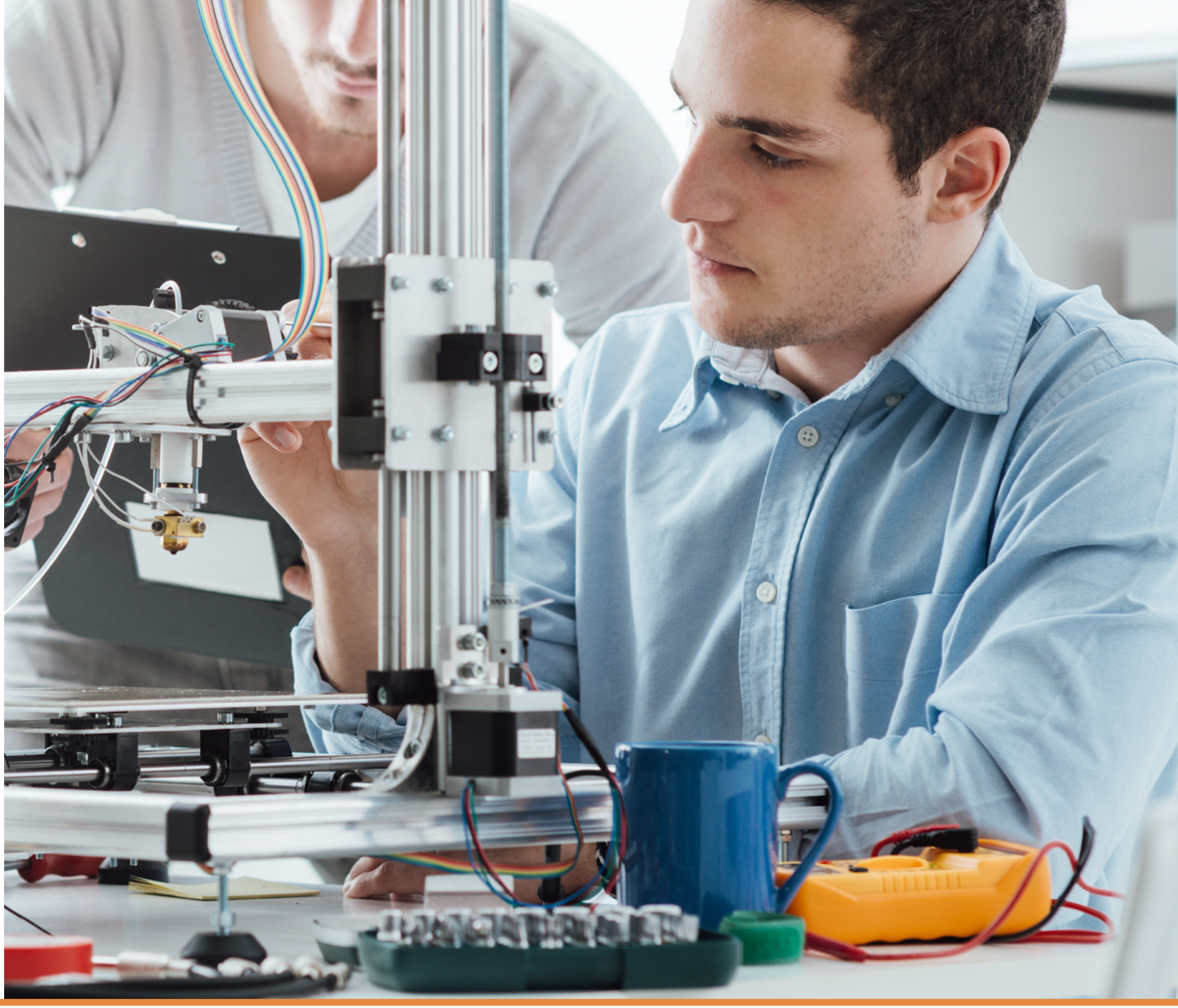
When it comes to wages and time tracking, don't take advantage of a cheap-market. Sure, a big part of outsourcing is to save business owners money. But, by offering competitive wages that workers in the area aren't used to, business owners will receive much higher quality candidates than they would otherwise. Depending on how your outsourcing contract works, it may be difficult to track time and services offered. There are a ton of platforms that help business owners with this specific task including T-Sheets, Harvest, and Freshbooks.

