

PROFESSIONAL GUIDE FOR
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TO DO, OR NOT TO DO?

A Contractor's
Guide to Outsourcing

Most Independent Construction Contractors are very skilled at their trade, and clueless (or too busy) at running their business. This guide will help walk you through the process of knowing when, or when not to outsource.

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Introduction

About Outsourcing

Simply put outsourcing is the movement of workload to another source which can provide assistance in that particular area for an agreed upon price either as a onetime service or as an ongoing complementing service provider. In doing so the principal company can effectively save on time, commitment of staff that could otherwise be used for other tasks and getting speedier work results.

Also known as the customer or buyer the company that is looking to outsource some of the work load will ideally approach other companies or individuals who are able to provide the particular service for a fee.

This fee is usually a much lower commitment for the company when compared to having to physically set up the mechanisms that would be needed to get the particular job done within the existing company's makeup.

Therefore, through the action of outsourcing the cost saving is evident. Besides this there is also the advantage of not having to allocate staff to the particular task which may lead to the general disturbance in the current flow of the work environment.

Although in almost all cases, especially if it has been well thought out the money saved can be very significant indeed when the services of an outsourcing company are used. This is mainly because the chosen outsourcing company is ideally supposed to be able to provide the expertise and technologies that would not be available within the principal company itself.

However, both parties should be committed and the monitoring process will take time and energy but once the standards and expectations are well established and understood, the outcome can be very workable indeed.

As in everything there are advantages and disadvantages and the outsourcing options presents no difference. Before any particular choice is made either way the individual should first take the time to explore and understand both views before actually making a decision.

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In Summary

Foreword

Construction contractors run businesses that have a lot of moving parts, and besides your hard hat, you are known to wear many different hats. There usually is never two days that look the same, and projects can range anywhere from taking only a couple of hours, or up to several months to complete. When it comes to outsourcing, it is not only a crucial thing to practice, it is essential.

If you are like most contractors, you are very skilled at your trade and wake up motivated to provide excellent services to each of your clients every day with a big smile on your face. The reality is, your business also includes the less desirable tasks that are extremely important, however, they require so much time and energy that you don't have at the end of the day. This is when the movement of workload to another source which can provide assistance in that particular area is the solution for your survival and growth. This will save you on time, leveraged resources, and get you speedier work results.

TO DO, OR NOT TO DO?

A Contractor's Guide to Successful Outsourcing



Chapter 1:

Outsourcing Basics

Your To Do List

The list of “To Do’s” seems to get longer as the days get shorter during the busy cycles of your business. It’s as though there are no happy mediums in work flow when a slow season intersects with a busy season and everything starts to move so fast. Past and new customers begin contacting you for quotes, vendors and suppliers are contacting you with promotions and lines of new materials and styles. That is when you realize that costs have increased, and certain colours, styles or fabrications are no longer available and are now completely obsolete. This means it is time to update your company price list. Your books indicate that there are several clients who haven’t paid their invoices for 90+ days, and you realize that you too neglected to pay one (or a few) of your accounts. Your business taxes are yet to be filed; however, you haven’t gotten to that simply because receipts are in your truck, workshop, and in the garage...basically everywhere else except in your files. You have forgotten the password to your email where you receive digital copies of even more invoices, work order requests, and membership renewal reminders. Your website needs to be updated since 2 years ago, your domains might have expired, and your customer email list needs to be updated. Your workshop is completely disorganized since last year, your tools need to be cleaned up, sharpened, or replaced. The tools in your truck need recharging and to be reorganized and placed back into their cases. Looking carefully at the mess in your trunk it occurred to you that there are several tools that you had borrowed from another contractor and you forgot to return them the way you received them. That is when it really dawns on you that you need help. To be able to maximize your profits this season, you will need help getting your administration tasks organized this year. Should you hire, or outsource?



