

Why Outsourcing Makes Sense for Your Business

Outsourcing, subcontracting, freelancing...these are all terms used for the same basic idea: using outside resources to reduce costs, minimize risks and leverage the best talent available for a given project. The use of outsourcing can help many small businesses avoid three key mistakes:

- Focusing on everything rather than core strengths
- Not acquiring the best talent available for their budget
- Hiring employees for non-critical functions

Where Outsourcing Makes Sense

Outsourcing is ideal for individual projects, non-critical or commodity functions or for professional services that don't need to be completed in your office. These include:

- Advertising/Marketing/Public Relations
- Administrative/Data Entry
- Human Resources/Benefits Administration
- Bookkeeping
- Information Technology (IT)
- Graphic Design
- Website Design/Development/Maintenance
- Call Centers/Customer Service
- Janitorial
- Valet and Laundry Services

Potential Challenges with Outsourcing

Outsourcing is not entirely risk-free. There are several risks that should be understood and addressed prior to entering into an agreement with the contractor including:

- Protecting confidential information
- Maintaining morale with existing employees
- Keeping managerial control with outside workers
- Ensuring consistent high quality and customer satisfaction

What to Look for When Selecting an Outsourcing Partner

You should perform the same due diligence on a contractor that you conduct on a traditional employee. In doing so, make sure you ask some key questions:

- What specific tasks do you need assistance with?
- Do you need someone to work in your office? What days and hours?
- Do your colleagues or vendors have referrals for you before you begin searching online?
- Has the contractor worked with other companies within your same industry?
- How long have they been doing contract work independently vs. working as an employee? (This will help you determine their commitment, longevity and discipline level for working outside the traditional office structure.)
- Is there a website or storefront you can visit for more information?
- Do they have samples of their work for your review?
- Is it possible for you to contact either past or current clients as references?
- Do they hold any degrees or certifications in the appropriate field of expertise?
- Are they willing to sign a non-disclosure and non-compete agreement?
- How will they bill you – hourly, monthly, per project? If it is on a retainer basis, does unused time roll over into the next month?

In addition, you may want to consider the following legal protections:

- **Non-disclosure agreement (NDA):** If you have proprietary work processes or customer information, ask the contractor to sign an NDA. This will protect you in the event any confidential information is disclosed without your approval.
- **Independent Contractor Agreement:** Have the contractor sign an independent contractor's agreement. These standard agreements protect you from potential wrongdoing and gross negligence. They also set standard payment terms and require the contractor to acknowledge that they will not be receiving the benefits of a full-time employee.

Location Isn't Everything

Don't limit yourself to looking in your geographic area. Many of the functions discussed in this article can be completed virtually. Several online companies have created marketplaces for contractor and freelance talent—providing a trusted middleman to ensure contract terms are met and payment is fair. These sites also provide vendor reviews that help to show a pattern of timeliness, quality and responsiveness to questions.

Here are some leading websites for locating a contractor:

- www.guru.com
- www.getafreelancer.com
- www.elance.com
- www.99designs.com

As with any potential partnership or engagement, make sure you anticipate and allow for training time. Whether you are working with an individual or larger company, don't assume they will immediately understand your products and services or company culture. There's always a learning curve, and open communication, benchmarks and reviews are critical for good collaboration.