But, all of this is in order to avoid low quality workers in a large pool of potential employees. Is it all really necessary, though?

The Heritage Foundation recently conducted a study that found recent global unrest **(i.e. Trade Wars, Brexit, etc.)** are causing US companies to leave the US. They're establishing new headquarters, outsourcing employees, and even switching markets entirely.

On top of that, many workers are seeing these foreign policy issues and legislative black holes as good enough reason to leave the US job market behind. They're innovators and changers, and our nation often has a difficult time fostering that kind of creativity in certain industries. Countries like France, on the other hand, offer funding to those who leave their day jobs to start businesses. So, businesses may incidentally find the US workforce they want at home across the border.

However, high quality workers can easily be found in foriegn countries. When it comes to outsourcing, it's easy to assume you're paying less and getting less. Don't get caught in that trap. Communicate properly, and your expectations will be met, if not exceeded.



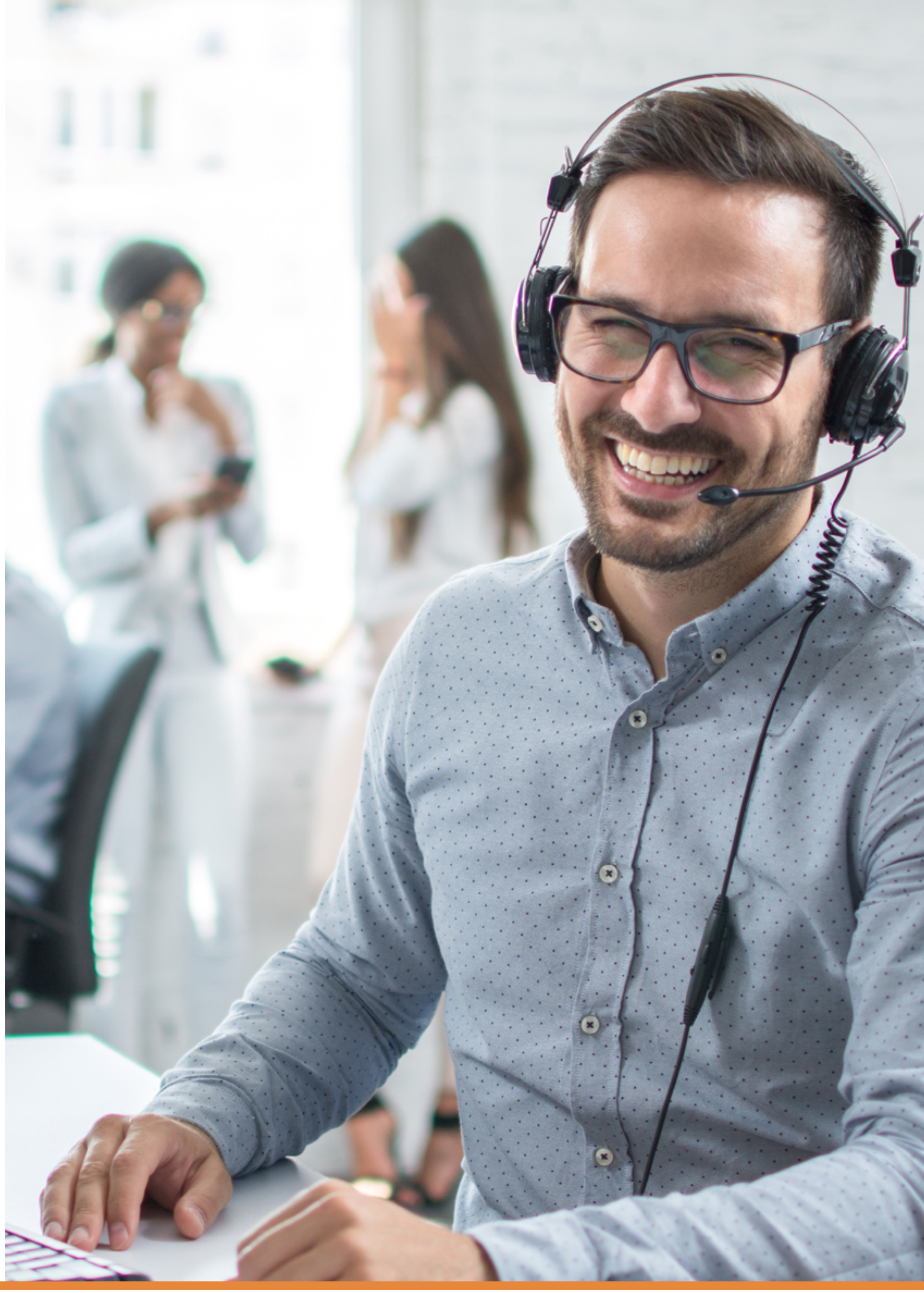
3. Focus on core functions

While businesses can absolutely outsource executive and core positions (**e.g. engineering, marketing, management, etc.**), it's more likely that peripheral, entry-level positions will be outsourced. While it might seem like business owners are just shoving off tedious and time-consuming tasks onto someone else, there is an actual benefit that doesn't include cost-savings.

Depending on your industry and business model, certain necessary tasks can create major distractions from core business processes. These "*core processes*" may be hard to pin down, but they can range from producing your business' go-to-market goods, performing the services your business offers, or processing international payments (**like Veem**).

Whatever the case may be, these processes can be easily overwhelmed, which can have devastating effects on productivity, scalability, and the ultimate survival of businesses.

Especially for small business owners with small teams (**who probably end up doing a lot of things themselves anyway**), outsourcing these tasks is essential. If you're fielding hundreds of customer support calls per day, manually reviewing shipping documentation, personally processing payroll, and writing your social media posts, how are you going to have time to do anything else?



There's merit to business owners who shoulder as many tasks as possible, and it's a credit to their determination and drive. But, if the choice is between doing it all yourself and keeping with the status quo, or growth and outsourcing, which one would you choose?

