



Ten Points to Ponder Before You Outsource

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As the top antique furniture dealer on [eBay](#), Diane Bingham does about \$2 million in business each year. As such, her firm [From Global To You](#) handles countless credit card numbers and other sensitive customer information. Security has got to be sterling, and Bingham would rather let someone else do the heavy lifting.

But how to pick an outsource partner to handle such a delicate and vital IT task? For Bingham, it all came down to reliability.

"They had to be accessible at any time. They had to have really good customer service, so that I could just call up at any time and get things taken care of. That was important because this business just runs so fast," said Bingham, who eventually gave the work to security services firm [INVISUS](#).

It's a question small businesses wrestle with all the time: How to be sure you are getting the best outsource partner for your money? How to be certain that your IT functions will be handled properly? Some things are easy. Check references. Make sure their advertised skills meet your needs. But there are other more subtle items to take into account.

The big picture: Before outsourcing an IT function, look at your firm's own goals and culture. What business objectives are you trying to accomplish by outsourcing this particular function? How will sending this function to an outside party impact the workflow within the company? Clear answers to these questions can help guide a business owner toward the most appropriate vendor.

Look beyond the dollar signs: Price is a consideration, of course, but it cannot be the only yardstick by which to gauge competing service providers. In the case of Web hosting, for example, "when you over-prioritize price, you run the risk of ending up with a host that will provide you with a connection to the Internet and little else in terms of support," cautions Chris Kivlehan, president of Web hosting service [InetU](#).

Buy the expertise: A valuable outsource partner will do more than lighten the load. Such a partner will lend expertise to ensure an optimum blend of in-house and outsourced functions. In the case of network management, for instance, an outsourcer should "provide a small business with an operational, tactical and strategic view of their network environment," said Doug Lane, services marketing manager for [Vanguard Managed Solutions](#).

"This allows for quality recommendations to ensure network availability, reduction of total cost of ownership, optimization of network assets for meeting business needs, and support of future growth," Lane added.

On the cutting edge? Make sure your service provider is keeping current. "IT is very dynamic, so it can be difficult to intelligently know what's happening in IT," said Jeremy F. Shapiro, professor emeritus of operations research and management at [MIT](#). The best vendors can provide not just services, but also "state-of-the-art knowledge about IT needs and developments."

Values and philosophy: Does this vendor value its employees? What is the average length of employment of the staff? "A company that retains its employees must treat them well and value them," said Chris Stephenson, founder of [iCorps Technologies](#).

"This will impact the delivery to clients. Happy employees result in happy clients," Stephenson added.

Meet the team: Before signing anything, meet the people who will actually service your account.

"Good outsourcers will have a dedicated team servicing the customer, led by the controller who acts as the 'go to' person," said Dale Hoyer, president of Franchise Services Company ([FSC](#)), which provides full-service, outsourced accounting, payroll and management reporting services to the restaurant and retail industries.

"Do yourself a favor and meet the members of the outsourcer's team that would be working on your behalf," Hoyer said.

Know what you are buying: "As you get closer to making a decision, it is important to agree upon a set of service level expectations or objectives," said Hoyer.

"Measurement objectives can include streamlined operations, cost savings, and reporting with all activities pointing to an improved bottom line," he added.

What matters most is to agree in advance on the service to be delivered and especially on the measures that will be used to determine satisfactory performance.

Chain of command: Along these same lines, know who is talking to whom. "The last thing that you can afford to have are layers of contacts, especially when time means money. Finding a provider or consultant that provides one point of contact and even better, one person, is any business' best bet," said Valerie Brown, vice president of knowledge management for [WSI](#) Internet Consultants & Education. Make sure you know in advance how the chain of communication will work.

Big or small? This one is a judgment call. A local ma-and-pa shop can sometimes give greater attention to its clients. Its services may cost less and it will perhaps be more eager to please. A bigger firm may cost more, but it also will typically have a greater depth of expertise and a broader set of resources. Both sides have their advocates. What's important is to know that they are different, and to be mindful of those distinctions when comparing offers.

The language barrier: Finally, it's important to remember that even an outsourced IT function does not go away entirely. In most instances the small-business owner still will have to maintain some involvement. That means you'll need a partner who can give it to you plain and simple, said Bill Jelen, the voice behind <http://www.mrexcel.com/MrExcel.com>.

"Look for an expert who can clearly explain answers in non-technical terms and can make tech-talk clear to even novice questioners," he said.

Parting Thoughts

Before outsourcing an IT function, look at your firm's own goals and culture. Price might be a key consideration, but a valuable outsourcing firm is more a business partner than a service provider. Such a partner should lend a level of expertise to your small business that builds upon internal know-how. Only then can you rest assured that you have achieved an optimum blend of in-house and outsourced IT functions.

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