

EXPERT ADVICE

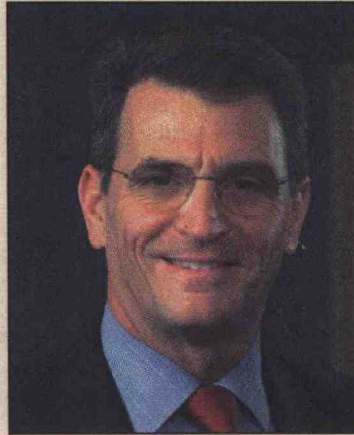
Small Business: Gaining an Edge with Outsourcing

By Roger Kahn

Small or home-based businesses, including home-based franchises, need to find ways to be more competitive and efficient. Home-based businesses comprise nearly half of all of today's businesses in the United States, according to the U.S. Small Business Administration (SBA), and that means the competition is stiff in the small business marketplace. Outsourcing certain elements of your business could help you become more efficient and enable you to focus on growth tactics.

Your Image

Every business projects an image to customers, prospects and referral sources. An image can be presented in many ways, from how you market and advertise, to how you communicate with clients – even how your phone calls are answered. There is also the operational side of a business, which outsiders rarely see but is nonetheless very important. Service providers or outsourcing partners can have a dramatic impact on the image and efficiencies of small businesses and home-based franchises. Payroll, human resources, bookkeeping, marketing, social media, website management and SEO, public relations and janitorial services, and even your office space and phone reception can all be outsourced. Outsourcing enables existing and new business owners, those who are learning the ropes, to focus on their core competencies, while others “manage” the tasks associated with supporting, nonrevenue-producing functions such as payroll, human resources and administrative tasks including answering



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phones, routing calls and taking messages properly. Owners focus on profit-making strategies and activities and on the vital operational tasks that will help them grow and prosper, whereas the “headache” tasks are handled by firms with expertise in those areas.

In most industries, competition is really tough. Last year, 320 out of every 100,000 adults in the United States started businesses, down by nearly 6 percent from 2010. This means that 543,000 businesses were created each month last year. It's one of the highest formation rates in the past 16 years, accord-

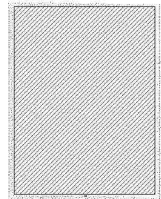
ing to the Ewing Marion Kauffman Foundation, which uses census data to track business formations.

It is clear that whether a business is operated from a home-based office, from a business location or over the phone, the image that a business projects definitely matters.

Sadly, an unkempt office with mismatched furniture, cheap artwork, antiquated equipment, or an unprofessional-looking home office with many distractions doesn't project the most business-like image.

Small businesses that rely on voicemail find that such impersonal, nonproductive contact annoys clients and prospective customers. Consumer Reports found that 71 percent of survey respondents were “extremely irritated” when they couldn't reach a human being on the other end of the phone. Sixty-seven percent said they hung up the phone without getting their issue resolved. However, taking small steps, such as outsourcing phone reception services, is cost-effective. Having a live person answer the phone in a professional manner is a game changer. Rather than getting lost in voicemail, clients appreciate speaking with a person who can react to the purpose of their call and their emotions, and this facilitates faster and more satisfying responses. Prospects and customers will have a more positive perception of the business, and the business may even appear to be much larger than it actually is.

Businesses operating out of the home and having a residential address can give rise to questions about longevity, security and the



ability to provide quality service. In contrast, we have seen small businesses gain a foothold in their market by securing temporary or virtual executive office space and addresses. The offices or conference rooms may only be used occasionally, but simply having this option and having a professional business address makes a difference. Not having a commercial address can also be a barrier to conducting business with the growing number of companies that have policies against working with home-based businesses.

Value vs. Price

When outsourcing, look at the services provided from a value standpoint, not just at the cost. You are not buying a commodity: you are engaging in a business relationship. It is essential to evaluate service providers and look at what they offer in terms of the time, energy and effort they will save you. The quality of the vendor services and the vendor's ability to communicate and interact with you (customer service) is more important than just the price. Building relationships with outsourced vendors offers greater potential for business growth and operational efficiency. It's best to compare prices and the scope of services offered by experienced vendors such as payroll service providers, human resources consultants, bookkeepers and others.

The goal is to outsource services that fit within the budget. These services should "pay" for themselves by freeing up your time to secure more business and alleviating stress.

In selecting a service provider, do your research. Ask people in your industry for recommendations, and contact a few of the provider's clients. Look for the potential synergies. Ask if they feel comfortable working with the provider. Definitely ask if they feel comfortable with their account representative. Seek to understand the accountability chain and the

customer service policies.

Establishing Communication

When you decide on outsourcing, it is important to have regular, open discussions with your provider's staff, especially if you expect them to continue to meet your needs over a period of time. Keep them informed about your products, services and new offerings. Let them know if you anticipate growth in terms of hiring or relocating. Preparing a payroll provider or human resources consultant with information enables them to recommend possible cost-saving solutions. If you anticipate an increase in your call volume, let your telephone reception service know. This could lead to an adjustment in your contract, perhaps a volume discount or better deal overall.

The Franchise Advantage

Having been with a franchisee, I have learned there is strength in numbers and experience. Franchisees that have systems access to experienced people who have learned from their mistakes, have survived and thrived. Established franchise systems and franchisors teach you the best way to run your business. They often provide recommendations for vetted outsourced service providers. This alone can save you time and money and can help find an outsource partner who is familiar with your industry. Small home-based businesses gain an advantage with a franchise because they are not operating totally on their own. They have the power of an efficient system and recognizable brand name behind them.

Franchisees, regardless of the industry, face challenges. The structure and the benefits offered by the franchise model can significantly outweigh the obstacles encountered.

A challenge some franchisees face is having to work within a very inflexible system. No system is perfect; however, those franchisors that encourage input, and communicate regularly with franchisees, understand the value of the "on the

street" feedback and innovation that only franchisees can provide. This leads to improvements and changes to systems, products and services, and keeps the franchise model fresh and competitive.

Sir Speedy the internationally known marketing and printing service franchise, part of Franchise Services, Inc., proactively seeks input through an owner's marketing advisory council. According to Evan Bloom, owner of Sir Speedy of Westbury, New York, "...this council gives our master franchisor the opportunity to give us updates about emerging opportunities and emerging trends. This marketing- and advertising-focused forum allows us to brainstorm together on ideas, provide valuable critique and creates dialogue for what our future product offerings will look like and sound like and how the product should be used. Meetings are held several times each year to keep ideas fresh and to stay on top of trends. The exchange of ideas is important to our growth as well as the overall growth of the brand."

Assessing Services

It is wise to assess the services provided by outsourced vendors every year or two. Ask yourself, are they doing a good job? Are you being treated as a valued client or customer? Check rates, services and new services available among each provider's competitors. Be sure you are getting optimal service and benefiting from the relationship.

Owning and operating a successful small business is the dream of many Americans. Whether you own a home-based franchise or business, outsourcing services can be a strategy for growth and improved operational efficiency as well as an image enhancer. Look for ways to utilize vendors to help remove burdens and stress so you can focus on your talents and business know-how to provide topnotch services, retain customers and grow your bottom line.

printing imperfections present during scanning