

5 Simple Steps to Rock-Solid Outsourcing Deals

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Step 1: Deciding Whether or Not Your Company Should Outsource

Let's face it, figuring out whether or not your company should pack up some part of production and ship it overseas, across borders, or just to another company down the street, can be a difficult choice to make. After all, most outsourcing means that you will have to make tough decisions about the future of your workforce, your financial situation, and whether or not the jobs being outsourced are important enough to keep nearby.

So why has outsourcing become such a popular thing for businesses to do? Well, we will go into this in more detail later on, but for now let's just consider the two main points.



Lower costs

And



Higher profits.

However, despite the obvious positives, there are a number of negatives associated with outsourcing portions of your business. Once again, we will go into more detail in just a few paragraphs, but here are a couple of points to think about:

1. Less control over operations
2. Possibly higher costs in the short term.

But the real question here is a deceptively simple one. Should you take a part of your company and outsource it? That's what we will be discussing in this report--along with all of the necessary steps you will need to undertake in order to be sure that your outsourcing will be successful.

The first thing you need to ask yourself if you are considering outsourcing is whether or not such a prospect will hinder or help your business. Unfortunately, we cannot tell you the answer in this report. After all, every business is in a unique situation, and what may help one business could hurt another. But, nevertheless, here are a few pointers.

To begin with, is your business one that has portions that could be easily outsourced? In other words, are you building items that could be assembled more cost effectively elsewhere? Is your business spending too much money on technical support and could easily move that department elsewhere? You need to examine exactly what your business is spending needless amounts of money on and decide whether or not those divisions can be sent to other places.

Once you have analyzed your business's structure, it is time to determine whether or not the areas that should be outsourced can actually be outsourced. Some divisions can be more easily outsourced than others. For example, telephone based tech support can be easily outsourced while in-house server and computer maintenance cannot be outsourced as easily.

The third step you will need to undertake is to research the companies you will be outsourcing to. Are they reputable? Can they provide you with the service that you and your customers deserve? Are they charging a fair rate? Can they actually do the job right?

Finally, you will have to negotiate the outsourcing deal with the company that you choose. This will help you get a fair price and provide you with the services that your company needs in order to grow.

Now that you know the basics of outsourcing, let's take a look at some of the pros and cons of outsourcing, and how to negotiate rock solid outsourcing deals in more detail.

Step 2: Understanding the Pros and Cons of Outsourcing

In order to effectively outsource a part (or more) of your business, you will need to know the pros and the cons of the outsourcing process. A lot of these benefits and drawbacks will be common sense, but chances are that there will be at least one or two that you may have not thought of.

We will begin with the pros, the good points, of outsourcing. Right off the bat, the obvious benefit is that outsourcing can help your company focus on the jobs that it is best at doing. Consider a software company, for example. This is a company that was built to design and sell software--but they also have to provide support for their products. Why should the employees at this company waste time and money providing support when the support can simply be outsourced?

Another major benefit of outsourcing is that it can provide your business with higher profits and lower costs over time. This is because your company will not be spending as much money on needless expenses for departments that do things which can be more cheaply done by other businesses.

Finally, outsourcing does not just have to cover business related tasks, as it can also alleviate divisions such as training and personnel management. A lot of money is spent every year on training new employees, and that money could be much better spent on improving other business divisions to help increase profits.

But, as with all things in the business world, outsourcing comes with a price. For many companies, outsourcing can be more costly at the beginning, as it may be an added expense to lay off existing employees and hire an outsourcing negotiation firm to act as a middle man between your company and the one where work will be outsourced to.

Another drawback with outsourcing is that it can lead to corporate mistrust. Take a well known American computer company for example. They offered low cost

computers to the masses and became one of the world's top selling computer manufacturers. But customers quickly became displeased when they realized they were calling people in other countries for tech support when their computers experienced problems. In this case, outsourcing jaded a lot of customers, many of whom now refuse to do business with the computer manufacturer.

However, with all things considered, there are many more benefits to outsourcing than there are drawbacks.

If you are still considering outsourcing as an option for your business, read on to discover the secrets to making sure that you and your company can negotiate a rock solid business deal.

Step 3: Finding the Right Company for Your Outsourcing Needs

One thing that people often forget when talking about outsourcing is that outsourcing does not necessarily mean that you are going to take a portion of your business overseas or to another country. While this is the type of outsourcing that we hear of the most often, because it can provide huge profits for a business, outsourcing can also take place between local businesses just as easily. Overall, outsourcing simply means that you are contracting out a portion of your company's work to another business.

