How to Outsource Effectively

Table of Contents

1. **[Identify what you would like to outsource](#)**
2. **[Good timing is very important](#)**
3. **[Choose your provider carefully](#)**
4. **[Understand advantages and disadvantages of outsourcing.](#)**

This free e-book can be downloaded at tutorialgratis.net. More e-books:

1. [How to make money as a freelancer](#)
2. [How to build a business using freelancers](#)
3. [How to effectively hire freelancers](#)
4. [How to outsource effectively](#) (this e-book)

Today many companies of all sizes are looking for ways of maintaining a competitive edge. Knowing how to outsource effectively can really transform any company no matter how big or small it is. The daily demands that businesses have and long-term goals that pressure them are making the businesses to realize that they need help to run their operations. Outsourcing enables companies to beat the competition since they have the time to focus on key strategies that generates income for them without compromising on quality of service of all their business operations.

Outsourcing is transferring a business function or sharing it with an outside supplier. It is now seen as a key strategy for achieving competitive edge in the marketplace. Various business departments are outsourced from Customer Service, HR to finance, design, programming, and IT. There is two way communication, coordination plus trust between the company outsourcing and the client offering the outsourcing services. The service provider helps the business to reduce costs as well as gain on its efficiencies such as talent, technology and expertise. With the development of technology, especially the internet companies have two options of outsourcing, either onshore or offshore. Onshore is where they outsource their business process to a service provider that is within their area or company. While offshore is where companies outsource their business processes to a service provider that is located in another country or continent. Both have their pros and cons though most companies prefer offshore outsourcing since it is considered cheaper than on shore. You can find service provider or freelancer at freelance site, such as freelancer.com.

For those companies that are interested in outsourcing their business operations but have no idea on how to go about it, then, below are some important steps they can follow to know how to outsource effectively.

1. Identify what you would like to outsource

The first important step in outsourcing is identifying the business operations that the company should and can outsource and which ones should remain and be handled in-house. There are many areas of a business that can be successfully outsourced and the quality of service that clients were getting in-house still be maintained though outsourcing. Such business operations include customer service, IT, accounting, HR, Sales and many more. However, what companies need to realize is that they should never outsource nearly all aspects of their business at once though tempting it is highly discouraged. This is because outsourcing is there to lessen your workload as a company and give you the space to handle the core operations but not having your business being run by others. What companies can use to determine what to outsource is to pick the business operations that are highly repetitive and operations requiring people with a specialized knowledge or skill.

2. Good timing is very important

Most businesses wait until they are already established or a few months since being established before, they can outsource. What these businesses do not realize is that the best time they can outsource is at the initial phase of their business. This is the case because outsourcing will be cheaper for them than getting all the manpower needed, they get to enjoy the benefits of having highly competent team to handle their business operations and they have lesser workloads hence they can focus on their clients and customers. Therefore, do not wait until after you have spent so much or are desperate for help, be wise and outsource from the beginning.

3. Choose your provider carefully

This is one of the most important steps of outsourcing. It is recommended that companies take time to screen the providers carefully before picking one. A good provider will add value to your business operations and lead to growth of your business while a bad provider will decrease the quality of the service being offered to your customers and hence affect your growth. Therefore, before settling on a single provider take time to do some background research on them, interview them and read the reviews that they have been given by other clients that they are serving. You could also contact their previous or current clients and find out from them if they can give you more information about the capability of the service provider and to give you samples of previous work done for them. If possible visit the premises of the service provider and see how they run their operations, the manpower they have and how equipped they are technologically.

After you have decided on what you want to outsource and have already found a provider it is advisable that you start with small projects, small responsibilities and increase them as time goes by.

In order to know how to outsource effectively you have to understand the guidelines for choosing the service providers. Here are a few things you have to remember when picking one.

- Ask the service provider to give you a portfolio of their previous work. This will enable you to judge whether the service provider will be able to meet your specific outsourcing needs. For example if the service provider's portfolio mostly

had IT work, then it would be best to outsource to him your IT work as opposed to accounting or HR.

- Check the references of the service provider. Conduct a small interview with the provider's references to get a complete perspective of the working style of the service provider, their ability to meet deadlines and their competency level.

- Do not just pick the cheapest or lowest priced provider. Consider their availability, capability to meet your needs and their efficiency. This can be a vital mistake if you pick the wrong match just because you would like to save a few more coins. Outsourcing in itself is already reducing your expenditure, so focus more on quality.

- Ensure that the service provider is available round the clock especially during your working days and working hours. This will also enable you to identify when you can carry out progress reports.

- Do not commit yourself into a long-term contract with the service provider at first. Run a short trial first with a standalone project, i.e. a department that does not fully affect the other activities, if you are comfortable with the results then get a short-term contract with them before fully committing yourself for a long-term relationship.

4. Understand advantages and disadvantages of outsourcing

The relationship you form with the service provider you are outsourcing to is very different from the relationship you have with your customers and suppliers. In this relationship, both you and the service provider share control of the work process and integrate rather than remaining separate. With the advancement of technology, companies are now even collaborating with service providers they have never even met in person thanks to

the freelance websites that offer both of them to interact freely. These kinds of vendor marketplaces provide flexibility of choice to the companies looking to outsource and retain the power in the buyer's hands.

The main advantages that make most businesses to choose to outsource some of their business activities and processes include:

- Reduction in their operating and production costs. Most companies have witnessed a drop of over 30% of their operating costs due to outsourcing.
- Outsourcing enables companies to focus on their core business activities since they outsource the less critical parts of their businesses hence reducing their workload.
- Outsourcing allows the businesses to enjoy the expertise, know-how and the experience of the outsourcing partner hence leading to improved quality of products and services given to the customers.
- Outsourcing helps companies to increase their competitiveness in the market place. This is because it gives companies more time to market and respond hence gaining a better competitive edge.
- With outsourcing it does not matter whether you have the resources to carry out the business process what matters is if the service provider has them and has the capability to perform them.

In some instances, outsourcing can cause some problems and prove to be a wrong business move or even lead to business failure, the reasons behind this are:

- When you outsource you lose some aspect of control over your business operations. Controlling your outsourcing partner and his productivity and quality is not as simple as controlling your employees this is because they have their own way of running things.
- There could be communication barriers. Most companies outsource outside their own countries, which comes with issues such as language barrier, different time zones and expensive travel all of which can affect the service delivery.

- Sometimes the quality of your products and services suffers. If the service provider does not meet the quality levels or it keeps dropping, it leads to loss of customers.
- In some cases, a company cannot fully predict the full costs of transferring their services to the service provider. This is because there could be hidden or unpredictable cost of switching.

Companies need to learn how to outsource effectively and understand the whole process as well as plan well before choosing to outsource. If your company is ready to outsource, you can go to web site for outsourcing, the best one is freelancer.com.

More free PDF e-books about freelancer:

1. How to make money as a freelancer
2. How to build a business using freelancers
3. How to effectively hire freelancers
4. How to outsource effectively