

Overcoming the Crunch through Outsourcing

Staying ramped up at maximum staffing levels year round is an expensive and wasteful proposition; conversely, it is also expensive and distracting to hire and train temporary staff in a reactionary attempt to handle peak-volume periods.

Unlike years past, fewer companies are investing in significant training programs, and it is becoming difficult to stem the tide of attrition across the ranks of employees that poses much in the way of a company's institutional risk management knowledge.

Fortunately, there are numerous options available today for outsourcing functions that can help to overcome these problems while improving operational efficiencies, costs and time service.

When is it time to outsource?

Start by identifying where bottlenecks exist (too much paper, not enough staff or too many staff, space constrain, backlogs, "delegated" administrative work, etc.) and then consider how augmenting staff through outsourcing can help get the process moving again.

A critic internal check is to make sure that trained and experienced professionals are not being diverted from the risk assessment and decision making process. In the midst of a crunch other specialized (and highly paid) personnel should not be haphazardly covering personnel gaps or performing administrative tasks – such as chasing down missing application information or glorified data sorting/entry – that could be more cost effectively outsourced.

How does a company determine if they will benefit from outsourcing?

Smart and strategic outsourcing is not about replacing people with cheaper options – it is about empowering staff to focus on doing what they do best. The bottom line is that companies should NEVER abdicate their responsibility to manage risk. But should ALWAYS look at how they can do a better job of managing risk while maximizing all available resources – be they internal or external.

Selecting the best outsource resource

Companies seeking to outsource elements of their risk management functions should look to build a long-term relationship with a company that is staffed by professionals and has a proven track record in providing outsourced services. Look for a company that has the experience and capacity to meet your needs and can be fully compliant with your risk management guidelines.

Some companies specialize in one type of support service and others offer full service support packages, based on the needs of a given company either option can be attractive.

So how does a company decide which option is best for them?

The first question to ask is: can the outsourced company create customized solutions that take into account factors such as specific guidelines, appropriate skill sets, experience and product specialties? Another important factor to measure is the scalable capacity of the operation and its ability to expand and contract service levels in concert with the volume cycles of your company.

Customer Relations Management:

The common thread throughout customer relations management and back-office support is effective communication. Whether the communication medium is telephone, instant messaging (IM), emails, or Internet – there exist many options for accessing expertise and resources on an outsourced basis. In-house operations can be a costly and distracting enterprise for a company. These are unique functions that require specialized equipment, operating systems, staff, quality controls, training, and management protocols. Outsourcing these functions is a cost effective alternative to trying to build and manage in-house operations with the added benefit of the outsourced approach providing maximum flexibility to ramp up and down based on need.

Back-Office Support:

To survive in today's competitive environment companies must identify where administrative bottlenecks are slowing down the forward progress of business. Any industry suffers from paper jams, workflow atrophy, and administrative overload caused by backlogged requirements and orders. Fortunately, there are numerous options available today to outsource administrative and processing functions that make it possible for risk management specialists to focus on what they do best so that other specialized personnel are not diverted from their core competencies to perform administrative tasks that could be more cost/time effectively outsourced.

Companies are overcoming the "paper problem" with imaging technology and/or sending data entry and interpretation to domestic and offshore locations where the process can be done for a fraction of the cost and during night hours. These companies are experiencing a workflow process that is operating at almost 24 hours a day with access to electronic files now constantly at their fingertips.

What are some examples of success?

Companies able to identify opportunities for outsourcing risk management functions hindering productivity will be steps ahead of the competition. This approach is a cost effective way to handle volume cycles and manage the impact of staffing/systems challenges. Your goal should be to speed up the new business cycle with an assembly line or triage approach to risk management. Companies need to take a hard look at their volume cycles and staff/budget levels. If volume exceeds capacity to turn around applications in a timely manner, then outsourcing should be seriously considered.

Conclusion

In today's world it's an art in balancing "the" act.

There is immense internal pressure to be cost-effective and risk astute competing with external pressure for expediency and improved customer service and satisfaction.

Compounding this challenge is the simple fact that we are asked to do more, quicker – but with less staff. Companies tired of being understaffed during busy periods, and overstaffed during slow periods, are looking to overcome this constant juggling act by acquiring additional resources through outsourcing.

The bottom line is clear – Those companies quickest to embrace and master outsourcing will be establishing a clear competitive advantage over companies that chose to ignore this highly cost-effective way to augment staffing levels and maximize workflow on an "as needed basis".