

Guest Columnist: *Krisan Marotta*



Are you a good candidate for outsourcing?

To outsource or not to outsource, will it work for me? If you are reading this article, you're probably convinced that at least some functions in your office would be better outsourced. Perhaps the "outsource pool" looks cool and refreshing but you hesitate to take the plunge because it might be too far over your head. After all, how do you know if you would sink or swim?

As one of the pioneers in the Centerpiece outsourcing world, I've counseled many folks with their toes on the diving board. I began providing Centerpiece support in 1992. After 12 years I've seen three factors which can reliably predict who will reach Olympic gold and who will barely tread water in the outsourcing pool.

First and foremost, the Olympians have the ability to trust. Success is largely determined by their willingness to respect another's professional judgment. Some personality types find this harder than others, such that swimming across the outsource pool depends less on the consultant and more on the client's ability to let go of the wall.

I bet you have clients with this trait in your business. Suppose you accept a new client, assess his financial goals, and recommend a stellar financial plan. After several months your plan is fully implemented. Just when it's time to reap the rewards of your analysis and watch the returns grow, you discover your client has sold all the funds in the plan to buy a trendy new stock recommended by his cab driver. What's your prediction for the future of that client relationship? Just as you expect your clients to follow your advice — because you're the expert and that's what they pay you for — so you need to grant your outsource providers that same trust.

That implies there are some tasks you need to keep for whatever reason. Most likely the task is too critical to your success to entrust to an outsider. But it could also be that the job is an enjoyable break from your other responsibilities. I've worked for a firm with two partners for over 10 years. I handle one partner's Centerpiece data but not the other. "My" manager avoids computer time whenever possible. The other salivates over each new version of the software and eagerly learns every last feature. Usually once a year, he tells me he's "finally ready" to outsource to me. But I know he won't, even if he hasn't realized it yet. He enjoys working with Centerpiece too much. And if he did finally leap off the diving board into the outsource deep end, I expect he'd sink because he'd spend too much time looking over his shoulder at what I was doing.

The second factor in outsourcing success is communication. While it sounds cliché, these people are also likely to sink in the waters because they have *abdicated* the task rather than *delegated* it. Again, I bet you've run into clients on this side of the pool. Suppose you have a long-term client. He's a workaholic bachelor who follows every bit of your advice without question or complaint. You never hear from him. In fact if you didn't initiate an annual meeting, you might never talk to him. As far as you know your last plan is still meeting his financial needs. Then one July he calls to say his stepson needs \$50,000 for college tuition by August 1st. Oh, did he tell you he got married three years ago?

Krisan Marotta... *Continued*

You can't help your clients meet their financial goals if they change goals without telling you. Likewise, most outsourcers, myself included, need some input from you. When I begin work with a new manager, I try to learn as much as possible about their vision. That requires a fair amount of communication up front, but only minimal ongoing communication. But minimal communication is still *some* communication, even if most of it can be done by email.

I discovered by accident that one of my clients had decided to move to paperless office. Since she had never asked how I could help, she had wasted time and money duplicating tasks I could have handled as part of my routine. Just as you need to be kept informed of a client's changing financial needs, your outsourcers need to be kept informed of your changing needs.

So if you can willingly let go and delegate but not abdicate, there's one more factor to consider: minimize the staff you put between you and the outsourcer. While this criterion may surprise you, it ought to be intuitive. Suppose you need to review one of your client's portfolios. You call to discuss the strategic changes and the couple's 10 year old child answers the phone. Would you discuss the financial goals with the child, have the child relay those concerns to his parents and then in turn repeat the parents' answers to you? Putting layers of staff between you and your outsourcer has the same effect as discussing financial goals with a 10 year old.

I've found the shot that sinks the ship is putting an assistant in the middle who lacks both the financial background to understand what you do and the technical background to understand what I do. You might as well hire a 10 year old. You're one step up from drowning if this assistant has the financial knowledge to accurately communicate your vision. But no matter how organized or knowledgeable the assistant, it's still like playing the children's game of gossip. The message at the end of the circle is never the same message that started it. The more laps communication must travel to get from you to me (or any outsourcer), the less likely you're going to be able to swim. This principle holds true even if the assistant in the middle is a virtual one. I do successfully work for managers wherein I regularly communicate with their other outsourcers, but only if the manager takes responsibility for communicating critical information directly.

So if you're bouncing on the diving board considering whether you should you leap into outsourcing, ask yourself three questions:

- 1) Are you the type of person who can entrust this task to an outsourcer?
- 2) Can you realistically commit to delegate, not abdicate, the task? And,
- 3) Are you willing to maintain direct communication, especially on critical matters?

If so, come on it. The water's great!

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