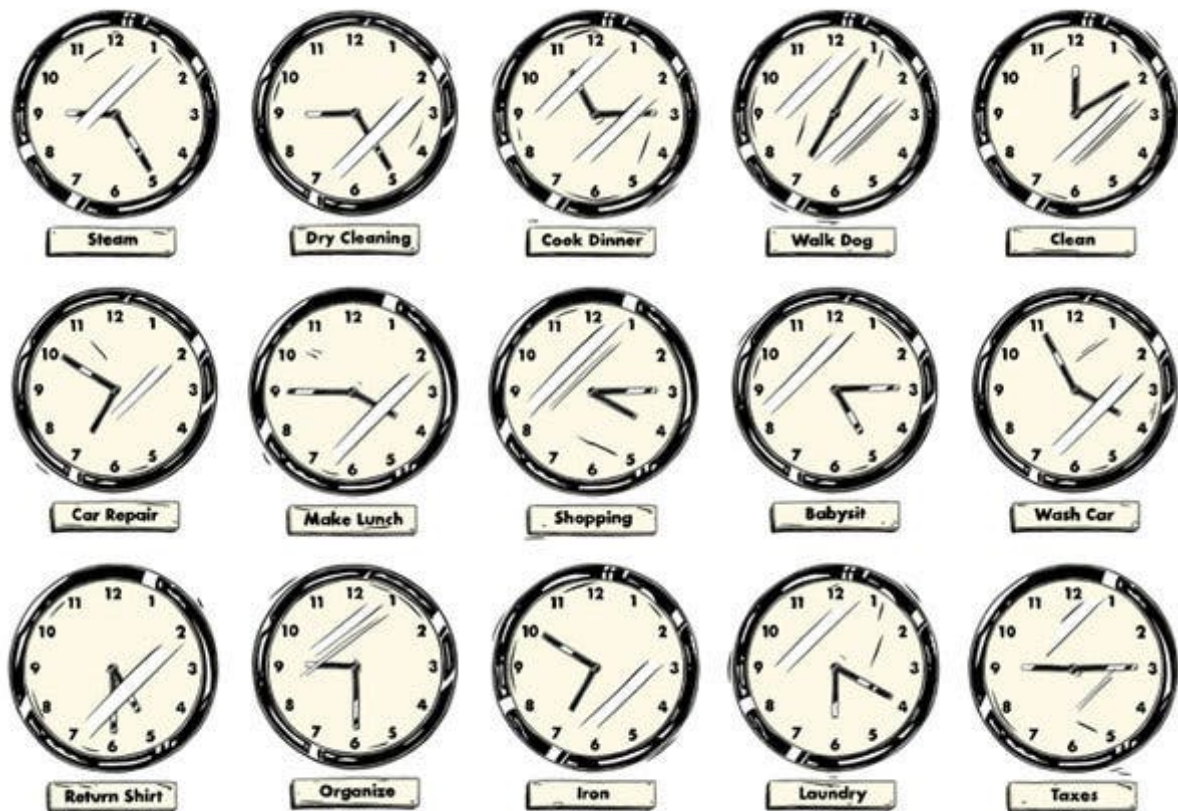


Outsource Your Way to Success

By Catherine Rampell

November 5, 2013

<http://www.nytimes.com/2013/11/10/magazine/outsource-your-way-to-success.html>



Credit: Illustration by Kelsey Dake

Jon Steinsson and Emi Nakamura do not have enough time to do everything they need to do. They're recently tenured, highly productive rising stars at Columbia University, as well as parents to an infant. But they have a secret weapon helping them prioritize: Econ 101.

One of the oldest, if not entirely intuitive, principles in economics is comparative advantage, developed by the British economist David Ricardo in the early 19th century. As introductory econ students all learn, it explains why countries and companies ought to outsource the production of lower-value goods and services, even if they can produce them more efficiently themselves.

Even if you're faster and more effective than everyone else at a given task — fighting with the cable company, say, or folding your socks just so — you still might be better off if you pay someone else to do it for you. Why? Because there is an opportunity cost for every hour consumed by these tedious, nonproductive tasks; there exists some higher-value activity you could be spending your time on instead.

Steinsson and Nakamura, both economists, take the tenets of their field seriously. And so they outsource as much of the humdrum aspects of their personal lives as they can.