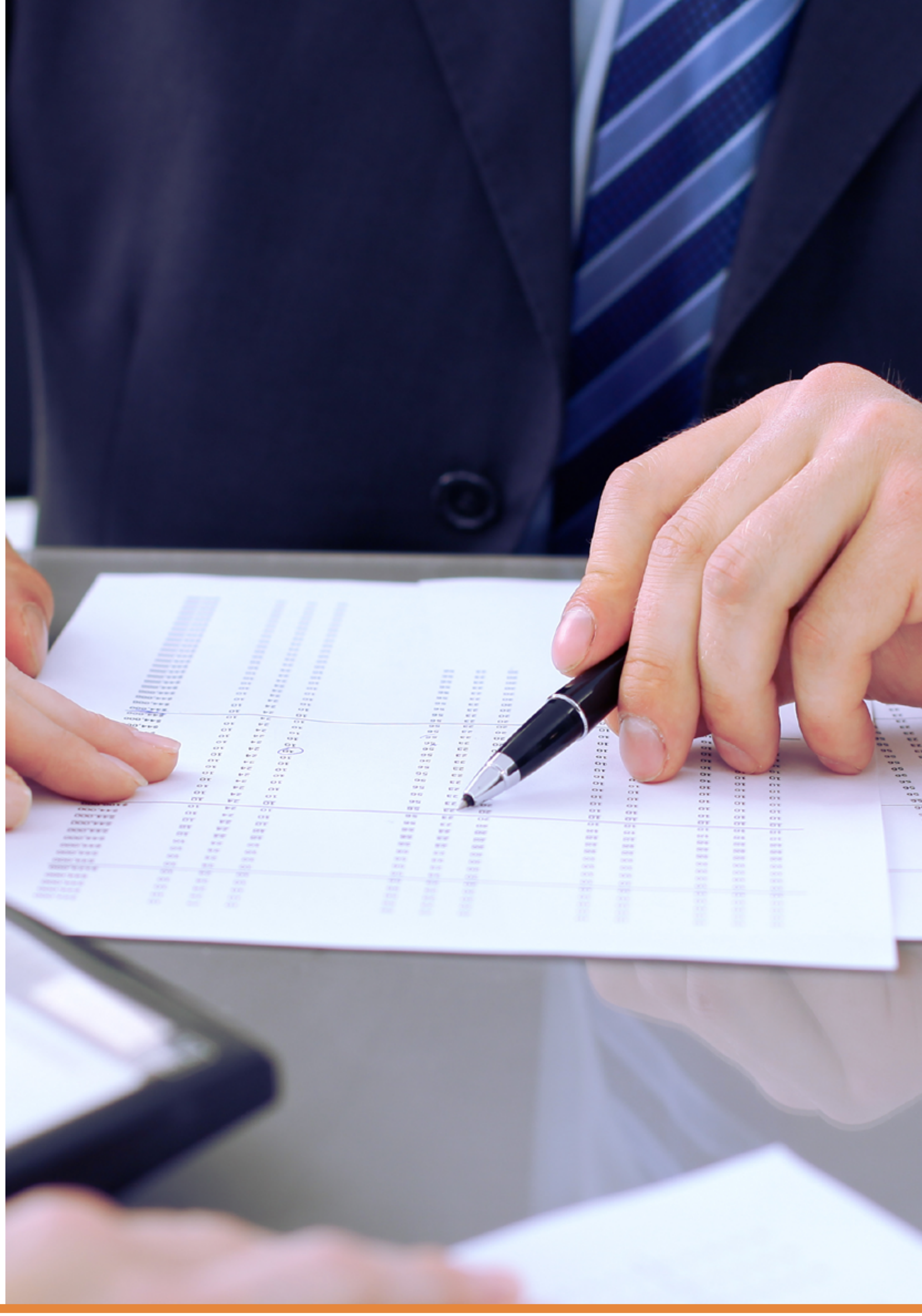
Prioritization is the name of the game with outsourcing. It's not only about removing tedious tasks. Business owners first have to identify what they consider most important about running their business, which takes some self-reflection. In this case, outsourcing can force business owners to take a good hard look at their processes and functions to define what their business really is, what it does, and what it ultimately wants to accomplish.

These are auxiliary benefits to outsourcing that pose important questions that, in the long run, need answering.

Once the questions are answered and core functions identified, business owners can outsource informatively.

You don't want to end up outsourcing what was ultimately a core task, or something you were hoping to grow internally. In the long run, businesses may want to take back those tasks and processes they outsourced or contracted out. Dynamics change, especially for growing businesses. So, when considering outsourcing non-essentials, it's important to remember that things aren't set in stone. While a contract may last for a specified length of time, business owners have the power to switch things up whenever they want.

Especially for small businesses, dynamism and flexibility is only complemented by outsourced workers, as they aren't tied down by in-house, salaried employees.



