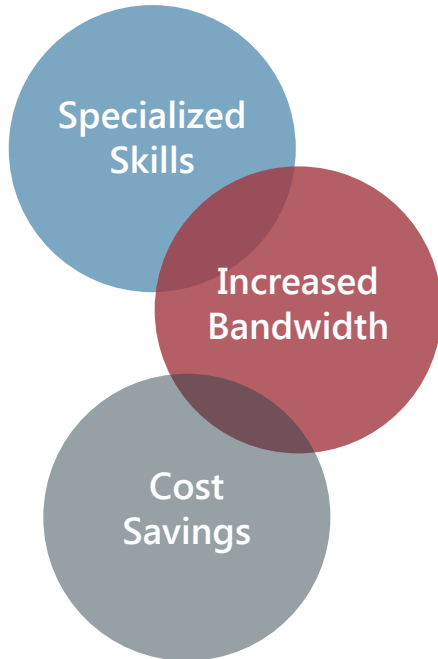


The
**DO'S AND
DON'TS**
of Outsourcing
Back-Office Services:
Advice for Today's
Trade and Professional
Associations

Why Outsource?



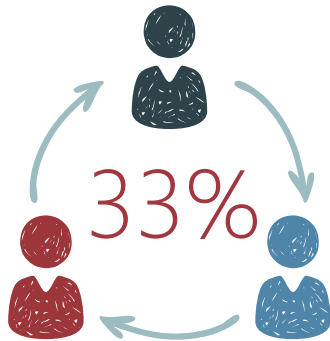
Why are so many trade and professional associations opting to outsource their HR, financial systems, IT and other back-office functions? The biggest reasons aren't complicated:

- Outsourcing offers **access to specialized skills** and expertise.
- Outsourcing **relieves busy association employees**, who can then refocus on value-generating initiatives.
- Outsourcing can **save money**—particularly when it comes to HR services and employee hosting.

Still, even with obvious advantages, outsourcing logistics and the supplier selection process can be daunting.

The following **do's** and **don'ts** will help you plan and define your HR outsourcing/employee hosting needs. They'll also explain why bundling additional association services makes sense for many of today's small-staff organizations.

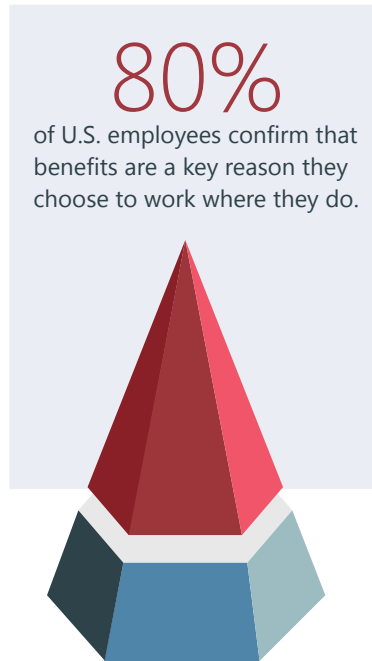
Do communicate your outsourcing plans.



of corporate outsourcing customers report employee opposition is a key barrier to effective outsourcing.¹

To whatever degree possible, involve your team in the outsourcing planning process. Achieving their buy-in at the outset is critical and will smooth the transition during implementation. If your colleagues or staff members are skeptical, remind them how and why outsourcing will streamline their workloads, freeing them up for more important tasks. Association employees are often happy to see inefficient systems and rote work taken off their plates. Association executives will want to know how outsourcing reduces costs and risks while increasing member satisfaction and supporting the overall mission of the organization. Exploring your organization's challenges from a global perspective will also help to inform your supplier search.

Do make employee benefits a top priority.



Whatever your association's goals, qualified and dedicated people make them easier to achieve. And today's best talent is scouting for great benefits. In fact, **nearly 80 percent of U.S. employees confirm that benefits are a key reason they choose to work where they do**, according to a recent poll cited by the Society for Human Resource Management.ⁱⁱ As you're considering back-office support options, remember that HR is more than just a box to be checked. Look for a partner that is well-positioned to host your employees and leverage world-class compensation packages.

Do avoid multiple supplier relationships.

Reasons to Outsource Through a Single Provider

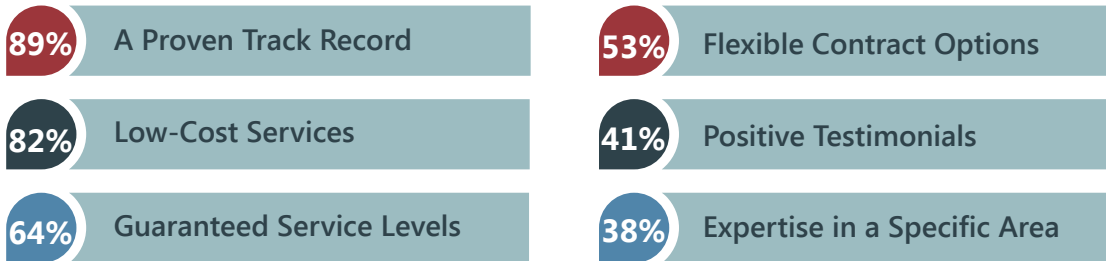


While it may seem reasonable to tackle operational challenges individually—for example, only focusing on finance and accounting needs for the time being—it’s important to consider your entire ecosystem and anticipate potential growing pains. Look for a provider with a breadth of expertise who can scale up its services and who is capable of bundling and executing on all the necessary support functions—even those that may arise in the future. Working with a single AMC or similar outsourcing partner helps to ensure a more integrated approach, not to mention a more seamless experience for your members, and easier oversight (fewer meetings, fewer contracts, fewer performance evaluations, and fewer redundancies) for you.