Hiring Staff: Hiring full time, part time, or contracting staff to support you will involve posting/marketing the position you need to be filled. Followed by screening, interviewing, screening again, and hiring a suitable staff member. A time consuming and costly process.

Outsourcing work: The Independent Construction Contractor becomes known as the customer or buyer when he/she is the company that is looking to outsource some of the work load and will approach other companies or individuals who are able to provide the particular service for a fee. The process is more like a transaction, rather than an employer/employee relationship. Just like utilizing the services of a Certified Accountant to complete your tax planning and annual returns, there are other jobs that you are able to source out to service providers in your area, or online.



The Basics

The fee to outsource is usually a much lower commitment for your company when compared to having to go through a 7 to 10 step process of hiring office staff or labourer's. Think about it, to hire someone for a short term, or even a long-term position involves:

1. Making a list of duties that need to be done.
2. Creating company policies: health & safety, code of conduct, procedures, privacy agreements, etc. etc.
3. Create an interesting job description.
4. Find the right platform to post your job listing.
5. Schedule times for interviews and meet possible candidates.
6. Review, screen, background check possible candidates.
7. Select the ideal candidate.
8. Set up payroll and human resource protocol with Government.
9. Train your new staff member.

These are just the basic mechanisms that need to be set up to get the particular job done within your company's current framework.

Therefore, through the action of outsourcing the cost saving is evident. Besides this there is also the advantage of not having to allocate staff to the particular task which may lead to the general disturbance in the current flow of the work environment.

The outsourcing exercise is generally acquired from sources outside the physical realm of the company and at a physically different location.

Sometimes it is even sourced from a different country where it is more cost effective than to have the same work done within the company's jurisdiction and market of expertise.

The beginnings of the outsourcing style of getting work done using outside contributing help, was first evident in the country of Japan.

This style was made popular through the demand of various different components within the business make up, having to contribute to one singular goal without actually having all the expertise under one entity, thus the birth of the outsourcing style.

Later other countries started copying this style simply because of the cost effective and time saving elements.



Chapter 2:

Determine What People Are Best For Your Work

What's Right for You?

Most construction contractor business owners face the challenge of keeping escalating costs down, while still maintaining the highest of standards in order to stay competitive, and maintaining a profitable business. In doing so these companies would have to look into areas that can benefit their business, and one option to consider and is currently being widely used is the outsourcing tool.



Make Some Choices

Without the possibility of using the assistance of an outsourcing company, construction contractor business owners would have to consider elements such as hiring, training, administration, worker safety insurance, benefits, absenteeism, workspace and equipment.

The typical response would be to expand operations, however that only increases overhead costs and liabilities, and not necessarily business growth. Therefore, the next best option would be to consider outsourcing.

The following are some points to consider when determining what's best for your company:

Expertise – identifying the relevant providers in a particular field and then ensuring the best possible price is agreed upon for the services rendered would be the first step to take. The outsourcing company chosen should ideally be an authority in its particular field.

Management – not having to micro manage a particular segment of the overall project simply because it has been taken care of through the outsourcing platform can be quite a relief both mentally and physically for all involved.

Personnel flexibility – being able to hire an outsourcing company that works on a project to project basis would be better than having to hire someone only to have to let them go when the project or season is over.

This cost incurred for hiring personnel on short term contracts can be significantly higher, as for the worker there is no job security thus the demand for higher wages is common and expected.

There are also services provided by companies that can link the various wants to the needs of other companies. Hiring such companies to find a suitable partner in the outsourcing exercise would definitely benefit as the service provided would be tailor made to the requirements of both parties.



