



# Insourcing VERSUS Outsourcing Which Is Better for You?

One of the latest trends in property management is all the talk and exposure to outsourcing day-to-day functions inside a business using third-party staffing. We see opportunities abound at our local and national conferences from top-quality vendors. In considering this as part of your business, when does too much outsourcing become a detriment and distraction to your in-house staff? Are the efforts you have put into place to attempt to make their jobs easier actually making their jobs more difficult, more time consuming, and wasting your money?

In the past four years after joining NARPM®, our business has seen expansive growth. With this growth, comes numerous growing pains. When you start off as a smaller company, there are a lot of factors that would make outsourcing numerous daily functions seem like the right way to go. A big part of this decision stems from being a very cost-effective method to get operational assistance in growing and running the business. Through our steady growth and future predictions, some of what we have outsourced in the past is now being taken back and put onto our full time staff members. It's an effort we have called insourcing, and a lot of which will ebb and flow with the volume of business and the number of staff members.

Can we – and should we – do it ourselves? There are always going to be certain tasks that should simply be done in-house at all times. This is why you have staff members, and this is what they are being paid to do. It may not always be necessary to spend more money and effort to make their jobs easier. Let's talk specifics. If you have a routine task that flows through your staff on a regular basis, is this a task that completely warrants specific on-the-ground knowledge of something in particular? Or can it be passed easily along to a third party?

**Example:** We have learned to try and keep as much of the rent collection procedures in-house as possible. An outsourced third party would not necessarily know if Tenant X called in and stated they would drop rent off one day late with the late fees. It would be easy enough to send an email off to the outsourced third party to inform them, or would it just be easier for the in-house staff to make a note in your management software and be done with the task? The amount of time each would take is nearly the same, and if this action is kept in-

house, there is less chance of it being missed or handled incorrectly. This may not be the best example as the question would first come up as to why you would outsource that in the first place. Let's just consider it an example so we don't fill this whole article with the fine details.

Outsourcing can be a distraction. In our efforts to set up a third-party system for outsourcing a lot of our tasks, we have discovered the time involved to set up the systems may not be worth the headache. If your team has to give permission for the third party to put something here, or send out this note there – by the time the permission has been asked and then granted by the property management company, it may have been just as easy to do the task in-house. Your staff members should all be trained on how to do this and, combined with their local knowledge, be able to handle this quickly.

**Example:** Throughout the course of a normal day, if many of the tasks of your in-house staff is to supervise the tasks of your outsourced staff – you have to ask if this is really worth it. Let's say you bring in a new management agreement, but one of the parts is missing – that missing part has to be communicated to your staff for them to track down – then communicated back to the third-party outsourced team for finalization. Is that worth it? Would it not be easier for an in-house staff member to catch that from the start, pick up the phone, and fix the issue on the spot? Considering the amount of time for communication efforts to go back and forth, it would have been just as easy (and less expensive) to simply do the task completely in-house. Again, don't dwell on the specifics of the task, but rather understand the concept of allowing your staff to do this for themselves. This is their job and it's what you are paying them to do.

**Mistakes and Frustrations** – We should all understand up front that there will be mistakes, and there will be frustrations with any outsourcing campaign. Some are well worth the bumps as they might only take minimal time to set up and be able to run for years. Others are the one-time tasks that you strive to set up, get implemented, and you spend more time correcting the mistakes than you do enjoying the task being done by someone else. Rather than bore you with horror

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