Mid-sized businesses (less than 500 employess) are in a more competitive environment than 10-15 years ago.

The globalization of business via the internet has allowed competition to increase for virtually all organizations.

The newer competitive model for mid-sized companies is to focus their limited capital on their core competancies and outsource all other functions.

Focused capital use increases growth capacity in most companies without raising additional capital and improves profitability.

Say the core competency of your firm is sales and/or marketing. Invest your limited capital in sales staff, sales support systems, market research and advertising.

Outsource to service firms those functions such as IT, HR, finance, accounting, payroll, legal and other overhead functions that are not specialized to your business.

Turn overhead cost to variable expense and reduce your management load. You can reduce costs, improve quality of support, and streamline operations by using this collaborative model.

There are many very well run, sophisticated service providers in the areas mentioned above that provide services on either short-term or long-term basis at very competitive costs.

As they serve many clients, these providers have sophisticated processes, systems and staff plus you get the cost advantages of scale.

Two steps must be completed up front to insure success in making these strategic changes. First you need to develop a plan for outsourcing and then document the goals/services for each outsourced servicer.

By giving each service provider a finite set of deliverables and timeline, you can limit your cost while prescribing exactly what and how you want to be supported.

This will greatly reduce your daily management as these professionals know exactly what to do and don’t need daily management by you.

Secondly, you need a conversion plan to the new collaborative, outsourced model. This includes defined steps for each department to be outsourced and internal processes for remaining managers to work with each service provider.

You should interview multiple service providers to determine their skills, service offerings, pricing structure and how they operate with your staff.

The culture of your company will be affected and it is important to find firms that understand your business, people, culture and customers.

C Squared provides outsourced CFO services, project management, COO services, ERP implementation, transaction support and tactical planning in this collaborative environment.

We can aid you in modeling the potential savings of an outsourced model, provide outsourcing plans, provide referrals to other service providers we believe are best of breed.

Please see our website for more details and ideas.