

OUTSOURCE VS. INSOURCE

WORDS JOHAN KRUGER



The age-old debate to outsource services versus to insource services has been brought to the forefront again during the COVID-19 pandemic. The norm in the HOA industry over the years has been for security and landscaping services to be outsourced, and accounting services and management services to be insourced. The constant supply of potential managers from the security and local authority clusters have made it easy to recruit and to appointment management in the HOA industry. The opportunity to “move up the ladder” from smaller estates to the bigger estates has also created opportunities for management to grow and develop.

This, in my view, has changed during the last few months. The headache of TERS claims, monitoring the working from home, skills requirements, performance-based outcome, cost savings, etc. will make it difficult for HOAs to stick to the old norm. As the COVID-19 pandemic continues for the foreseeable future, there will be tremendous pressure on HOAs to reduce costs and to keep levy increases to a minimum.

A quick overview of countries around the world will provide the local market with enough evidence that the outsourcing of management services is the future for HOAs in South Africa. In most counties in the Middle East, HOAs’ communities do not have an option but to make use of external services providers to supply management services for their

communities. In counties like Australia and the USA, it is the exception for HOAs not to outsource their management services or least parts thereof. We are behind the curve when it comes to the outsourcing of management services.

When we compare the outsourcing of services like security services to an HOA with that of management services to an HOA, the advantages and similarities are the same. Albeit highly regulated, the security industry has shown tremendous growth in the estate industry over the last 15 to 20 years. Very few security service providers do not have a dedicated estate division in their company’s structure. The investment in these estate divisions has been immense during this period. The training of the estate-specific security officers with estate-specific equipment and technology has made HOAs spoiled for choice when appointing a security service provider.

Unfortunately, the same does apply to management services for HOAs and estates. Although the education and development budgets for HOAs have increased over the last couple of years, the investment has not been enough. In my view, by outsourcing these services we will see the same effect as seen in the security industry. The quality of well-trained and educated managers will increase and this will ultimately lead to cost savings for the HOA and its members in the long term.

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JOHAN is the CEO of Association Management Solutions (AMS), has a BCom degree and holds the Professional Community Association Manager (PCAM) designation. AMS focuses on strategic planning and reserve studies for HOAs.
✉ johan@amsza.com