Chapter 3:

Decide What Should Be Outsourced

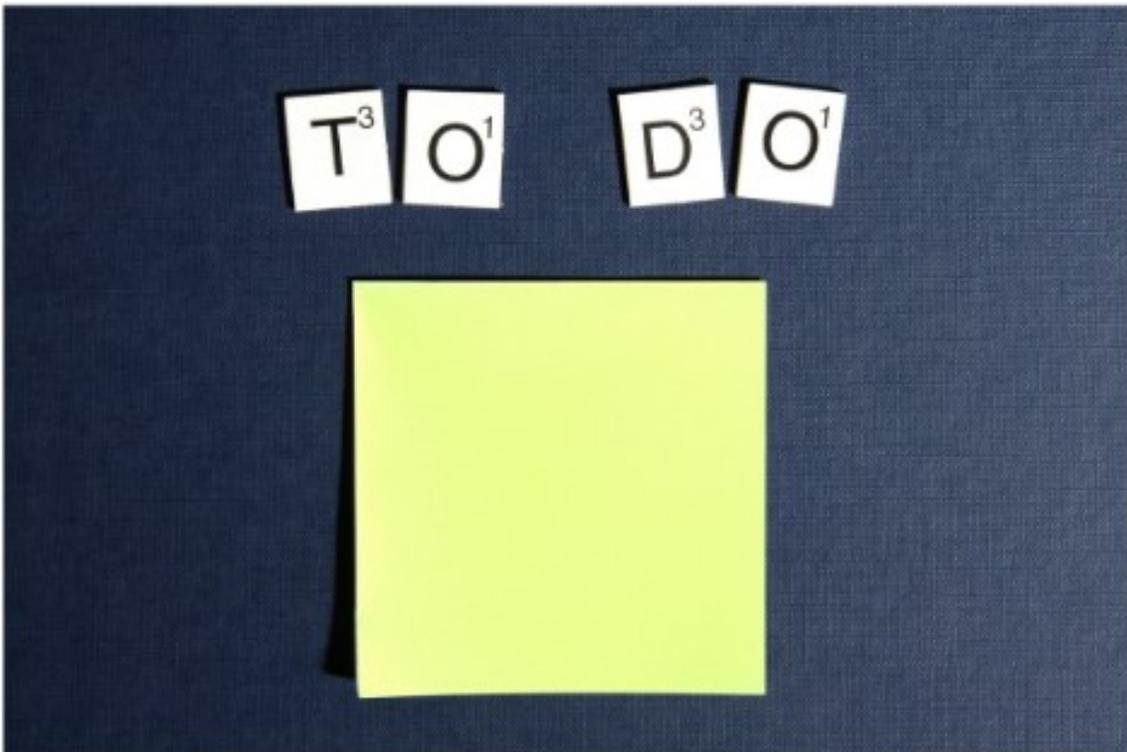
Make a List

Making the decision to outsource is usually not one to be taken lightly. A construction contractor business owner needs to be aware that anything done on behalf of the business by a third party, will ultimately be a reflection on you as the business owner.



Make a list of the work that you will need done. Consider one time, short-term, or on-going tasks that need attention. Your list might look something like this:

- Account payables
- Answering calls, booking jobs, and scheduling appointments
- Cleaning up your workshop, tools, and truck
- Customer follow-ups for invoices, estimates, and surveys
- Database management
- Managing subcontractor payroll
- Marketing
- Ordering supplies, materials, and tools
- Responding to emails and voice messages
- Sourcing out new vendors and suppliers
- Tax returns



What Will Be Outsourced

Although in almost all cases, especially if it has been well thought out the money saved can be very significant when the services of an outsourcing company are used.

This is mainly because the chosen outsourcing company is ideally supposed to be able to provide the expertise and technologies that would not be available within the principal company itself.

However, both parties should be committed and the monitoring process will take time and energy but once the standards and expectations are well established and understood, the outcome can be very workable indeed.

