



How outsourcing can work for your business!

With the right outsource partner, outsourcing can grow your company in key areas. It is an opportunity to capitalise on your strengths and to find ways to work more efficiently. It is not something that should be done flippantly or rushed but carefully planned and with the right partner. It is a transition that done well can be very rewarding for you and your business.

1. What will the real benefits to you and your organisation?

Freeing up your time. Time is our most precious resource and once lost can never be regained. What if you had an extra 5 hours a week?

No more distractions. Getting dragged into accounting, payroll and bookkeeping problems can be stressful and a drain on your energy.

Focus on driving your business forward. Working on ways to grow sales, improve your margins, better purchasing, build relationships with customers and suppliers and many more.

Experts are now taking care of this part of your business. All these problems are someone else's who knows the most effective way of getting this work completed correctly, accurately and completely.

2. Know the true cost of an employee.

A common mistake business owners make is knowing the true cost of an employee. To calculate the cost of your employee, you need to look at more than just the basic salary.

- Employers PRSI is currently 10.75% and Holiday pay is approximately 8%.
- Then you have the cost of furniture and equipment, hardware and software that you need to supply your employee with.
- Payroll and insurance costs.
- Recruitment – Advertising and recruiting costs can be costly in terms of time and money.
- Sick day costs. If an employee, goes out sick you may need to get someone else to do the work.
- Finally take into account of your time in managing this person and the potential cost of tidying up after this person leaves.

3. Mistakes companies make when outsourcing

To mention a few, here are some of the common mistakes made:

- a. No written agreement. Always ensure you have an agreement in writing that is complete and unambiguous.



- b. Poor communication. Having access to your outsource providers is key as all successful relationships are based upon good communication and trust between both parties.
- c. Lack of flexibility and scalability. Meeting a client's needs as their business grows and changes should form part of the agreement.
- d. Looking for the cheapest option. Instead, look for cost savings and added value.

4. Implementation

- a. Timeframe – be realistic
- b. Cut off – Agree when the new service will start, preferably at a month end. You don't want to start in the middle of your busiest month.
- c. Steps involved – These should be clearly set out from the start so everyone knows what is involved and at different times of the month.
- d. Escalation mechanism – if there is an issue at any point, who do you go to.

5. Carefully select your outsource partner.

There are many factors to take into account when selecting an outsource partner. You'll want to take into account experience, location, flexibility, tax laws and language or cultural barriers.

Invest the time in your decision making process, interview carefully, rule out the cheapest options and make sure they have the resources to do the job they are offering to do.

It is really important to find an outsource partner who has similar work ethics, values and ways of doing things.

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