**Advantages and Disadvantages of Offshoring as Business Strategy**

Cailyn Cochran | MKT 311 | 6 October 2016

Advantages:

* Cost savings- Labor and Goods/Services
* Free up company’s resources to pursue core activities
* Increased productivity and improve control and risk management
* Work with specialized workforce expertise in other countries
* Access to better technology

Disadvantages:

* Global competitive pressures have led many companies to view outsourcing as more of a necessity than a choice.
* Some managements have moved quickly to offshore jobs without a thorough analysis of the consequences.
* While approximately 11% of firms achieved savings of 21-40%, only 5% achieved savings of more than 50%, with the average cost savings of 10%.
* While larger firms have embraced offshoring, smaller firms do not have the financial or management resources to perform the necessary due diligence, vendor analysis, contractual agreements, and intellectual property security necessary for a successful relationship.

I would only an offshoring business strategy if I had a transparent supply chain and maintained strong relationships with the outsourced companies. Many companies initially believe outsourcing will solve all of their financial problems, but outsourcing could potentially put them in a worse financial bind.

Works Cited

Bryan, Jon L. "OFFSHORE OUTSOURCING: ASSESSING THE DOWNSIDE." *Ekonomska Istrazivanja* 24.1 (2011): 134-45. *ProQuest.* Web. 5 Oct. 2016.

Zolkos, Rodd. "Cost Savings Only the Beginning of Offshoring Advantages." *Business insurance* 41.25 (2007): A16-7. *ProQuest.* Web. 5 Oct. 2016.