



## Outsourcing can be of great service to companies

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Outsourcing is a word with a negative ring to it, especially when coupled with offshore, signaling U.S. jobs sent overseas.

But it isn't always a terrible thing. For many small-business owners, it is a necessity.

Outsourcing allows small companies to contract for quality work that can't be done in-house, or when the business can't afford a hire's salary and benefits.

Small businesses make up a small percentage of the outsourcing market -- about 3 percent, according to Gartner Research. But "small-business adoption of outsourcing is on the rise, fairly aggressively, over years past," says Robert Brown, a principal analyst at Gartner, a research firm in Stamford, Conn. Gartner defines small businesses as companies with 100 or fewer employees.

Gartner found 32 percent of small-business owners surveyed already outsource or plan to outsource during the next two years, including administrative services, finance and accounting, human resources and payment services. Finance and accounting functions top the list of outsourced work among the small-business owners who do or plan to outsource some administrative tasks.

The top reason they outsource: to improve service.

The top reason they don't is fear of losing control of the business process.

Some small-business owners are overcoming that fear for several reasons, Brown says. Chief among them:

- Outsourcing services can save them money in the long haul.
- Business-service providers are beginning to target more services to smaller employers.
- Their businesses are growing quickly and they realize they can no longer handle everything themselves.

"Access to skills without having to hire them is a huge driver, too, for small-business outsourcing," Brown says.

Owners of different kinds of businesses have different outsourcing strategies. Like any hiring decision, outsourcing shouldn't be entered into lightly.

Barbara Keil contracts with an accountant to come in once a year for an audit and to call for occasional advice, but industry-specific computer software allows her to handle monthly financials in-house. When Keil Heating and Air Conditioning switched to that software program 10 years ago, however, the 25-employee company decided to hand off payroll duties to a payroll service firm.

"With the amount of time that takes, I am so delighted not to have to do that anymore," says Keil, the Riverdale company's president. "If there are any problems, they handle them. It is so much better for me. It is worth the expense."

Not every function lends itself to outsourcing or contract work, of course. Keil's biggest need is for technicians, especially during the busy heating and cooling seasons.

But it isn't economically feasible to hire and train temporary technicians to go into customers' homes. The company does, however, outsource much of its employee training to a trade association program in Albany, N.Y.

Glenn Tippy, president of Gerrity Baker Williams, a \$3 million insurance agency in Flanders, says he doesn't outsource anything connected to his core business -- insurance.

But for services outside the core but necessary to move his business forward -- such as computers, telecommunications and advertising -- he embraces outsourcing.

"I advertise a lot, but with 17 employees, I can't have a graphics person, an ad placement person. I can't have an advertising agency in house," Tippy says. "For a \$1,500 job I can get a better product than I probably could internally, and I don't have to carry the overhead."

So try to find the time and tools to determine which tasks to let go, and whether doing so will actually save you money.

"Look at what is going to make a difference to your client, what will make them stay or go, then try to do that very well," Tippy says. "Don't outsource something there."

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