The more popular areas that are normally sought for outsourcing purposes are as follows:

- ➔ **AR/AP Management Assistant** - The role of the Accounts Payable involves providing financial, administrative and clerical support to the organization. Their role is to complete payments and control expenses by receiving payments, plus processing, verifying and reconciling invoices. Such activities can be outsourced when and if needed and it also provides for expertise and specialized skills
- ➔ **Communication and Media Assistant** – Here again as the business expands or even if there is no real need to have the actual full-time employment of such expertise in place, the outsourcing services can be sought. A communication and media assistant coordinates office activities, manages information and facilitates internal operations performing administrative and clerical duties, such as answering phones, filing documents and circulating information.

- ➔ **Customer Service Assistant** – A customer service assistant is the interface between the Company and the consumer, acting as the first point of contact and advising the customer on services, scheduling appointments through inbound and outbound communication. A customer service assistant may work on the telephone, at a computer, or behind a customer service desk.
- ➔ **Digital Marketing** – It is usually a very time-consuming task and most construction contractors do not have the time to get so involved with online marketing, and promoting their services on the internet. Digital marketing involves communicating on social media, mobile devices, search engines, and other channels to reach customers. It is a task that is often outsourced.



- ➔ **Finance** – outsourcing auditing functions is common and this can be further extended to outsourcing the entire accounting functions of a company. Elements such as bookkeeping, tax management and invoicing could easily be done through the outsourcing platform.

→ **Job Recruiting** – Depending on the size of the contractor and the nature of services provided, recruiting for general labourers might be a matter of word of mouth for the most part. However, for larger projects gaining the support of a construction recruitment agency aiming to provide effective staffing solutions by supplying the most capable candidates to fill permanent or temporary vacancies might be the best solution.



→ **Marketing Management** – During times of uncertainties, or shifts in consumer buying habits, or making plans for growth, it is wise to outsource marketing tasks to a Marketing manager. Their role is to analyze industry trends and demand for products and services then create a strategy to market the product or service.

→ **Project Management Support** - Project management support involves helping construction contractors, plan, execute, and complete work to achieve specific goals on larger projects. People in these roles ensure projects are on target and that there is synergy among everyone involved. They create systems, processes, and schedules to help achieve project goals, keeping on budget and on time.

Chapter 4:

Use Project Tracking

Managing the Moving Parts

Utilizing experts through outsourcing allows you as a construction contractor to be able to remove some of those extra hats and allow you to be able to focus on your area of specialization. Your responsibility is to simply delegate tasks, manage systems and procedures, and monitor the work completed on a daily basis. To keep track of the progress of each project, and the activities of your team you will need to use a Project Tracker.

You could use a simple tracking system in the form of a check list, a spread sheet, or a more elaborate tracking app, or software. A project tracking system assists you to recognize all of the tasks that are required to complete your project successfully on time and on budget.



Chapter 5:

Build Strong Relationships With Workers

People, Profits, and Prosperity

The winning formula for any successful business is to have happy people, healthy profits, and prosperity. Your customers become raving fans when they experience value packed services and quality workmanship while your staff remain loyal and committed to you when they are respected and earning decent wages. You are most happy when everyone else is happy and you are able to run a profitable business. Win-win-win.

It is just as important to establish a good relationship with your staff at the jobsite, as it is with the staff that you outsource work to. Although many administration staff work remotely and are with you virtually, maintaining clear communication and establishing good rapport will provide for a successful business that experiences growth and prosperity.

Communicating using your smartphone to send texts, emails, video chat, and of course voice calls is the best way to keep in contact with your team members. Additionally, you can document your activities with online collaboration tools that give teams an easy way to communicate and share work, pics, email or chats. These digital tools offer the capabilities to help you manage work and work together more productively. Determine what communication tool is best for your business and maintain consistency in staying connected to your team.



Chapter 6:

Provide Good Feedback

Shared Affirmations

Whether you are leading a team of hired inhouse staff, or everyone on your team are outsourced experts, independent contractors and general labourer's, you are the leader and it is up to you to build motivation and provide encouraging feedback to each member.

