Why Businesses Consider Off-site Resources

In 2005 a survey revealed that over 75% of Fortune 500 companies had plans to or were already using off-site resources. Fast forward 6 years nearly all Fortune 500 companies are utilizing the expertise of off-site resources or outsourcing some portion of their business. Highly successful businesses have taken advantage of the cost-avoidance, greater flexibility, and competitive advantages available with off-site resources. .

Cost-Avoidance

One of the most important advantages of having off-site resources is reducing overhead costs. Forrester Research Inc. found that outsourcing a task can save a company up to 17%. Smart operators know how to drive higher profitability through focused efforts on core competencies instead of non-revenue generating activities. Smart operators focus on core competencies and capturing the bigger win rather than burning payroll on work that does not generate revenue. The utilization of off-site resources means these same tasks can be completed for less money.

Leveraging resources requires a careful examination of cost per head versus revenue income. Using specialized skills to complete non-critical tasks, instead of the particular talent/skill for which they resource was hired, is an obvious miss-appropriation of company resources. Likewise, a business may find it is lacking a specialized skill that is needed to drive meet these demands. Usually it's not cost-effective to hire a full-time employee for short-term projects.   Low cost, off-site resources provide the mechanism organizations need to complete both specialized and non-core objectives.

Savings derived from off-site resources can come from a variety of cost avoidance activities. Hiring a full-time employee is a long and expensive process that is eliminated when off-site resources are used. The time and money spent looking for a qualified applicant quickly adds up, with no gain during the search. Other expenses including drug screenings, background checks, and Human Resource protocols all burn time and money while reducing profitability. Newly hired employees typically require some aspect of training and assimilation requiring more time and money. Finally, the avoidance of benefits and salary increases means future costs can be controlled.

Flexibility

PriceWaterHouseCoopers reported that "Best practice companies in both the US and Europe estimate they are overspending by 10% and underperforming by 10% as a result of not having a fully agile and flexible workforce." Today's businesses struggle to capture every revenue dollar and can't afford to lose any potential profit. For this reason, successful companies employ off-site resources that can provide the necessary resources they demand, when they demand them. Offsite resources reduce

start-up times and offer businesses the ultimate flexibility. The ability to avoid the cost of paying resources for idle time translates to bottom line profits.

Fast moving projects sometimes force businesses to seek additional resources to meet the demands of these projects.   An extensive amount of time and money can be spent looking for and hiring an employee with the right skills. Depending on the hiring process this can take weeks if not months to employ the necessary resource. The resulting delays will impact speed to market and hamper the competitive edge businesses so desperately need.

Off-site resources provide the mechanism companies need to quickly adjust their workforce to meet their constantly changing business environments. Full-time employees represent long-term commitments not conveniently changed. Off-site resources however, provide the flexibility necessary to meet short and long term business goals. The ability to increase or reduce workers eliminates the business risks associated with hiring and releasing employees.

Farmers have long lived with the philosophy making hay while the sun is shining. Off-site resources can certainly help companies ramp up and ramp down to meet boom/bust markets, allowing companies to reap profits in ways unattainable in past business cycles.

Potential Challenges

Offsite resources can deliver many benefits to the businesses that employ them. However, one cannot fairly examine the advantages without considering the potential downside. Through careful planning and execution the benefits of offsite resources far outweigh the drawbacks. While experienced companies already understand how to deal with the potential challenges, thanks to these early pioneers inexperienced companies are able to create risk mitigation strategies to overcome the known location, communication, and culture clashes that exist.

Location plays a considerable factor in the success of the off-site model. Today's telecommuting capability delivers the means necessary to allow off-site resources to meet business demands from anywhere in the world. Current security measures, techniques and processes allow information to be shared quickly and securely. Manufactured products require other considerations including; transportation, trademarks, and IP rights that often get lost in translation and are later found in a competitor's product.

Location's impact on communication can be a major detriment of offsite activities. Time-zones can impact business communications along with ideology and cultural differences. Language and cultural differences are the most common communication problems. The difference between speaking a

language and understanding a language can be huge. Language barriers if left unchecked will have a huge impact on business relations, and that can impact customer satisfaction.

Even new employees carefully screened, interviewed and hired for a specific task with specific skills can create a culture clash. Some reports list culture differences as the number one problem with their off-site resource. The world has more different cultures than countries. Utilizing resources from different cultures necessitates forming a partnerships and that requires patience and understanding.

Consulting groups, such as Rosewood Partners, can assist organizations in carefully planning an off-site resource model to avoid these problems.

Benefits

- Greater Flexibility
- In-house Resources can be focused on more critical business needs
- Get access to specialized skills your business requires in order to grow
- Use off-site resources to establish new markets with lower risk
- Get the resources you need to compete in a business deal
- Reduce overhead costs
- Gain more control over operating costs by having a scalable workforce
- Be better Prepared to handle boom/bust markets
- Reduce training costs
- Get more resources with less management

How Rosewood Partners Helps

Rosewood's partners come from varied business backgrounds all experienced with off-site resource management. With its thorough approach Rosewood can help determine what tasks are candidates for off-site resources and where to get the required resources.

Rosewood has extensive experience working in the off-site market as both the client and the vendor providing services. Having worked both sides of the industry we understand what organizations are looking for, where the margins are and how to ensure a fair deal. Rosewood guides clients through the challenges, contract taboos, and the best methods and practices necessary to successfully implement off-site resources. Clients from all over the world have chosen our partners, including fortune 500 companies located in Asia, North and South America, Europe, Australia, Africa, Courtiers, UK, Germany, China, India, Israel, and many others. All of this experience is available when you choose Rosewood Partners to aid your business with establishing its off-site program.

About Rosewood Partners, LLC

Headquartered in a rural East Texas town, Rosewood Partners, LLC is a unique management consulting group that builds on its small town roots of loyalty, partnership and commitment. Its team is comprised of industry specialists with centuries of combined practical hands on business experience in the areas of change management, operations management, off-site and staff augmentation services. Rosewood's leadership philosophy is drawn from actually having led teams located all over the world through corporate downsizing, merger and acquisition activities and everyday business operations.

With its down-to-earth small town roots Rosewood believes in keeping things simple. Real-life experience has granted its team members the ability to employ simplicity to solve real world business problems. The straightforward tasks that simplicity demands deliver the reward of constant and consistent results. It is this simplicity that drives Rosewood's OES methodology, Operational Excellence Simplified.

Conclusion

In an every increasingly competitive market businesses must find solutions to gain and maintain an edge over competitors. Off-site resources offer such a solution by reducing overhead costs and increasing workforce flexibility. Fortune 500 companies are already reaping the rewards, having discovered the benefits of off-site resources.

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