In order to find the right company to outsource to, you first need to determine what it is that needs outsourcing. As we talked about at the beginning of this report, some divisions are much more easily outsourced than others. Tech support, software design, office work, telemarketing, manufacturing, vehicle maintenance--these are just a few examples of the jobs your business would have an easy time outsourcing.

Now, while a lot of other businesses may have skills in the areas you are thinking about outsourcing, there needs to be one big question in your mind. Will those businesses do the work as well as my in house staff would? If the answer is yes,

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the business you are going to outsource to is a great choice. Otherwise, steer clear.

But how do you find out whether or not a business is the right choice to outsource to? By contacting them of course! Although you could just take their word for it, ask them for references and a list of the other companies they currently outsource to as well as some of their past customers. If they will not provide such information, break off contact and deal with someone else.

Once you get the information you requested, contact the businesses on that list and ask them how happy they are with the services that the outsourcing business has provided them. For contacts that used to do business with the outsourcing firm, ask them why they decided to move away from the outsourcing businesses. Asking questions is the single best way to find the answers that you want.

The right company that you should consider outsourcing to should meet these criteria.

1. They can provide services that you would happily be able to call your own.
2. They can provide you with a comprehensive list of references--current and past.
3. They can provide their services at a competitive price.
4. They have ample experience in the field you will be outsourcing and can provide you with excellent customer service.

If, in fact, a company you are considering outsourcing to cannot or will not meet all of these expectations, you should highly consider not doing business with that company. Chances are that there are a number of alternatives out there who will be more than willing to meet your requirements and provide you with the services that you need.

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Step 4: Negotiating the Outsourcing Deal - Going it Alone

Step four will cover one method of negotiating an outsourcing deal while step five will discuss another. For this section, we will go over what it takes in order for you to negotiate an outsourcing deal by yourself (or with the assistance of others in your company).

For the most part, a lot of businesses you are considering outsourcing to will simply offer you their services at a flat rate. However, there will likely come a time when you actually have to negotiate your contract if you are hoping to get the best deal for your business. If this is the case, you will need to know a number of important skills to help you deal with the process of negotiation.

The first thing you will need to know is how to properly read a contract. While it is possible for anyone to be able to make sense of business contracts, it is advisable that you have at least some background in contract law. After all, many deals are made or broken thanks to a well written or poorly written contract. And the last thing you want from your deal with an outsourcing business is a contract that will not properly protect the interests of your company.

Most of the time, the negotiating process will begin when you have reviewed all of the materials sent to you by the outsourcing business. At this time, you should consider taking a trip to the outsourcing business to see what their business climate is like and whether or not they would be a good candidate for your company. Check out their products, see what options they offer you, and go from there.

Many companies will present you with their standard contract. One which has been drafted and used by most, if not all, of the businesses they have dealt with prior to you. Take time to read the contract carefully, and consult a lawyer if there is anything written that you may not fully comprehend. At this point, you should also consider making a deal with the outsourcing company to institute a trial

period where you will pay the company to outsource the business division in question for short period of time at an agreed to price. If the outsourcing company does not wish to grant you a trial period, consider choosing another company instead.

If the trial period goes smoothly and you are happy with the work the outsourcing company has provided you, you can go ahead and sign the contract should it be designed to favor both your company and your outsourcing business' company.

Step 5: Negotiating the Outsourcing Deal - With the Help of a Middle Man

Although you can easily outsource a portion of your business on your own, there may come a time when you should highly consider hiring a middle man to help you get the job done. There are a number of reasons why a third party would come in handy. Here are some examples.

1. If you are planning to outsource to a foreign country.
2. If you are having a hard time making an outsourcing contract own your own
3. If you haven't experience drafting a well-written contract with another business

If you find yourself in any of the above situations, do not hesitate to contact an outsourcing middle man agency. They are there to help smooth out the complexities associated with contract law between two businesses and can greatly alleviate any problems you may have while looking to move one or more of your business divisions elsewhere.

In the case of outsourcing to other countries, one problem you will encounter is that it is not clear which country's contract laws are applicable-yours or theirs. A third party outsourcing agency will contact the necessary people to help determine how to draft an international contract in situations such as this. As for the rest of the situations, they were discussed earlier and are fairly self explanatory.

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Ultimately, if you feel that you cannot go it alone--don't. It is better to spend the extra money and hire someone who specializes in outsourcing contracts than to try and do all of the work yourself.

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