Everyone appreciates feedback. How many times have you made a purchase at a bog box store and on the receipt, you were encouraged to complete a survey to provide feedback about your experience? They might have even provided you with valuable incentives to get you to participate. That is because they want to know how they are doing and how they can do better.

Your team members are no different. They don't only want feedback; they want to feel appreciated. As the leader, you should be willing and ready to give encouragement and positive affirmations about their work and their individual goals.

The difference between an employee and a independent contractor or service provider is; an employee works to earn a paycheck and work hard enough for you not to fire them, while a service provider works hard to provide you with value, and is determined to help you grow which will in turn help them grow. Win-lose vs. win-win.

Your outsourced team wants your honest feedback because they want to know what works and what doesn't in order to improve. Most service providers will already have a system in place where they ask you to complete a survey as some point in your relationship. Make sure to take the time to complete it truthfully

and honestly. However, if they don't approach you with a formal set of question, make an effort to go out of your way and provide them with the feedback that they didn't ask for, and keep it positive. There might be somethings that you didn't like, or you believe could be improved; let them understand your experience and deliver the message in a way that encourages their efforts. The truth doesn't need to hurt.

At the end of the day you and your outsourced service providers are partners in this game. When you win, they win, and visa versa. Your honest feedback encourages them to work on making improvements that will benefit you, and your encouraging affirmations will help them feel recognized for the part they played on your team and will improve the synergy within your entire organization.



Chapter 7:

How Outsourcing Can Help Your Business

Do What You Like to Do Again



When you first decided to get into the trades it is most likely that you did so because you are skilled at working with tools and you enjoy the satisfying feeling of building things. Simple. Everything started to get complicated once you decided to turn it into a business and over time you discover that you do less of what you enjoy doing, and spend more time behind a pile of paperwork.

The main purpose of outsourcing is to free up your time from doing the mundane tasks and help you get back to your true love. Here are five ways outsourcing will help your construction business:

Get You Organized: The moment a business owner decides to outsource his/her administration tasks, a huge weight is lifted off their shoulders. The piles of paperwork and to do lists of tasks that have been pushed into the corners are

finally brought out into the light to be dealt with. There is so much satisfaction in knowing that your to do's are done. Now you can focus on managing existing clients and seeking out new business



Increase Productivity: Having been wearing too many hats for far too long has prevented you from actually getting the real work done. By outsourcing the mundane work, you have more time to develop your trade skills and be able to provide better quality workmanship on each job, in less time.

Live Human Contact: While you are on the job, calls, emails, and texts might be coming in and you don't have the time to handle them. By having a virtual assistant answering and responding to your clients and potential customers live and in person helps give your business credibility and better quality customer service with interaction that happens in real time.

Money Saved: When compared to the costs involved in hiring a full, or even part-time office assistant, the money saved by utilizing a virtual assistant is significant.

Specialised Knowledge: Outsourcing tasks related to marketing, finance, database management, and other specialised jobs provides your business access to a pool of knowledge, resources, and technology that you might not have otherwise utilised on your own. Even if for a short period of time, you receive the benefits offered by professionals.

Time Freed Up: By being able to delogate the extra workload, you are able to have more time for yourself. A good virtual assistant can make your daily schedule manageable rather than overwhelming, freeing up your valuable time and eliminating mental clutter that can make creativity feel difficult.

Cost Savings on Workspace, Tools and Equipment: You are not responsible for providing the outsourced service providers with a desk and computer, tools, and equipment. They are to provide their own. This saves you on worrying about repairs, loss, and theft of items that you would have otherwise provided in-house staff.



