

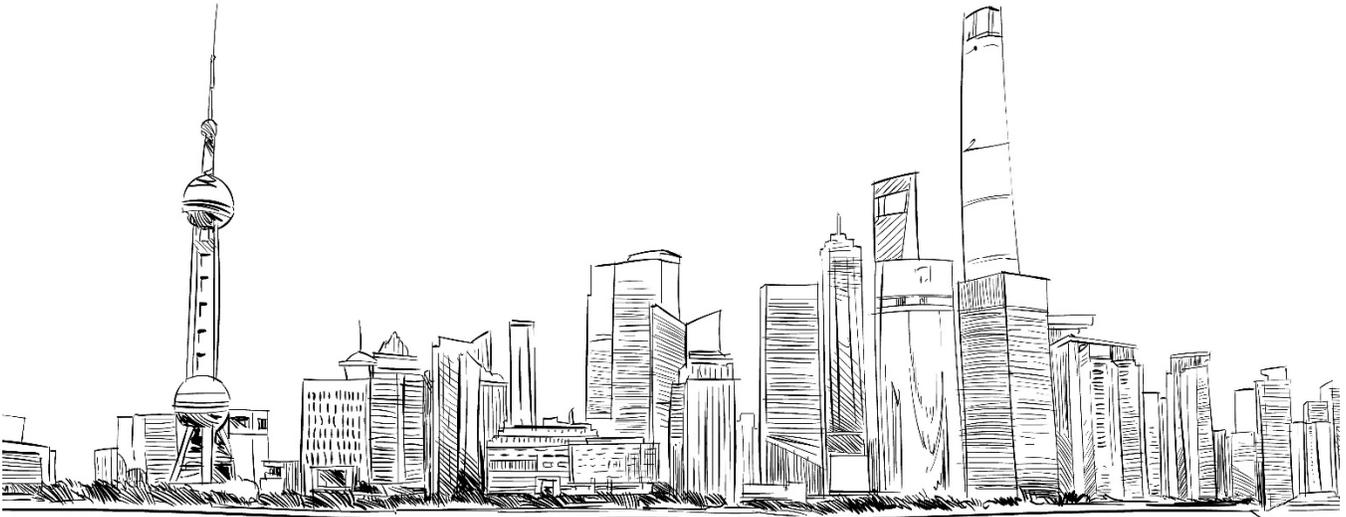


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In or out? When is outsourcing right for your company?

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If you want something done right, do it yourself. It's a well-used business maxim. After all, nobody cares for your business as much as you do. But what happens when things get too much to deal with on your own? The challenge of overseeing a thriving, growing business is a nice problem to have. But you can't be everywhere at once. So how do you get more person-power on board?

Of course, one obvious route is to hire additional staff. But another option is to look at which parts of your operation you could be doing elsewhere. **Outsourcing is growing**. Delegating work elsewhere can help clear the decks – and your diary – allowing you to concentrate on the things that really matter. But if it's not done properly, or your suppliers fail to deliver, you risk damaging your reputation and your business.

What do we mean by outsourcing?

At its most basic, outsourcing comes down to paying another organization to carry out part of your work. In the end there are four key reasons why you might do it: to save time, to expand resources, to drive down costs, or to seek expertise you don't have in your organization.

Examining the pros and cons

Why would "you" choose to outsource in China? Let's look at the advantages in more detail.

1. Cost:

You don't have to pay as much. Outsourcing can mean getting the same job done for less. That's true the world over. More competition in the outsourcing industry will mean a race to the bottom – taking wages with it.

2. Talent:

Access to a bigger pool of talent. Hiring locally can limit your options, especially in China where that continues to be determined by job-hopping and competition. Outsourcing, on the other hand, opens your needs to the world.

3. Recruitment:

Avoiding taking on more employees. If you outsource your work, you're sending it to an existing organization that's ready to hit the ground running. That means no on-boarding, no issues around team fit, and no benefits packages.

4. Focus:

You can concentrate on what really matters. By outsourcing, you effectively rid yourself of the day-to-day tasks that get in the way of innovation. It's a way of transferring procedural 'heavy lifting' out of your organization, giving you time back for more value-added activities.

5. Specialization:

Hiring real expertise. Maybe your organization is skilled in some areas but lacking in others. You could embark on



a program to bring those weaker areas in-house, or you could simply find an organization that already has the skills, resources, expertise and know-how to do them for you.

6. Language & Culture:

Everything needs to be completed in the Chinese-language. This can become tricky if you do not read, speak or write the Chinese-language. By outsourcing, you are effectively placing your trust in a reliable provider that has the people on the ground understanding the system, language and cultural barriers that may exist.

Disadvantages

There are strong arguments in favor of outsourcing, but some of them contain hidden dangers too.

1. Back to costs:

You don't have to pay as much. We've looked at this already, but let's look again. If your decision to outsource is driven purely by profit margins, it's likely that you need to think very carefully about what you're doing. We're talking about quality. We've talked about how nobody cares about your business as much as you do. That may be true even for your closest employees, but outsourced staff are further away from the heart of your business, both literally and figuratively. If they're paid less, they're also likely to be less motivated to do the job well. The key is understanding when it is important to bring it back in-house to make it more profitable once again.

2. Another look at talent:

Access to a bigger pool of talent. We've seen this one before too, but is it necessarily a good thing? More choice isn't always better. If you want the right people, it may be better to spend more time casting into a smaller, local pool of expertise, than trawling a distant, larger one. Outsourcing shouldn't be a solution – there's no substitute for knowing your industry and making time to seek out the best talent.

3. The other side of recruiting:

Avoiding taking on more employees. You get the picture: there's a flip side to this one too. Training, on-boarding and nurturing staff may be more time consuming than simply shipping work elsewhere, but if you're looking for devoted, productive and committed people to help your business along, you may not find it in the outsourced domain. This is especially important in areas like providing great customer service, maintaining reputation and establishing client rapport. Can you really achieve or enhance these objectives by outsourcing? Also think about whether your business handles confidential information. Do you – or, more importantly, do your clients – trust an outsourced solution to cover that difficult and sensitive area?

What to do?

Outsourcing, if you choose to do it, it must have real, tangible benefits for your business, but also for your reputation and standing.



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In Deloitte's 2016 *Global Outsourcing* survey, they noted that cost-cutting remains the biggest reason why firms outsource; but right behind it was focusing on core business. Deloitte presented three key findings which encapsulate the message for those firms looking at outsourcing.

First, invest time in the initial stages of outsourcing, to make sure the relationships will generate value throughout. Second, while the focus may be to save money, it must also include achieving a strategic advantage and maintaining a good reputation with suppliers. Third, invest in establishing strong processes for transition and governance with your suppliers.

Outsourcing has a time and a place, and it may well suit your business needs now. But it's important, when you embark on any association that may have a significant impact on your business, that you select a partner who understands and respects what you need to achieve. Establish solid rules and expectations before you start, then maintain constant communication throughout, and build in contingency.

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