

Faster and Better

Why Outsource and When?

By Tina Teree Baker

Regardless of the industry, many companies have been, and continue to outsource more and more of their operations. What may have started as a way to cut costs has now been embraced by companies that see outsourcing as a way to concentrate on their core competencies. **Outsourcing or Managed Services** is contracting with another company or person to do a particular function.

The idea of outsourcing to further enable business processes and build stronger organizations is a powerful one. While there is much focus on outsourcing for transaction intensive operations, companies can also generate greater economic value from streamlining operations. This is especially true if the outsourced functions are 1) high in volume, or 2) outside of an organization's core competency.

Companies that provide managed services retain senior level, broadly experienced experts with the knowledge to solve process-centric problems quickly. The most common forms of outsourcing are information technology outsourcing and business process outsourcing. You can find qualified service providers offering everything from Marketing, Communications, and HR to Records and Information Management. Marketing and communications firms, such as MMI Associates, a full service public relations firm, serve as both a supplier and a buyer of Managed Services.

"I think that outsourcing provides a company with the best of both worlds. It allows you to concentrate on your product or service and what you do best and utilize others to provide their product or service as a resource for you. I outsource all of my IT for instance, which is definitely not a strength of mine, which frees me up to devote all of my company resources to what we do best... which is public relations," shares Patty Briguglio, President & CEO, MMI Associates, Inc.

The risks associated with data security and records compliance gives organizations the incentive to outsource functions like IT and Records Management. The expertise acquired through outsourcing records and information management can protect your company from potential fines and sanctions associated with inconsistent and non-compliant administrative practices. And whether you choose a local, more personalized service or one of the avenues the internet has opened up for outsourcing, such as near-shoring, no-shoring and right-shoring, information security should also be a priority.

Legal and regulatory concerns not only affect records and information management across the organization, but affect infrastructure functions such as Human Resources.

"Once you become an employer there are so many laws and practices of which you need to be aware. So the question then becomes outsourcing vs. having an in-house expertise. Outsourcing makes business sense – the areas in which you are not an expert in will take you longer and create more exposure. For HR, it is not a matter of if you will get caught if you

are not in compliance, it is a matter of when. We know when someone has true HR knowledge and when they do not – it is our business,” explains Sheila Lowden, President & CEO, Lowden & Associates, Inc.

One of the greatest advantages of the outsourcing relationship is derived from greater access to professional problem solving resources for short term “get in and fix it” situations – where the value of expensive, high end expertise is needed as an immediate solution. This short term cost can even be spread over several contract years rather than taking a hit in a single budget cycle. Understanding the level of expertise and the capabilities of a service provider, beyond the day to day operations, should be an important part of the vendor evaluation process.

“When outsourcing to an HR vendor or other vendor, the key is making sure that the vendor is going to deliver on what your specific business needs are. Often times, firms will provide you with a cookie-cutter style approach. Make sure you do your research so you know exactly what you are getting,” explains Sheila Lowden, President & CEO, Lowden & Associates, Inc.

In conclusion, both parties – the client and the vendor – must remember that outsourcing is not just a contract, but a relationship.