Chapter 8:

What You Have to Be Careful While Outsourcing

Careful Considerations

There are always cons with every pro in life. It is true that the benefits of outsourcing administration work outweighs the concerns, however, they must be identified. There are at least four issues that need to be considered before outsourcing:

Accountability – You are a customer to the service providers that you choose to outsource your work too. Although they are doing work for you, they do not “work” for you. What that means is they have their own policies, terms and conditions that you need to agree to in order to accept their services. How they run their business is not in your control and not knowing exactly who will be handling your file is a possibility which makes the issue of accountability a concern. However, there is something you could do. During your onboarding consultation, ask for the name and contact number of the agent that will be handling your file, and make sure to speak to them directly so you can get to know his/her voice and try to figure out if they will be the right person to represent your company. Having made contact with them personally emphasises their role as being accountable to your account, and you know who’s name to call if something goes wrong.



Communication Break Down – Just like any relationship, problems often arise when there is a breakdown in communication. When it comes to outsourcing, many agencies are located in countries such as the Philippines, India, Pakistan, and a host of other places. English might be a first (second, or third) language. The agent working your file will most likely speak English, however, unable to understand slang, induendos, and other social customs from where you reside. It is not to say that these agents won't provide quality work, it is just something to consider when deligating certain tasks such as inbound/outbound customer service to your clients. Again, there is something that you can do; during your onboarding consultation, ask where your agents are working from, also make sure that the company provides you with a weekly spreadsheet with a work summary. You can make your own follow up inquiries with your customers to make sure they were contacted and that they are happy with your services. If you don't feel comfortable with the agent that is handling your account, ask for a different one.

Lack of Industry Knowledge – There is little or no doubt that the outsourced service provider is very knowlegable in what they do, however, they might not be as familiar with the industry that you are in. When it comes to inbound/outbound customer service, an agent could be challenged with a lot of industry related questions that he/she is not able to respond to. When choosing a virtual assistant, it is important to work with one who is knowlegable in construction services to be able to handle more calls in a professional manner.

Privacy and Security Issues – Your privacy should be the primary concern for every service provider. Your account passwords, company practices and policies, and customer database are all strictly confidential information and should be protected at all costs. During the onbouring consultation, make sure that the service provider has a protocol when it comes to handling confidential information. If they don't, move on to another one.

In Summary

After reading this book you are better prepared to decide if outsourcing is right for you and your business, and if it is, you know how to do so successfully.

Outsourcing will allow you to effectively save on time, reduce your obligations to in-house staff, and lesson your fixed operating costs when it comes to payroll.

- Now you know how to determine the correct people to use
- You understand the importance of starting with a plan
- You can see the importance of tracking your projects and work activities to completion
- You understand why it is so very important to provide positive and honest feedback

You might have been interested in growing your business this year, and now you can with the understanding that growing is not the same as expanding. Growing is about increasing profit, not expanding your liabilities. This is possible with outsourcing.

About the Author

Oseye Cohen, A.I.M.A, is an associate member of the Institute of Municipal Assessors, an entrepreneur, business coach, real estate investor, author and speaker. Having graduated from Seneca College of Applied Arts and Technology, from the Real Property Administration Program, along with a certificate in Real Property Assessment from the University of British Columbia, she is a Real Property Administrator and Project Manager by trade. Her work history included over 10 years working as a Customer Service representative in 4 major call centres, that included AT&T Canada, Primus Canada, and Davis & Henderson where she provided inbound/outbound customer service, administrative assistance, and telemarketing. Oseye is currently the president and founder of 12 Gates Property Services: Toronto's experts on vacant properties providing preservation services where she works with independent contractors who are the best at their trade, and together they manage, maintain, and restore properties in the Greater Toronto Area. It is her job to focus on the integrity and appeal of residential properties and she relies on the skills of local independent contractors to get the work done. Oseye has become known as "The Handyman's Helper" because she also provides administrative support services to general contractors, independent professional trades contractors, and individuals who are looking to enter the construction industry as a virtual assistant and business coach. Oseye is also the author of the book *7 Critical Steps to Become A Self-Employed Handyman*, and she is the author of the upcoming book, *The Vulnerabilities of a Naked Property; How to Protect Your Real Estate Asset as it Sits Vacant for 30 Days or Longer*.