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# Outsourcing Can Create a Stronger Business

## Reduction in Costs

First, outsourcing certain business components can greatly reduce your company's costs. Rolling necessities, such as filing quarterly tax returns and completing monthly payroll, can be outsourced so that your expenditures coincide with when you need the service. For example, if your payroll is completed in-house, you must have one or more people on staff to handle that function. You are then paying their salary and benefits even though their services are only necessary during certain times of the month. By outsourcing payroll, you can pay a flat rate to a secondary agency to handle your payroll, and it will be significantly less than the salary and benefits of full-time employees.

Further, outsourcing can allow you to avoid large expenditures when you're first getting your business up and running. If small components of your business process can be outsourced to other companies, you can launch your business without having to have all of the equipment and manpower necessary to create your product or provide your service. If segments of your business are dependent on changing technologies, you can outsource those segments and let a secondary business worry about technological updates.

## Turn Weaknesses into Strengths

A second way outsourcing can benefit your company is by allowing you to rely on the expertise of others. In the case of payroll and accounting, outsourcing can keep you from having to hire many expensive, highly-qualified professionals. If one element of your production is something that you don't know well enough to be completely in charge of, you can rely on someone who does have that expertise. For example, if your business is the best hamburger place in town, but your staff is burning the buns every morning, it's time to outsource your bun production to a local bakery. Outsourcing in this instance means no more wasted ingredients and no more wasted time for your employees. Shrewd business owners know their weaknesses, and outsourcing is one way to turn those weaknesses into strengths.

## Reduce Training Burden

Outsourcing also reduces your training burden. When you outsource a task, you simply accept the product or service that is provided, meaning that you don't have to train and inspect the personnel necessary to complete the task. With all of the government-required training that exists today, coupled with necessary task-based training, keeping employees up-to-date can be a serious financial hardship. Because fewer direct employees means fewer people to train, outsourcing can greatly reduce your training load.

In addition, as governmental changes are implemented, employees must be trained to handle new equipment and meet new standards. No matter what

business you are in, you must always be apprised of the latest state and federal guidelines regarding your product or service. Outsourcing allows you to focus your attention only on the regulations and standards that apply to your product as a whole, and shifts the responsibility for component-related regulations to the outsourced company.

### Reduce Your Company's Risk

One of the many dangers to new and established companies is the internal risk of employees who don't take your company's mission as seriously as you do. In fact, many companies have suffered irrecoverable losses because of embezzlement or other illegal activities that occurred on the inside. Outsourcing business functions such as payroll, tax calculations, or accounts receivable can greatly reduce your risk of becoming a victim of unscrupulous employees. Look for outside accounting firms that are well-established and trusted in your community and beyond. An even greater assurance comes from firms who guarantee their work as a result of internal checks and balances.

If you choose to outsource a portion of your production, you also reduce your risk. You gain the ability to inspect the quality of the product delivered to you and request corrective measures or replacement in the event that the quality is less than you expect. This shifts the responsibility of that particular product component to your outsourced organization and allows you to expect perfection without an increase in your costs.

### Focus on your strengths

Perhaps the greatest benefit to outsourcing is the ability to focus on your strengths. As a business owner, you know where your true skills lie, but you also know that your success is dependent on every element of your business being the best it can be. Identifying your weaknesses and finding a strong company to outsource them to can be the key to your business's future. Just like the restaurant burning hamburger buns needs to outsource to a bakery to be successful, you may need to outsource certain components of your business in order to make it stronger as a whole. Outsourcing can create a group of businesses working together to showcase all of their strengths, which is good news for everyone.