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Northeast Wisconsin
Magazine



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A sharper focus

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Gina Mangan

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"Outsourcing" might be somewhat of a dirty word within certain circles.

In Northeast Wisconsin, it's simply another term for regional businesses servicing regional businesses.

In an environment dominated by small companies, many business owners opt to go outside their operations to find skilled professionals in the area who can provide high levels of support for key functions. Outsourcing allows them and their employees —often limited in numbers — to focus on the core mission of the business, be it manufacturing widgets or providing services.

"In a small or growing business, employee time should be spent growing the organization," says Green Bay Consulting owner and human resources professional Dorene Jones, who provides a variety of outsourced HR services for businesses ranging in size from 10 to 100 employees. "Their time should not be spent writing employee handbooks or doing payroll."

According to the U.S. Small Business Administration, 56 percent of businesses with fewer than 100 employees have fewer than five employees. Those employees are with the company because they know and can do the business at hand. But they may not be experts in accounting, managing warehouse inventory or incorporating computer technology in ways that will improve productivity.

For example, Greenville-based Tech Guides Inc. provides a range of information technology services for companies with fewer than 50 computers. But the nine-employee company chooses to outsource to other functions not related to its core business, says owner Dave Anderson.

So Anderson relies on outside legal advisors and accountants. "When it comes to technology, we're jacks of the trade," he says. "But we're not able to keep up full-time with the accounting, especially when it comes to tax law and the details involved with making new purchases."

Northeast Wisconsin is home to a wealth of companies that provide a full gamut of business services ranging from human resources to logistics to accounting to marketing. Many in the freelance and consulting fields have left the corporate world behind to launch firms that capitalize on their skills.

During times of economic stress, outsourcing sometimes gets a bad rap because it's associated with corporate downsizing and offshoring, says AHEAD Human Resources owner and president Jim LaCourt.

What people forget is how many small companies in the region have grown as a result of those services, both in terms of being a provider and a user, he says.

"Outsourcing has given companies a greater opportunity to work on developing their own products and services," he says.

How companies use outsourcing

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with management on how to utilize information technology to improve productivity. Other clients use Tech Guides just to work on hardware.

In most cases, Anderson says, small businesses rely on Tech Guides because they don't have enough work to justify hiring an in-house employee. The same can be said of companies that use human resources companies, one of the most rapidly growing business services sectors.

Many small and even mid-sized companies do not have enough regular work to justify a full-time human resources professional, Jones says. Yet the complexity of employment law, employee relations, recruiting and hiring, and designing benefits packages has created a need for highly skilled and knowledgeable experts — not unlike the level of expertise required of attorneys and accountants, Jones says.

Companies that use consultants are paying for only the services they require, she says. They might want assistance selecting health and benefit packages, or they may want to update their employee handbook to guarantee compliance with regulations. While the hourly rate of the HR consultant might be higher than that of an in-house employee, the position is being used much less frequently, Jones says.

"For \$35,000 a year a company might be able to hire someone in-house just out of college, but they won't have the expertise or the experience," says Jones. "By using a consultant who charges on an hourly basis, they're getting a top-notch individual with a higher level of service who will conduct only the work that's needed. So the company ends up paying much less in the long run."

The concept of paying as you go and being able to pick and pay from a menu of services attracts many businesses to outsourced services.

Some of WOW Logistics' clients come to the Appleton-based company for warehousing and distribution services because of seasonal variations in their own businesses, says Jamie Wally, vice president of sales and marketing for WOW Logistics.

Those companies might peak during certain parts of the year and scale back during others, creating wide swings in their warehouse and distribution requirements. For example, a client might need 100,000 square feet of warehouse space at one time of the year, but half that at other times.

Rather than invest in a 100,000 square foot warehouse, the client can rent WOW Logistics' public space on an as-needed basis. At the same time, the client can take advantage of Wow Logistics' material handling equipment, inventory management technology and skilled staff members who manage the process.

"The greatest advantage to those clients is the flexibility and the fact that they pay only for the services they need," says Wally.

At the same time there's the added advantage of freeing up employees to focus on their core business operations, he adds.

"If you're a manufacturer of fine paper, that's your niche and what you do best," he says. "From our standpoint, storage and distribution is our core competence."

In many cases, companies use outsourced services to supplement in-house efforts. For example, many Willems Marketing clients turn to the full-service marketing firm to augment sales efforts.

"Sometimes it's just needing a fresh set of eyes to come in, take a look at what the

marketing objectives should be and then helping them implement them," says John Ingala, Willems chief marketing officer and senior project partner. "It really depends on the company and their needs."

The same can be said of clients relying on human resources support, says Denise Knutson, senior consultant for The H.S. Group. Many of the H.S. Group's clients employ human resources employees but turn to the company for specialized services, such as recruiting high-level positions or to administer and interpret employee assessments used for hiring or employee development.

"Companies have to look at their available resources and determine the best way to leverage them," she says. "Maybe a company needs to accomplish 10 things but only has the bodies to do five. The question is can they do all of what they need to do by outsourcing some of the work."

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