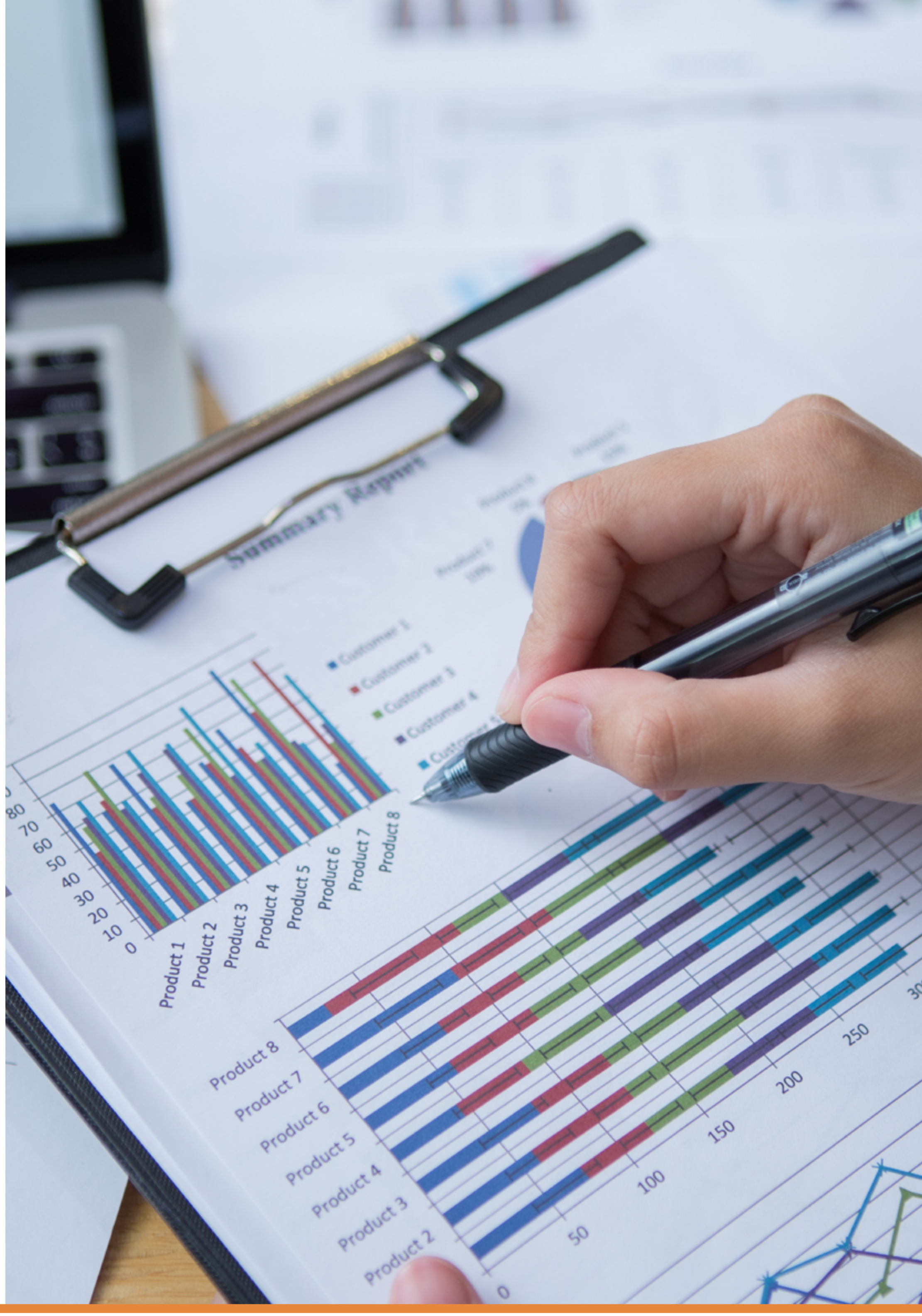
4. Flexibility

For businesses of all sizes, flexibility and dynamism are vital to growth, scalability, and ultimate success. While an in-house team has a laundry list of benefits, there are a lot of reasons why they can also hold businesses back.

