



## *Top 5 Reasons to Consider Offshoring*

01

***COST***

02

***PEOPLE***

03

***CONTROL***

04

***SECURITY***

05

***PRODUCTIVITY GAINS***

01

# COST

**Staff salary** -the staff salary and statutory benefits in the Philippines is on average 30-40% of what you would expect to pay for the same qualifications and level of experience in Australia. Statutory benefits include Phil Health, Social Security (SSS), Home Development Mutual Fund (Pag-ibig) and 13th month cheque. To attract great staff who stay it's important to offer additional benefits like private insurances, engagement activities, transport and a meal. For an accurate comparison to Australia, you would include super, payroll tax and workers compensation and other team building and engagement costs.

**Office Costs** -If you chose to work with an established offshore partner, they provide an office with power back up and commercial grade internet as well as IT equipment. This is at a significantly less cost than if you had to set up an offshore office yourself.

**Time** – consider your hourly rate, if you hired directly, how much time is spent looking for staff, setting up an office, establishing a management team and IT security and support.

For a fraction of the cost an offshore partner will do all of that, your only time investment will be to interview and choose the people that best suit your business.

02

# PEOPLE ACCESS to TALENT

As per the Hays Salary guide FY23/24 'skills shortages are entrenched in the Australian and New Zealand labour markets and these unshakeable deficiencies continue to intensify in many industries.'

Staffing is one of the top 3 problems most business face. Skills shortage and work ethic is one of the main reasons more and more firms are embracing a global workforce.



# Why the Philippines?

- Access qualified staff with Australian industry experience - The Philippines has a huge population with around 1 million graduates a year coming out of universities into the work force.
- Communication - English is of a very high standard as it's studied at school and university is conducted in English.
- Time zone – Philippine time is the same as Perth. Staff in the Philippines start work early and work to Australian office hours.
- Work Ethic –Filipinos have a very hard-working culture, they continually strive to deliver high quality work to Australian clients.



## CONTROL

Many businesses are hesitant to have offshore staff as they feel that because the staff aren't in the office they will lose control of how work is done.

### Offshoring VS Outsourcing

The loss of control perception often arises because many people confuse Offshoring VS Outsourcing as both refer to getting another company to do work for you.

### Outsourcing – this is a service model

Tasks like payroll, BAS, marketing, reception are delegated to an external firm, this firm has staff either onshore or offshore. These tasks are handled based on project scope or agreed hourly rate. The outsourcing company assigns trained professionals to complete the work, client doesn't choose the staff, they are assigned based on availability.

### Possible problems:

- Inconsistency in work quality - Frustration as the work will not necessarily always be done by the same person.
- One way same way - The staff are trained by the Outsourcing company, they do not learn your processes and procedures.
- Staff will be working for multiple companies, lack incentive learn about your business.

## Offshoring –a people model.

Benefits:

- You chose the people who will work for you.
- Your staff work only for you, they learn your processes and procedures.
- You communicate directly and maintain complete control over how work is done.
- There is consistency as the same person is doing the work.
- They become part of your team and embrace your work culture. They share your values and are part of the journey of growth in your business.

04

## SECURITY

### Security benefits of working with an offshore partner

Benefits:

- Stringent Office and IT security protocols.
- Office with biometric building access security and cameras.
- Staff leave phones and personal belongings in their locker.
- New laptop is provided by Profitmaster, all systems and security set up prior to staff first day. This is done as per clients onshore protocols, with additional security overlay.
- Geofenced access. Remote shutdown.
- Software to monitor and report on staff activity, screen shots and keystrokes.
- Information stored in your systems, not locally.
- USB disabled.
- Compulsory that staff work in office for first 3-6 months.

**Hiring staff directly is possible but very risky from a security point of view.**





05

# Productivity Gains

## Productivity of your *onshore team*

Increased productivity and growth can be generated by your onshore staff if they have their time freed and are able to pivot from process and compliance work to chargeable, client facing roles and business development.

## Productivity of your *offshore team*

To get best result it's advisable to,

- Hire someone with Australian industry experience.
- Pay good salaries with benefits to attract great people who will stay.

## Performance Tracking

- Clear processes.
- Clear and measurable goals.
- Financial incentives for reaching targets.

## Operations manager offshore will work with you to get the best from your staff.

- Monitor staff wellbeing and performance.
- First point of contact to address any concerns.
- Regular communication regarding staff performance.
- Work with you to implement training and process improvement as business grows.
- Put performance measures in place, do performance reviews and implement performance improvement plans if necessary.

Staff work on average 15 days more in the Philippines as compared to Australia which also adds to their overall productivity.



## Increase in Productivity and Profit (Intermediate Accountant)

<i>Productivity and Profit</i>	<i>Australian Accounting Firm</i>	<i>Profimaster Accounting staff</i>
• <i>Number of working days in a year</i>	262	262
• <i>Number of days worked</i>	220	235
• <i>Weeks worked</i>	44	47
• <i>Charge out Rate</i>	\$ 185	\$ 185
• <i>Average Productivity %</i>	75%	80%
• <i>Fees Earned</i>	\$ 244,200	\$ 278,240
• <i>Write off % (variable)</i>	10%	10%
• <i>Write off \$</i>	\$ 24,420	\$ 27,824
• <i>AU Wages vs PH Remuneration &amp; Service Fee</i>	\$ 85,000	\$57,132
• <i>Superannuation</i>	\$ 9,350	
• <i>Total Cost</i>	\$ 94, 350	\$57,132
• <i>Gross Profit</i>	\$ 125,430	\$193,284
<b>ROI</b>	133%	338%
<b>REDUCED cost</b>	39%	
<b>INCREASED profit</b>	35%	

*Note; There are additional costs of employment in Australia that haven't been included here, things such as office costs, payroll tax, staff team building and engagement activities. These costs are covered in the PH service fee.*

## Client Feedback email – Sarah T (RCBS)- Bookkeeper

“Hi Delia,

*As per our discussion, I would like to give Joan a pay rise. Joan makes amazing contributions to our team and I feel that she needs to be compensated more for this.*

*This increase is a thank you for the amazing work that she does for me every day and without hesitation. The working ethics and quality that Joan has are very hard to find, especially at this point in Australia, and if she was here this would be a much higher salary to compensate for her experience and qualifications. Joan never complains about the work she is given and is happy to do training courses (online) when I need her to, she learns quickly and is always keen to know where we are going with the business and how she can help. Joan has become a valuable member of our team and I would like to reward her for that.”*



*If you deprive yourself of offshore staff and your competitors do not, you are putting yourself out of business.”*

*-Lee Kaun Yew, First Prime Minister of Singapore.*

## Considering Offshoring? Let's Talk!

Let's explore the possibilities together! Schedule a call with me to discuss how offshoring can streamline your operations and drive growth.

Looking forward to our conversation!



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