WARNING: Read This Before You Outsource Any Project or Role-Based Functions for Your Business

When it comes to outsourcing, many people think manufacturing. But outsourcing of white-collar work has grown rapidly in the 21st century. The main driver is cost savings. And for good reason.

When you can pay a high-quality software engineer in India between 250,000 and 1,500,000 rupees (US$4,000 to US$23,000) compared with $40,000 to $100,000 in countries such as the US and Canada, [1] then outsourcing starts to sounds like a pretty good idea.

Smart business owners are outsourcing to leverage global pricing and currency differences for profit. A concept popularised as geoarbitrage by Tim Ferris in his book, The 4-Hour Workweek.[2] Outsourcing also means you can focus on what you're good at, and improve efficiency at the same time.

But What Exactly is Outsourcing and How Does It Work?

Outsourcing—known officially as Business Process Outsourcing (BPO)—is the process of hiring another individual or company, either offshore or overseas, to handle business activities for you. The concept 'outsourcing' came from the American Glossary 'outside resourcing' and dates back to at least 1981.[3]

It has become a common business practice that allows, solopreneurs, start-ups, SMEs and big corporates to get services and skills they would usually find hard to do themselves. Usually due to financial or manpower constraints, or a combination of both.

In a nutshell, outsourcing means you can grow your business when you need to without bringing major fixed costs into your business. Some business have been able to cut costs by up to 60% by outsourcing key business functions.[4]

Stay Local or Go Abroad?

'Made locally' doesn't quite have the ring it used to. The pros and cons of jumping time zones and visiting third-world currency are two-fold when it comes to outsourcing: people work while you sleep, and the per-hour expense is less. Time savings and cost savings.

There is a lot to consider when choosing a country to outsource too though. For example, a company located in country A might consider country B because they have a great people score.

A people score is measured by the nation's people skills which includes language diversity, educational skills, and even the size of their information technology industry. Another very important part of doing business offshore is the political environment.

Important questions to consider are:

1. Does the economic/political environment appear strong?

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[1] Gillis, A. (2001, Digital sweatshops. This, 34, 6-6.
[2] https://altlifehack.wordpress.com/2009/06/15/introduction-to-geoarbitrage/
[3] https://en.wikipedia.org/wiki/Outsourcing#cite_note-2
[4] http://www.johnchow.com/how-outsourcing-can-save-you-money/

2. How is the state of the country's telecommunications infrastructure?
3. Is the culture exposure to the western world high?
4. How financially attractive is the country for investment in general?
5. Are compensation and infrastructure costs low?
6. Is there growth potential in this country?

All of these questions are essential to discovering whether or not it is worth doing business abroad. To make things easier, here are the Top 10 countries for business support services based on the [2010 IBM Global Locations Trend Report](#):

The Top 10 Countries to Outsource Business to:

1. Philippines
2. India
3. United States
4. Poland
5. China
6. United Kingdom
7. Colombia
8. Costa Rica
9. Fiji
10. Ireland

The report from IBM clearly shows the Philippines has taken the lead as the top choice for Business Process Outsourcing (BPO) all over the world. It has even unseated the might of India which had been topping the list for years.

Here's some of the reasons why the Philippines ranks No.1:

1. Flexible working hours - Filipinos will work 24 hours, 7 days a week if they have to.
2. English Language Proficiency - the Business English Index (BEI), a whitepaper released by [Global English in 2013](#) ranks the Philippines as the top BEI for two consecutive years with a score of 7.95, next to Norway with 7.06, and Netherlands with 7.03.
3. Highly Skilled Talent - it is a popular misconception that BPO in the Philippines is limited to call centres. Not so. There are a large number of providers offering talent across multiple fields including medical transcription, human resources, customer service, financial services, legal transcription, software development, animation, graphic design, content writing and marketing.
4. Excellent Work Ethic - business owners invest in Filipino teams due to their excellent work ethic, values, integrity, loyalty, service-oriented mindset, and the friendly working atmosphere they seem to foster in any organisation's culture.
5. Quality Yet Cost-Effective - Filipinos strive to produce quality work. This is obvious by looking at the outstanding business results produced by BPOs in the Philippines.
6. Strong Government Support - as one of the economic pillars and main revenue generators of the country, the Philippine Government has recognised the potential growth of the industry by providing strong support and infrastructure for BPOs.
7. Cultural Compatibility - tracing back, the Philippines was colonised by foreign forces from Spain, United States, Japan, Portugal, and other countries. As a nation was colonised by various foreign invaders in the past, Filipinos have been heavily influenced by ethical values,

traditions, customs, behaviours, and ways of life that weren't originally theirs. This has created compatibility among Filipinos and foreign cultures unlike any other nation.

The Philippines is the country of choice for Outsource Fitch when it comes to the provision of outsourcing solutions for businesses.

How Can Your Business Benefit From Outsourcing?