In-house teams may sign onto a business when it's moving in a particular direction. If that direction or process suddenly pivots, in-house employees may be slow to learn the new way of doing things, or worse, may be more resistant to change. Outsourced and contract workers are used to this kind of dynamism, as they can work for multiple clients and businesses at a time. Especially for outsourced employees working in services such as writing, design, and engineering, flexibility is just part of the job.

Outsourcing also allows businesses flexibility in location. As mentioned, many US businesses are opting to move cities, states, and even countries to optimize for growth, sustainability, and scalability. While it doesn't apply to everyone, in-house employees are less-apt to moving for work, which is totally understandable.
By outsourcing, at least for certain positions, businesses don't need to feel tied down. As long as new contracts are drawn up and they're kept in the loop, contract workers will work with you wherever you are.

A change in company direction may not affect employees in every department, but operational changes will. Businesses could decide to switch from one software to another, change their task management protocols, management structures, and anything else operational that could affect a seasoned employee's effectiveness on the job. That's not to say that in-house employees aren't dynamic and adaptable themselves. Especially for small businesses and startups, this might as well be a prerequisite for any position. For big companies with longer-term employees though, these changes could cause major unrest. It could lead to a high turnover rate, reduced productivity, and most likely a reduction in the bottom-line



While it might seem like outsourced employees would be similarly affected, that isn't necessarily the case. Having worked in and with many businesses in many areas, contract and outsourced workers are used to these small and large operational changes. In fact, due to the nature of their position, outsourced workers generally have a more advanced and breadth of knowledge that would help them adapt.

Not only is this a good thing for the worker, but it helps the business as well. Ideally, outsourced workers have such a vast knowledge of their fields that businesses don't have to retrain anyone. That saves time, money, and stress that business owners, and workers, just can't spare. This leads to another important point, underlying every point we've made so far: outsourcing just saves business owners the time they desperately need to run, grow, and survive.

5. Saves time

Of course, many of the topics we've covered ultimately save business owners time to do more than keep the lights on and the doors open. But, we haven't really discussed how outsourcing can put minutes, hours, even days back into a business owner's busy schedule.

Before we go into that though, let's be clear: outsourcing and contracting initially takes time. Business owners aren't going to stick their head out of a window and find their perfect contractor, and they shouldn't. To find the employee or agency that works best for you, you have to put some effort out. Research reputable agencies in the countries you want to work with, search for reviews of the contractors and the agencies that represent them, and do your due diligence. Communicate, don't set and forget.

Once you've chosen who you're going to outsource with and where, the real time savings begin.

Outsourced employees generally work on one job, and possibly in one industry, but for multiple companies. This means that they have a wide array of knowledge on what you need done, how to do it, and how to do it well. This employment style has meant that many outsourced employees become specialists in their particular field, and can really get their jobs done in their sleep. What used to take you or your team days or weeks could take a contractor hours if not minutes to complete.

If you're working with an agency, you also save on time-consuming tasks like interviewing and training new employees. That might sound a bit ridiculous, but it's the reality of building a business. It costs money and time to interview and train what may turn out to be a bad employee. Because outsourcing agencies and workers know exactly what you need and have worked in the space for so long, there won't be any training on your part. If there is, the agencies will often take care of it to get you the best possible results for your money.

The ultimate and most obvious way outsourcing saves businesses time is by simply offloading time-consuming tasks.

Whether it's accounting, writing, engineering, or fielding phone calls, it's okay to reduce your workload with international workers, or even by outsourcing to another state. Ultimately, these aren't things that are going to make or break your business. But keeping them in-house and having them half-done or forgotten about just might.

Business owners need to shed the assumption that there's something wrong with outsourcing. While certain media outlets and politicians bad-talk sending jobs out-of-country, it's important to note that by doing so, businesses of all sizes are bolstering the economy by strengthening themselves. Growing this way allows for more job opportunity, to grow domestic markets, and foster more entrepreneurship.

We all benefit from diversifying our job market. Consumers pay less, businesses make more, and employees can focus on specialty positions that make them more money. What's there to lose?

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