Do explore your options carefully.

Evaluate your outsourcing candidate in terms of quality, experience, range of services, and consultant partners—for example, its professional employer organization affiliate.

What Organizations Look For in Outsourcing Suppliersⁱⁱⁱ



Don't expect to see immediate hard cost savings.

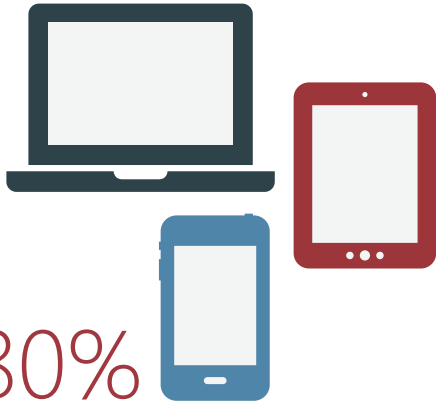
Instead, ask providers to supply realistic (and often more relevant) cost containment metrics associated with outsourcing services. A dashboard that includes both cost reductions (hard savings) and cost avoidance (soft savings) are ideal; work with your internal team and outsourcing partners to regularly review and revise deliverables.

In the short-term (or even permanently) you may see higher expenditures going toward human resources, membership management, or other supported departments. Be sure you're viewing these figures in the appropriate context. For example, what's the relative savings of getting your group compliant with U.S./multinational

employment law, in terms of avoiding business disruption, fines, and penalties? How many management functions are going to be automated as a result of outsourcing? What will those improvements save you in opportunity and labor costs? How will changes improve member experiences, membership renewals, advocacy, and your association's profile overall?

| Cost Containment | |
|---|--|
| Cost Reductions (Hard Savings) | Cost Avoidance (Soft Savings) |
| Process improvements and lower operating expenses | Free, additional services for members or employees |

Don't forget about web and technology management.

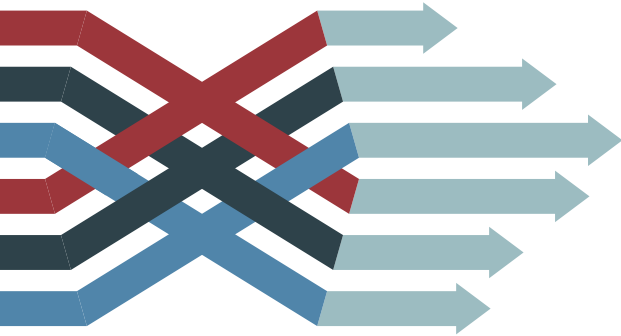


80%

of associations surveyed say they are initially discovered via their websites.

Most association leaders tend to think of back-office services in terms of membership and accounting. These are definitely key areas for small-staff organizations. But your online presence is every bit as essential as your bank accounts, with valuable prospects coming into your homepage every day. Significantly, **80 percent of associations surveyed say they are initially discovered via their websites**, according to a 2013 membership marketing report.^{iv} If you don't have the tools or the resources to update and optimize your association website daily, web and technology support should be a part of your outsourcing plans.

Don't assume outsourcing services can cure everything.



Freeing up key staff members and streamlining business operations constitute improvements. But these solutions can't fix more entrenched problems, like those stemming from unfocused, unproductive, or unyielding players—volunteers and board members included. A good AMC/outsourcing partner will help you establish which organizational functions can be effectively outsourced. From there, managing the relationship should be a part of your association's big-picture monitoring, with clear guidelines for internal accountability.

ⁱ Outsourcing Comes of Age: The Rise of Collaborative Partnering, PricewaterhouseCoopers

ⁱⁱ 2011 Mercer Workplace Survey, Mercer LLC

ⁱⁱⁱ Adapted from 2004 Human Resources Outsourcing Survey Report, Society for Human Resource Management

^{iv} 2013 Membership Marketing Benchmarking Report, Marketing General Incorporated

Meanwhile, if you're ready to start evaluating outsourcing partners and back-office services for your association, visit Virtual, Inc. at www.virtualmgmt.com. Virtual is an accredited association management company with decades of experience supporting regional, national, and global organizations.



Virtual BackOffice™ is a technology-enabled, integrated management solution for small and mid-size associations. Virtual BackOffice™ takes the time and expense out of key operational functions, including finance and accounting, membership, technology management and web services, and human resources.

Virtual, Inc.

401 Edgewater Place, Suite 600

Wakefield, MA 01880 USA

781.246.0500

Email: info@virtualmgmt.com

www.virtualmgmt.com