Outsourcing Noncredit Work: Develop a Rich Pitch

Credit managers are always on the move. Whether they are enticing a prospective customer or finalizing yet another transaction with a decade-long client, a credit manager's job never stops. So, when noncredit-related paperwork, like a notice to owner (NTO), comes across your desk, you might flinch as you wonder how you could possibly fit another task into your already-hectic schedule. Knowing full well that everyone else in your department is just as busy, outsourcing noncredit work is a possibility and must be carefully considered using a thoughtful approach.

In this scenario, the credit manager has a lot of work to do and clearly strives for efficiency. They want to give 110% to their job. The idea to outsource noncredit work is a long way from making it a reality. According to 13-year NACM member Steven Gan, CCE, the credit manager must begin by developing a plan to execute the idea, which includes constructing a pitch to present to their employer. Gan is a credit risk management consultant and president of Stellar Risk Management Services, Inc. in Northbrook, Illinois.

"I think [outsourcing] is a great idea. I think credit managers need to continuously look to define the roles and the functions of what our job requires," Gan said. "[Whether to outsource] depends on the company, its size and its products and services. Some credit managers wear a lot of different hats. Some are involved with accounting; others are very much involved with sales support."

The foundation of a pitch is laid when the pitcher (credit manager) understands the time and cost of the idea (outsourcing) and how to relay it to the catcher (employer), Gan explained. In a blog posted on *Crowd Content* by marketing professional Bridget Coila, "the biggest selling point" to the catcher is revealing how outsourcing work is time efficient and cost effective. For example, NTO deadlines vary from state to state, so the clock is ticking. The longer the company delays the NTO—even if credit managers are too busy—the more significant the downfall might be in the long run. Therefore, the credit manager can tell their employer that the company might be worry-free if an outsider is hired.

"Collect data on how much time it currently takes to complete similar tasks in-house and create charts to show the savings visually," Coila said in her post. "Consider any potential issues with outsourcing and try to address them early in the pitch before your boss brings them up."

When credit managers spend time doing these "extraneous jobs," Gan added, they're prevented from completing their main job. Outsourcing allows the credit manager to concentrate solely on the credit function. However, options need to be weighed to determine whether to outsource an NTO. There are times to keep the job in-house, Gan explained, one of which involves the NTO's cost.

For example, if there are a few dozen NTOs around $100 each, chances are it will be OK for the credit manager to outsource. On the other hand, if the credit manager was asked to handle a $10,000 NTO, the company will want to handle the job; otherwise, the risk of a problem occurring increases.

"Another risk is there could be confidential information involved. What is the job [the outsourcer] is doing? Are they working inside or outside the company?" Gan said. "The biggest risk is the temporary nature of the job. Even if people have access to customer data, that could be a risk."

Be prepared to face some hardball questions from your employer during and after the pitch. Now that your boss sees how outsourcing saves time and money, know how to answer follow-up questions they might have, such as how outsourcing might impact the company. An article in *Fortune* magazine recommended the pitcher be willing to share their idea. Everyone wants to be heard. Demonstrate your willingness to not only listen to the employer, but also welcome their feedback, allowing them to “poke, improve and own” the idea.

“It can be hard to let go of the ownership, but when you give people a chance to weigh in, they naturally come to buy in,” the article stated.

And finally, always ask yourself some important questions. Is the outsourcer reputable? Are they working for anyone else in your industry? Can they provide a recommendation?

“It’s just like hiring anybody to do anything: Do your due diligence,” Gan said.

—Andrew Michaels, editorial associate