

Business Process Improvement

The Key Statistics to Cost Savings Part 1: Analyzing the Hard Costs

As companies grow and project teams continue to expand, managers and executives must explore ways to increase their resources while still managing costs. Finding cost-effective solutions that fit within budgetary needs can be one of the biggest challenges that company leaders face today. Do they look to add to the in-house team or outsource their resource needs? An onsite employee or a virtual professional? Both have their advantages and disadvantages. When making this choice, it's important to weigh your options and to review the facts and statistics behind each. This is the key to successful business process improvement.

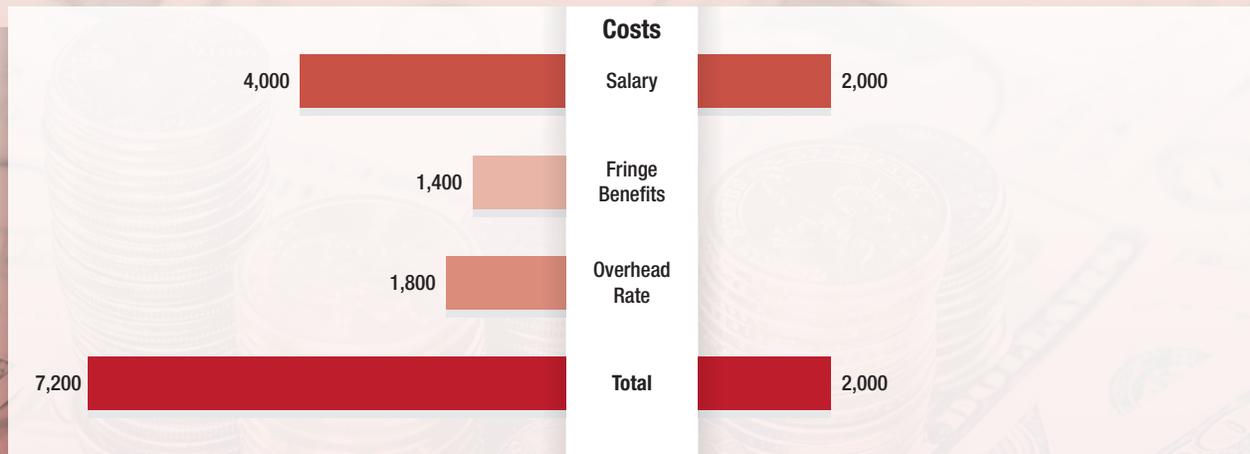
Analyzing straight costs is the first step when comparing **in-house employees** versus virtual or offsite resources. Let's assume you start with an employee who has a salary of **\$4,000** per month. You still need to add in fringe benefits (health/dental insurance, retirement plans, vacation time, etc.) at 35%, or an additional **\$1,400** per month. And don't forget to add in the overhead rate (office space, equipment, supplies, admin costs, workers' compensation, overtime, etc.). This can vary from company to company, but typically this ranges from 40% to 50%. Let's assume a 45% rate which adds another **\$1,800**. Suddenly, your in-house employee is costing you **\$7,200 per month** or **\$86,000+ per year**.

Now examine the costs for a **virtual professional**. Let's assume you start by looking at an offshore or hybrid model (combination of offshore and onshore). Right off the bat, you're going to see a cost savings in the base salary. Typically, by using an offshore option, you can save up to 50% on salary costs, so your monthly cost could be **\$2,000**. Now, here's where the real costs savings come into play: By using a virtual professional, you don't have to worry about the costs associated with fringe benefits or overhead. You still have to factor in the initial training and onboarding, though, but from there, your monthly cost is only the **\$2,000**, or **\$24,000 per year**.

Costs Comparison for an In-house Employee versus a Virtual Professional per Month (in US Dollars)

In-house Employees

Virtual Professionals



At Absolute Service, Inc., we work with our clients to provide a wide variety of staff optimization and virtual services that enable them to allocate resources to higher-end tasks while utilizing ASI's cost-effective solutions for crucial tasks and services in order to meet overall goals and expectations. If you would like to crunch the numbers and discuss how a virtual professional team member can help your company, please feel free to contact us. Let's discuss your company needs and how ASI can help you reach outcomes that will enable you to cut costs, increase your revenue, and continue to grow your business!

Contact us today:
asi.info@absoluteserv.com
410-830-6022