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## Outsourcing next door

**Sending jobs overseas receives the most publicity. But many firms just send the work across the street.**

By JAN NORMAN  
The Orange County Register

After seven years in business, **Message Broadcast** in Newport Beach grew to need more legal assistance than its outside law firm had time for. But the marketing firm still didn't have so much legal work that it needed to hire a full-time general counsel.

Instead, the company decided to outsource the work – not to China, but to Orange County.

Enter **The General Counsel LLC**, an Orange County firm that goes to clients' sites to fill the gap between companies that need only occasional legal advice and those that must hire a staff attorney.

Message Broadcast gets experienced, cost-effective legal help, and The General Counsel LLC gets to include Message Broadcast in a broad base of customers who provide it with consistent work.

Outsourcing is often equated with sending work to other countries. But studies about outsourcing – such as a report from consulting firm PriceWaterhouseCoopers that 73 percent of U.S. executives outsource at least some business processes – typically don't distinguish between work sent halfway around the world and what's sent across the street.

While the motivation to send work to foreign countries usually is saving money, domestic outsourcing often enables small or growing companies to tap greater expertise than they could afford to hire as employees. It also gives them greater flexibility when their workload spikes temporarily. Marketing and human resources are among the functions that businesses most frequently handle through domestic outsourcing.

### CORPORATE PERSPECTIVE

The General Counsel LLC owners Stuart Blake and Michael Oswald had been general counsels for such companies as **Kinko's** and **Lantronix**. Rather than dispense legal advice at \$400 an hour, they decided in May to tap the niche of being part-time counselors at clients' offices, handling everything from licensing to contracts. "Our clients are busy enough to need an experienced lawyer on their management team, but not big enough to warrant paying a full-time legal department," Blake



OUTSIDE CFO: Denise Chavez, right, CEO of Conduit International, with Erin Baldwin, Conduit's outsourced CFO, in Long Beach. Baldwin runs Baldwin Business Consulting of Costa Mesa.

EUGENE GARCIA, THE ORANGE COUNTY REGISTER

### When to outsource

A company cannot outsource every task. Here are some guidelines a company can use for deciding which work can be contracted to an outside firm.

- The work is not your company's core competency; you don't want to spend energy on a task that is not basic to your company's existence.

explains, estimating that a full-time employee would earn \$150,000 to \$200,000 a year to do this work, plus benefits. The General Counsel LLC charges \$1,500 a day.

At Message Broadcast, President Bill Potter agrees. He thought he would bring Oswald in three days a week to catch up on contract, insurance and transaction work and then cut back to two days a week. He hasn't cut back yet, but likes the idea that he can.

"I get the greatest amount of expertise at the least amount of money and no (long-term) commitment," he says.

In contrast to companies that outsource abroad, flexibility rather than cheap labor is the greater motivation for companies' outsourcing to local third-party providers.

**Filenet**, a Costa Mesa software company, has 100 marketing employees worldwide, but hires **The PowerMark Group Inc.**, a San Juan Capistrano technology marketing firm, for special projects such as planning its recent user conference in Las Vegas.

"I expect outsourcing to smooth out the peaks and valleys, so I don't hire people for the whole year to do three months' work," says Chief Marketing Officer Martin Christian.

Domestic firms that handle outsourced tasks tend to have experienced people in specialized areas, says Denise Chavez, chief executive of **Conduit International**, a Long Beach marketing company that outsources work to Erin Baldwin at **Baldwin Business Consulting** in Costa Mesa instead of hiring its own chief financial officer.

"Erin is very talented, with a breadth of experience," Chavez says. "I didn't have time to train an employee to do the work."

### **SPECIALISTS' OPPORTUNITY**

Often, the recipients of outsourced assignments started their businesses to capture that type of work.

Audrienne Adams Lee, president of **HR NETWORK Inc.** in Garden Grove, first became aware of the need for external human-resources help while working for **Epson Computers** in Torrance in the early 1990s. She noticed how many small-business owners attended informational meetings of a committee on human resources that the Torrance Chamber of Commerce had established.

After Adams Lee was laid off as human resources director at a dot-com company in 2001, she set up HR NETWORK to target those smaller companies' needs.

- You have a deadline and cannot do the work in-house on time.
- Your company doesn't have enough money or resources to do the work in house.
- The extra work is temporary.
- You want to save money or free up in-house resources.
- You cannot find the right employee to hire to do certain work.
- You don't have time or resources to train employees to do the work.
- You want to establish long-term, strategic relationships with world-class service providers to gain competitive advantage.
- Outsourcing the work spreads your risk.
- You want to tap special expertise in a specific area.
- Outsourcing can reduce spending on technology that will quickly be out of date.
- An outside provider can do the work better than you can, and for less money.

"Most of them don't have the time or knowledge to deal with H.R. or they only need it periodically," she says. "They get a whole team of experts with us for a tenth the cost."

Baldwin started her business in 2003 after she couldn't get a raise at the law firm where she was office manager. She concentrated on the type of work she liked best, including preparing business and marketing plans, handling office relocations, and planning corporate events.

"I had peaked on salary, but I knew I hadn't used all my skills," she says. "Every year my business has doubled. Now I'm making double what I made as a law firm administrator."

## **CAREER TRANSITIONS**

Income wasn't as important as stability for Colleen Edwards of **The PowerMark Group**. She had been laid off twice, most recently as marketing vice president of **Foundstone**, a software company bought by **McAfee**.

"Both layoffs were highly lucrative for me," says Edwards, who even positioned herself for the second one. "I chose Foundstone because I was looking for a company that would be acquired at some point. (The severance pay) enabled me to start this business."

Like Edwards, attorney Blake at The General Counsel voluntarily switched careers. He did so after disagreeing with a former employer's way of doing business.

## **FINDING WORK**

But being in business for oneself can lead in unexpected directions.

Edwards had envisioned that she would serve as an outsourced marketing department, but instead has found more work handling projects for companies like Filenet and McAfee. That's not her preference, she says.

Sometimes clients change an outsource provider in ways that surprise its owner.

Cindy Pickens created **Cynergy** in Huntington Beach with the intention of providing online training seminars for small-business owners and individual corporate executives.

"I didn't anticipate that large companies would buy groups of seatings at these online seminars, like sexual harassment training, because they don't do training in house," Pickens says. "It's going to impact the seminars we offer. We're redirecting some marketing to reach major companies with hundreds of

people to train."

That change in focus will make Cynergy an even bigger resource for corporations' outsourced training work, she says.