

## Ownership is overrated - milk is cheaper than a cow

Category: Outsourcing

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How many things are you doing in your business that could be handled by another organization that specializes in just that task and does it better than you ever will? By insisting on handling it yourself, how much time do you waste and, more importantly, how much risk are you taking?

Just think about milk and the cow for a moment. The cheapest way to get milk is probably to own a cow, milk it yourself and cut out the distribution chain entirely. But unless you are a farmer, it is something that is way outside your core business and a learning curve that may never repay your investment.

You start by buying the cow and have to put her out to pasture to feed her. Then you have to milk her at 5 AM, a time when sleep or exercise seems to me to be the much better option. Then you have to do it again in the evening and it becomes a chore that runs you rather than the other way round.

You have to buy equipment to process the milk collected and then figure out the processes you need to store it. After you have been doing it for a while, then you have to figure out how to develop a succession plan and breed a replacement cow. There is no handbook and you learn by experience, trial and error.

This analogy sounds a lot like the business learning curve. Business owners have a natural desire to want to control their environment, but this can lead to a temptation to create costs that you just don't need to have. The salient question is this:

*“Why would you go through it for something that is not core to your business?”*

The single most important thing in business is focusing on your core competencies, the things that drive your business forward towards its goals.

I meet so many business owners who have lost the focus on what is important and have made a career in getting blown off course by the “tyranny of the urgent”. One of the things I always work on with my clients is identifying the time-wasters in their day and eliminating them, and the biggest objection to delegating is that there is nobody qualified to hand over the work to.

Yet the most obvious solution, the one under your nose is the one that is all too often overlooked – outsourcing. Some of the biggest time-wasters in small business, the biggest vices, are tasks that could be outsourced but which are, for reasons that don't stand up to scrutiny, handled in-house.

There is more on the topic of time wasters in what I have written about time management, but in this section I want to focus on

- The criteria to identify outsource opportunities
- Specific tasks that could be outsourced

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I called some of the time wasters “vices” and I believe that failing to outsource is just that - a failure to maximize your talents in the pursuit of your business when there are viable alternatives.

The criteria for identifying this **Vice** are as follows:

Is it something that adds **Value** to your operation?

Is it worth the **Investment** to learn how to do it?

Does it form part of your core **Competence**?

Can it be done by somebody **Else** at less overall cost?

The specific tasks that I believe should be candidates for outsourcing are:

Bookkeeping

Payroll, Tax Filings

HR

Telemarketing

Sales

Sales Training

Warehousing

Distribution

Recruitment

Labor

Administration

The issue here is own versus rent. Do it yourself or own the process. The question to ask yourself is what costs do you currently have that you could outsource? Outsourcing costs won't automatically save you money, but if you can spend your time doing what you are best at and outsource the rest you'll be ahead of the game.

You may spend more in pure dollars but you don't have to feed and milk the cow and deal with the excess milk.

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