

Outsourcing Vs hiring: how to help your startup grow

Scaling-up a business at speed is often one of the biggest challenges encountered by startups. The pressure associated with making business-critical decisions, particularly around hiring new staff, is only increased when you're trying to grow quickly, and in these cases, outsourcing may seem an attractive alternative. Jamie Beaumont, Founder and CEO of Playter, examines the pros and cons of hiring vs. outsourcing.

As your startup business grows, so does the need for increased working capacity. And as intuitive and hard-working as your small team may be, it could be time to acquire an extra pair of hands to help accelerate your growth .

But where does this help come from? There are two options. First, you can hire someone to become part of your working team. Second, you can outsource the work to an agency or freelancer.

Both routes have their merits, but it's important to understand the implications of both to see which is the right way for your business to grow, and ultimately increase its working capacity.

At Playter, we help businesses scale at speed with fast, flexible funding. Our platform assists businesses who want to convert recruitment costs, legal fees, marketing spending, rent, software fees, and more into smaller, more manageable payments so that you can take those next steps as a business, today.

Outsourcing

Outsourcing is the practice of hiring a business or individuals outside of your company to perform services, or create goods depending on your needs. There are advantages and disadvantages to leveraging this method for expanding your working capacity and helping your business grow.

Pros of outsourcing

Outsourced work can happen anywhere in the world. This means you're able to tap into a larger talent pool that you may not have reached hiring locally.

If you just need some extra help, especially on a specialised topic, outsourced work can help achieve that within a limited budget. You won't need to hire someone on a full-time or part-time contract, just on a project-by-project basis.

Outsourcing doesn't need to be skills focused. You can use outsourcers to complete mundane work, freeing up your in-house team to concentrate on more specialised tasks.

Cons of outsourcing

An outsourced worker may not be as engaged with your product or service as a person hired to work in-house. Will they be dedicated to your overall mission?

The quality of work with outsourcers can vary. While it can be good, it may not hit all the notes that you would expect from someone working alongside you every day.

The outsourced company has limited knowledge of your business, meaning that it either takes longer to ramp up the workload, or they're unable to complete intricate tasks that demand expertise in the market and product.

There is always an IP risk. If you're building outside of the company, you never know where your IP is!

Hiring

Hiring a candidate to work in-house can be a bigger investment, but they may better recognise the mission of your business and have more motivation to help you achieve your long-term goals. But what are the pros and cons of finding contracted hire?

Pros of hiring

You may find more reliability in an employee that works just for you. Hired staff will be entirely dedicated to your business, and you won't have to worry about any other potential clients that your workers might have.

Even for hires that work remotely, it is easier to reach an employee who is invested in the culture of your business. They are part of the family and understand you and your objectives better.

As your business develops, so do your employees. This can be a great motivator for workers who recognise the value of their work beyond the contract.

Cons of hiring

You may have a smaller pool of candidates to hire from when seeking someone to work for you. This compares to outsourcing work where the talent pool is larger.

While you expand your working capacity, there may not always be work to complete as your business grows. Hires may have too much time on their hands, making it an unsuitable investment depending on the stage your business is at.

If you don't think the work of your new hire is up to the standard you expect, you may have a harder time releasing them than you would an outsourced worker. A stronger and scrutinising hiring process is key to avoiding this.

Every growing business needs to expand its team at some point, but the right route to achieving this is not always clear. Businesses should consider the advantages and disadvantages of both, understand and analyse the resources they require, and decide whether hiring or outsourcing is the most suitable route for them.

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