



the
**Flooring Contractors
Association**



Is it Time for Your Business to Start Outsourcing?

As a small to midsize business grows, demands on its time, talent and resources inevitably expand right along with it. Many business owners reach a point where continuing to do everything in-house — or even themselves — begins to slow progress or expose the company to unnecessary risk. Have you reached this point yet? If so, or even if you're getting close, outsourcing could be a smart move.

Common candidates

Many business activities can be outsourced. The key is identifying functions that, if handled by an external provider, would improve efficiency, strengthen compliance, and give you and your team more time to focus on revenue-generating work. Here are some common candidates:

Accounting and financial reporting. A reputable provider can manage your books, collect payments, pay invoices and keep accounting technology up to date. It should also be able to prepare financial statements that meet the standards expected by lenders, investors and other outside parties.

Customer service. This may seem an unlikely candidate because you might believe that someone must work for your business to truly represent it. But that's not necessarily true. Internal customer service departments often have high turnover rates, which drives up costs and reduces service quality. Outsourcing to a provider with a more stable, well-trained team can improve both customer satisfaction and operational consistency.

Information technology (IT). Bringing in an outside firm or consultant to manage your IT needs can provide significant benefits. For starters, you'll be able to better focus on your mission without the constant distraction of changing technology. Also, a provider will stay current on the best hardware and software for your business, as well as help you securely access, store and protect your data.

Payroll and human resources (HR). These functions are governed by complex regulations that change frequently — as does the necessary software. A qualified vendor can help your business comply with current legal requirements while giving you and your employees a better, more secure platform for accessing payroll and HR information.

Downsides to watch out for

Naturally, outsourcing comes with potential downsides. You'll need to spend time and resources researching and vetting providers. Then each engagement will involve substantial ongoing expenses.

You'll also have to place considerable trust in providers — especially in today's environment, where data breaches are common and cybersecurity is critical. Finally, even a solid outsourcing arrangement requires ongoing communication and management to maintain a productive relationship.

Not a one-size-fits-all solution

Every business owner must carefully consider when to outsource, which services are worth the money and how to measure return on investment over time. As your small to midsize business grows, handling every operational task in-house can stretch your talent and resources while unnecessarily elevating certain risks. It may be time to consider outsourcing functions such as accounting and financial reporting, customer service, information technology, and payroll and human resources. Doing so can improve efficiency, strengthen compliance and free up your team to focus on revenue-generating work. Just bear in mind that you'll need to vet providers thoroughly, incur ongoing engagement costs and put effort into maintaining outsourcing relationships.