

## Outsourcing

**Outsourcing is about businesses concentrating on what they are good at and effectively using the resources of others to support them in areas where they are weaker. It's also about buying in high quality expertise when you need it for as long as you need it.**

The outsourcing phenomenon over the last few years has been driven by major manufacturing international businesses, initially outsourcing manufacture of parts of their products to other businesses which are either more specialist or have cheaper overheads than they have themselves. This has now extended to the service industries – with banks and other financial institutions outsourcing call centres to other companies, whether overseas or in the UK.

For smaller companies outsourcing means that they can have access to high level expertise that they could not afford to have in-house. Outsourcing for such businesses also means that they can be more flexible with the ability to buy more or less support as their business needs dictate, rather than being tied into the internal resources they have. It also means that senior management can be freed up to concentrate on areas they should be concentrating on.

Areas that are often outsourced include:

### **The companies accounting function**

The accounting function is one of the most critical functions for any business, but also one that ideally lends itself to being outsourced. Increasingly businesses are recognising that they need to have reliable and timely information, not only to enable the business to be properly managed, but also to provide to other interested parties such as the bank or other funders and investors. The whole function can be outsourced or selected parts such as the compilation of month end and year end information or preparation and monitoring of forecasts.

### **Payroll**

Payroll is one of the most common tasks that companies outsource. Services include the operation of the weekly/monthly payroll and dealing with the year end returns to the Revenue. The regulations relating to payroll are constantly changing and it is an advantage to use a professional payroll bureau to ensure that the company adheres to such regulations.

### **Human Resources**

With increasing legislation in this area and the significant penalties that can arise from getting it wrong it is becoming increasingly important that all businesses have access to professional help to advise them. Many companies offering this sort of support can provide a range of services from providing standardised documentation such as staff handbooks and employment contracts to legal assistance in dispute resolution.

### **Marketing**

Over the last decade, with business moving faster than ever before companies have recognised the importance of having a professional marketing function. This is an area that also lends itself to outsourcing as it is possible to either outsource the whole function or bring in expertise in specific areas such as event management or PR.

### **Information Systems**

Purchasing and maintaining information systems, hiring and evaluating IT staff and training users can be time consuming and costly. Outsourcing this function can enable access to the latest technology and relevantly skilled personnel.

### **Delivery**

For many years businesses managed the delivery of their own goods directly, with many businesses running their own commercial vehicle fleet. This can be costly and again is subject to much regulation, adherence to which can

be time-consuming. Increasingly businesses are looking to retain the services of couriers and lorry fleets or logistics companies to manage this side of their operation.

The common feature of all of these functions is that none of them are fundamental to the core business and all can be satisfactorily and cost-effectively outsourced to others who have expertise in the relevant area.

### **How we can help**

James Cowper has particular expertise in providing outsourced accounting and payroll assistance for businesses from their earliest stages to large multi-nationals who do not want to invest in the overhead of running their own finance function. We can help you to identify opportunities for outsourcing your administration tasks and ensuring that the time that key managers spend in the business is spent in the most valuable way.

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