EPICENTRAL

A Newsletter from Epicenter Development Group highlighting ideas that improve organizations

Welcome to Epicenter Development Group's newsletter, EPICentral. The purpose of this newsletter is to highlight fundamental ideas that have helped organizations develop and maintain great manufacturing and service operations. We hope that you find our EPICentral newsletter helpful, and we would welcome your comments on its content.

To Hire or Not to Hire - A Strategic Question

As a business owner or leader, it can be difficult to determine the right time to hire new employees. Although new employees help to expand the organization's capacity and capabilities, each new employee also brings with them a series of investments in time and money and a long-term commitment of development and support. It's no wonder, therefore, that more organizations are considering the use of outside resources "as-needed" to assist in project work and periodic tasks. The purpose of this article is to outline some considerations for determining when it is better to hire a new employee versus seeking outside resources.

The diagram below summarizes some of the factors that can affect the potential benefits of outsourcing:

Factors:

Workload Consistency - Today's work environment can be very dynamic. If your organization's workload is seasonal or can vary from week to week, it can be of benefit to hire a core group of people to handle the base/routine workload and then use outside resources to help out during peak periods.

Special Skills/Tools Required - It can expensive to hire "specialists" that are only needed occasionally or to purchase special equipment or software that is rarely used. In these cases, it can be a good strategy to identify resources that can be brought in only when required.

Quick Project Turn-Around Required - Sometimes it is difficult for internal resources to "switch gears" and manage a critical project with tight deadlines as they maintain their other commitments and responsibilities. In addition, the "juggling" of multiple projects can lead to poorly managed projects, less-than-ideal task outcomes, and lower overall productivity (and higher stress).

Cost to Hire/Train/Support - The costs and economic risks associated with hiring, training and supporting
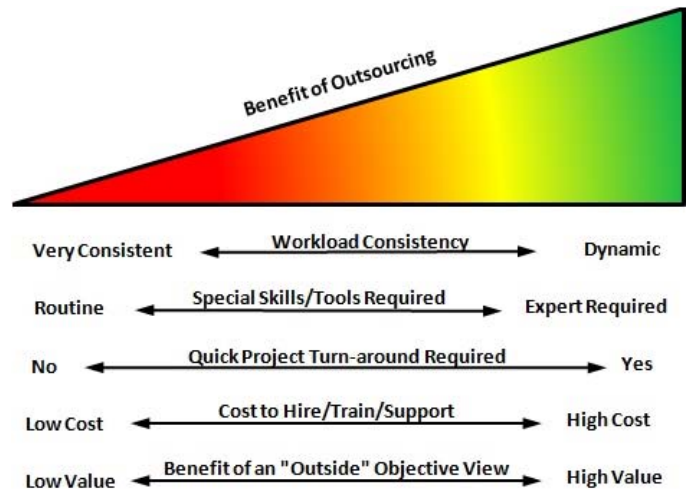
full-time employees have continued to rise in this economy. Our internal estimates show that an organization can <u>save between 5% to 38% in their costs by outsourcing</u> depending upon the level of employee, company benefits and other factors such as employee turnover. Please talk with us if you would like to investigate the potential savings for your situation.

Benefit of an "Outside" Objective View - Sometimes it takes someone from the "outside" to get a fresh viewpoint to a stubborn, unresolved issue. In addition, organizational politics can make it beneficial to have a thirty-party facilitate a critical discussion or bring about agreement to a common problem.

Considerations:

- Options are great to have. Consider building a base of outside resources to handle peak periods or upcoming special needs BEFORE you require them.
- As with anything, the effective use of outside resources requires good planning and strong management. For this reason, it is important to develop and communicate a specific plan for the supplier's roles, responsibilities, scope of work, and milestone dates.
- Consider regular, planned review meetings to discuss progress and give feedback on performance.
- If you would like more information on the benefits of outsourcing (including our calculations for potential savings), please contact us at 216-548-7136 or cscott@epicentergroup.com

Next Steps

If you would like more information on this topic or other similar types of tools, please contact Bill Proctor with your request at wproctor@epicentergroup.com or 216-702-0952. You can also find previous issues of EPICentral at Newsletters.

Mr. Proctor also speaks on a variety of problem-solving and system design topics that can help companies significantly increase the success and profitability of their businesses. If you are interested in having Bill speak at one of your upcoming meetings/events or would like more information on any of the speaking topics, please visit Speaker Services or you can email sales@epicentergroup.com.

Epicenter Development Group is a unique consulting firm that seamlessly integrates the disciplines of Systems Engineering and Organizational Analysis & Development to create practical design solutions to your toughest challenges. It is on the cutting edge of problem-solving solutions and the creator of a unique process called GreenRoom Engineering. This process adds greater value and cost savings for clients as compared to traditional engineering methods.

William Proctor, Epicenter's founder and president, has provided services around the country to more than 100 companies consisting of a variety of organizations; and Epicenter continues to grow as a resource

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