There are many benefits to outsourcing your business processes to destinations around the world. Some of the benefits of outsourcing include:

1. **Saving Costs**

As mentioned above, the most obvious and visible benefit relates to the cost savings outsourcing brings about. You can get your job done at a lower cost. But remember, 'low-cost' does not mean 'low-quality' when it comes to outsourcing abroad.

2. **Increased Efficiency**

Your outsourcing partner can bring years of experience in business practices and expertise in delivering complex outsourcing projects. They can generally do a job better with their knowledge and understanding of a specific domain.

3. **More Time to Focus On Core Areas**

Outsourcing your business processes frees your time and income to focus on building your brand, with money left over money for investment in R&D.

4. **Save on infrastructure and technology**

Outsourcing eliminates the need for investment in infrastructure as the outsourcing partner takes the responsibility of the business processes and develops infrastructure themselves.

5. **Access to skilled resources**

You no longer need to invest in recruiting and training expensive resources for your business. Outsource providers take care of resourcing needs with their pool of highly skilled resources.

6. **Time zone advantage**

Apart from the cost advantage, the other much touted benefit has to do with the time zone differential between your country and the location you are outsourcing to. Imagine sending work after 6pm and arriving back at your desk the next morning with the job done.

7. **Faster and better services**

Improve your service offering with high quality deliverables and decrease the lead time it takes for your product or service to reach the marketplace.

What Can I Outsource?

You can now outsource every major business function in your business. Front, middle and back office. It doesn't really matter. You can even outsource your personal life if you really want to. The main business functions include:

Information Technology

Local high-calibre IT professionals come with a price tag. Many business owners are turning to outsourcing to drive down their IT overheads. This includes everything from development, service administration, backend management, IT support, testing, Q&A and more.

Web Development

The complexity of web development and maintenance can sometimes be a burden. It's one thing to launch a website, yet it's another to keep it running smoothly, implement improvements and continue to grow it using the Agile Development methodology.

The assistance provided by professional web developers is in high-demand with businesses relying more and more on their respective web applications. Expect recruits to be highly-versed in various programming languages, CMS, Magento, Drupal, and WordPress.

Creative Staff

You can have your very own virtual creative team including graphic designers, copywriters, web designers, UX designers, video editors. Creativity and innovation transcends all borders and there is no shortage of skilled talent in developing nations waiting to assist. The hardest part is narrowing down a select group of candidates.

Customer Support

As your platform or service gets more users, there will inevitably be a larger number of customer enquires due to product bugs or support issues. This can result in severe inefficiencies. Outsource your frontline support and keep your team updated with detailed weekly reports while escalating important issues to your development team and put a stamp on those bugs.

Digital Marketing

It's said that all things are in a state of flux. And this is definitely the case for digital marketing. Business owners know very well the ins and outs of this fast-paced consumer landscape, including Social Media marketing, Google Adwords, Affiliate marketing, Display Ads, re-marketing and more.

If you're having a hard time curating your brand's Instagram account, or you can't seem to hit your follower quota, then perhaps it's time to start outsourcing some of your social media baggage and other digital marketing activities.

Telemarketing

You can hire virtual help for complete call-centre services including telemarketing, lead generation, appointment setting, inbound and outbound calls, debt collection, customer research, and customer service solutions. Expect super-fast broadband connections allowing professional callers to call anywhere in the world with ease.

Debt Collection

Accounts receivable can become a burden to your business. But it's a hassle to chase your invoices and collect payments diligently. This is a must-do and time consuming task which can be outsourced for a fraction of the cost compared to local providers.

Accounting and Book Keeping

Offshore accounting services is one of the most widely used BPO services. Third-party service providers are highly skilled professionals who can attend to your firm's accounting, bookkeeping, financial reporting and taxation processes at a very low cost.

How Do I Get Started?

To get started, the first question you want to ask is: do I want a solo assistant or a support team?

Being dependent on the perfect individual outsourcing assistant is not recommended. They might be good at what they do but you can be left stranded in the event of sickness or an emergency. In the world of high-technology this would be referred to as a 'single point of failure'—one fragile item which all else depends.

In the world of IT the term 'redundancy' entails having fall-back support. It's recommended you hire virtual assistants with back-up teams instead of sole operators. Besides simple disaster avoidance, a group structure provides a pool of talent allowing you to assign multiple tasks without bothering to find a new person with qualifications.

Outsource Fitch exemplifies this type of structure and provides you with a single point of contact—a personal account manager—who then farms out your tasks to the most capable people in a group and across different shifts.

Need graphic design? Covered. Need database management? Covered. If you don't like calling and coordinating multiple people then a one-stop like Outsource Fitch is beneficial. Remember that team presence doesn't mean bigger is better, just that multiple people are better than one person.

Please get in touch with us today if you'd like to discuss your specific outsourcing requirements.