Last year, the couple hired a personal chef. She drops off five healthful meals at the beginning of every week to reduce the time they spend cooking (they used to cook recreationally; now they'd rather spend that time with their son). They have also paid people to: build Ikea furniture for them (even though the service often costs more than the furniture itself); teach them how to use software programs and baby carriers; and load their CD collection onto their computers. They even hired someone to spend hours going through thousands of old family photographs to figure out which are the "good ones."

That last task has proved a bit problematic. It's hard for a stranger to look at snapshots from your childhood and determine which ones represent truly memorable moments. Still, Steinsson remains confident in the theory. "We haven't figured it out yet, but we haven't given up," he told me.

While it's now common, especially in cities like New York, for professionals to hire a housekeeper and pay for some degree of child care, outsourcing other activities is quite rare and even stigmatized among noneconomists. Embracing the D.I.Y. ethos is (wrongly) perceived as evidence of thrift or even moral virtue. A personal chef is the sort of luxury people associate with hedge-funders, Europeans with several surnames and oil sheikhs. Still, you need not be an heiress to benefit from paying for a personal assistant or gofer of some kind. From an economist's perspective, it's similar to taking out student loans: an investment in your future earning potential. Yet few outside the field see it that way.

Part of the problem is that most people don't understand the value of their time, particularly if they are salaried. Paying someone to buy your groceries or take the car to the mechanic sounds like money down the drain if you're not billing hourly. But buying yourself an extra hour to work today can be good for your career tomorrow, if doing so improves your chances of getting a promotion or a raise.

That's why Steinsson and Nakamura paid for housekeeping services even when they were penniless grad students. Outsourcing household tasks meant they had to take on more debt, but they calculated — correctly — that spending an extra hour working on a paper was better for their lifetime expected earnings than spending that same hour vacuuming.

There is also a strong cultural aversion to certain forms of outsourcing. Hiring people to work essentially as servants smacks of classism or insufficient self-reliance. Scrubbing your own toilet or doing your own laundry supposedly builds character, or something to that effect. And while it's certainly good to have these skills in a pinch, it's probably not a wise financial decision to use them all the time if you could instead be engaging in other activities that improve your — and your family's — well-being.

It doesn't help that these anti-outsourcing mores are reinforced by the U.S. tax code, which encourages us to spend money to live in a gigantic homes (via the mortgage-interest deduction), but discourages hiring household help (via complicated "nanny taxes" on domestic workers).

Outsourcing isn't only for workaholics; it can also create room for leisure time, which is perhaps the hardest argument for non-economists to appreciate. Paying someone else to work so you have more time to play sounds improvident, both financially and morally. But not if buying time for leisure makes working more tolerable. (Oddly, it's perfectly fine if leisure time includes those inefficient D.I.Y. household tasks that some people find rewarding and fun, like pickling beets or knitting.)

"You have to start from a point where you say: What is necessary for me to be happy with my decision to be a working mother?" says Susan Athey, an economist at Stanford's Graduate School of Business. "I think a lot of working mothers end up throwing up their hands in exasperation and saying, 'I can't live this way!' and quit their jobs." If parents who want to work abandon their careers before trying outsourcing all the household tasks they don't enjoy, or feel overwhelmed by, quitting may be shortsighted. Happiness in the present, earning power in the future and familial bliss need not be in conflict.

Especially, Athey says, if the outsourcing costs are temporary ones that enable parents to remain in the work force and thereby earn more money after they no longer face such a time crunch (e.g., after the kids need less supervision and can even start helping with chores themselves).

Athey qualifies all this by saying that, of course, not everyone can afford a nanny or a housekeeper or a personal assistant — like, for example, if you are yourself a nanny or a housekeeper or a personal assistant. But if you do earn more than people in these occupations, chances are that it would pay off to hire them.

In fact, one economist I spoke with, Justin Wolfers, at the University of Michigan, made me promise before I got off the phone that I would embrace my newfound appreciation of comparative advantage and look into hiring someone to do some errands for me. Hire-a-gofer sites like TaskRabbit and Gigwalk facilitate such outsourcing, their success perhaps a product of their ability to technologically grease a transaction that might otherwise be awkward. And, Wolfers says, the lousy economy means there are a lot of people willing to pick up odd jobs. He was right: last week I posted an online ad to see if I could find a personal factotum for just a few hours a week, and within 24 hours, I received more than 75 inquiries.

I hope to hire someone on a trial basis — thinking, maybe, it will buy me more time to write — but I still haven't decided whom. Going through all those résumés has been overwhelming and extraordinarily time-consuming. It's the kind of task that I'd really love to outsource.