

The Benefits of Outsourcing your Artwork Needs



By David Grant and Joanna Grant



As a key supplier, no doubt you have a great team of artists on staff. They have diligently served you well for many years. The team's skills are well-honed for the products you decorate and the marketing materials you send out. They probably help out with your catalog production, too. Your team might have highly specific skills and focus – the type used for your most specialized clients. Your production needs might be so intricate, unique and detailed that they require hands-on graphic support of a highly technical nature that only your team members know how to address.

So, why would you consider using a different graphic resource – one outside your business? It's obvious that no business owner wants to consider the prospect of making a big change to their workflow, particularly when it means losing their trained personnel. However, there are compelling reasons to make such a change. Depending on what you as a business owner are looking for, outsourcing – either to an offshore service provider or to a service onshore – can offer valuable solutions.

Cost Savings, Specialized Skills

So why does one outsource at all? It's not all about pure direct cost comparisons. Your art-related departments are fixed-cost operations. Outsourcing to a reputable vendor offers a variable-cost approach to managing your business needs, regardless of the type. By choosing a vendor with a robust team, one that mirrors your requirements in size and capability, your business will effectively handle whatever volumes are needed. Best of all, the cost to you will be based upon only the services needed – nothing more or less. Moving from a fixed- to variable-cost model usually saves a business 20%-30%.

Next, there are demand fluctuations. The volume of work moving through your art department fluctuates on a daily, weekly or monthly basis, depending on the specials you're offering to your customers, the economic environment or the season. During the summer lull, your staff might be idle, with not enough orders to keep them occupied. At the opposite end of the spectrum, they might sometimes be stretched to their limit with an abundance of orders – jeopardizing product delivery and

incurring extra costs in overtime. What's needed is a way to remove such fluctuation. An outsourcing partner, one that knows your production requirements well, offers such a level of stability and reliability. Also consider specialized skills. As companies grow, their needs change. In the advertising specialties industry, many businesses add new products that might effect a change in the skills of their art department team. It's rare for even the largest design department to maintain all the skills needed to do everything that needs to be done.

Decorating techniques vary widely from product to product, as do the art requirements. An outsourcing partner can be a valuable resource for managing the expansion of art skills. Typically, the best outsourcing vendors in the industry will offer a wide array of technical skills to help support a wide range of clients. It makes sense for a business owner to manage growth using a resource from outside, rather than incurring extra cost to build the team within. Your great products keep your customers returning with their repeat orders year after year. Your focus and core capability should remain on the products themselves. It's true that the process of creating great artwork is a part of the decoration of your products. Should you handle this task yourself internally, or could those funds be better applied toward new product development, customer service or sales? A great outsourcing partner can support your artwork needs effectively to allow you to manage other business tasks.

Should You Move to Offshore Outsourcing?

There are seven main reasons to consider having your art needs serviced by offshore outsourcing:

1. Direct cost. Typically, outsourcing to an offshore vendor costs a minimum of 30% less than what it can be done for in North America. This figure is often closer to 45% when the entire cost of keeping an artist, especially in urban areas, is considered. The costs you incur in your local area, along with the benefits and other "soft" costs associated with in-house staff, will determine the level of savings you can enjoy.

2. Predictable turnaround times. Having reliable turnaround times throughout the entire year is important to a business that has seasonal peaks. In today's competitive market,

delivery is a way businesses compete. A reliable offshore service provider typically overstaffs to accommodate their clients' seasonal needs. Onshore providers cannot afford to provide similar levels in staffing. It's simply too costly to do so. By partnering with a robust vendor – one with a large team – your business enjoys unusually steady turnaround times.

3. Faster turnaround times. Most offshore outsourcing suppliers offer support 24 hours a day, seven days a week. The benefit to a North American business is obvious – unusually fast turnaround times. The work is back from the partner usually before the next business day commences. Almost all providers offer the advantage of working through our night to provide their clients with next-morning delivery. In many cases, with the right delivery systems and planning, suppliers can provide same-day services.

4. The ability to combine art/ design services with order management. The higher-end service providers usually have very strong IT and training skills. This gives them the ability to combine or bundle services to better serve their clients' needs while processing orders from thousands of miles away. For example, artwork is often an integral part of each order. Allowing a provider to complete order-management tasks associated with the art process can shave time and customer support costs from the workflow. Savings are usually \$15,000 to \$20,000 per position moved offshore. Orders are always ready by the next morning for production.

5. Backup file storage and domain specific programs to make your business easier to run. The larger graphic services firms have developed strong work flows and systems for processing and storing your graphic files for either backup or as your main business systems for managing the art aspects of your business.

6. Broader skill sets than onshore suppliers. Larger offshore suppliers typically have a very wide range of graphic skills. Their specialization might include embroidery digitizing for a wide array of products, artwork for awards, signage, apparel screen printing – any and all types of techniques can be procured from a strong provider. They can usually expand into other art-related services as well, such as print and Web-related marketing communications.

7. A “virtual” resource for your team. The better offshore services provide Web applications for processing artwork orders. With such a tool, your team can process orders regardless of where they are or the time of day. For example, your salesperson might be on the road. His best customer e-mails him the art for a huge order. The art isn't production-ready. The simple solution is for the salesperson to upload the art to the artwork vendor's Web site. There are no delays in the big order and the salesper-

son can keep moving ahead with his schedule. The “virtual” art department is a valuable tool for work flow improvement to your business.

One Source Fits All

What size of business benefits the most from a partnership with an offshore outsourcing supplier? Interestingly, both small and large companies are well-suited.

The largest companies gain economies of scale for automating processes between themselves and their offshore art partner. When they can move ten or more positions to offshore locations, they will be able to easily justify the initial costs of establishing a partnership with their provider – the investment in training and relationships. These are critical steps for a successful long-term partnership. For each ten full-time positions, it's estimated that a supplier would save between \$150,000 and \$200,000 in out-of-pocket costs.

Small companies with few employees don't typically have specialized art requirements, and the costs associated with each employee represent a much larger portion of the overall fixed costs of their business.

Outsourcing can significantly lower the break-even point. Using a simple art Web ordering interface can eliminate the need to have a small art group of one to three positions, which will normally cost – with software and equipment – between \$35,000 and \$100,000 per year. Moving to an offshore outsourcing model would likely save a minimum 35% of that cost.

It should be noted here that a company that engages in a partnership with an outsource provider should be willing to commit to this approach for the long term to reap the most benefits. The benefits are substantial – higher service levels, lower costs, specialized skills and excellent reporting, combined with almost zero fixed costs and improved work flows.

Remember: outsourced graphic design firms have evolved a great deal over the past ten years. It's a mature, focused industry, with typically far better performance than internal departments. That's because this is all they do. They have enormous experience in improving the largest operations in the ad specialty industry in a highly focused manner – so they typically represent best practices with years of experience. To miss out on the opportunity to learn from their knowledge puts one at a disadvantage.

But the key to success is realizing that outsourcing is a process, not a product. It takes time for the outsourcing vendor to understand your business. If both parties commit to engage in open, frequent dialogue via conference calls with key team members to gauge performance measurement, the relationship will be positive and the benefits mutually rewarding.