DECIDE ◆ SMALLER

Hire or outsource?

Complete saved AI decision report

01 Original decision

Should we hire an employee or outsource the work?

02 Initial AI challenge

The decision is framed as a staffing-model choice, but the more fundamental question is whether the work itself is well enough defined to make any staffing decision reliably. Without knowing the nature, volume, and expected duration of the work, comparing an employee to an outsourced arrangement is comparing costs and structures that are not yet anchored to anything concrete. There is also a hidden assumption that the choice is relatively reversible: hiring is not, and some outsourcing contracts are not either. The one-to-three-month deadline may be creating urgency that pushes toward a decision before the underlying demand signal is stable enough to act on. Finally, the hybrid pilot is listed as a third option but treated as roughly equal to the other two, when it may actually be the mechanism for resolving uncertainty rather than a staffing model in its own right.

03 Three AI questions and answers

1. Is the work a stable, ongoing function or a time-bounded, variable-volume need?
The workload has averaged 25–35 hours a week for the last six months, but much of it is tied to two product launches. Customer communication is recurring; production volume after the next quarter is still uncertain.

2. How much proprietary knowledge, institutional context, or confidential data does this work involve?
Customer relationships, positioning decisions, and product knowledge must stay inside the company. Campaign production, reporting, and lead-list operations can be handled externally without losing a core advantage.

3. What is the true cost of a wrong decision, and how reversible is each option at the six-to-twelve-month mark?
A mis-hire could cost roughly six to nine months of salary plus management and restart time.

A failed ten-week external contract would cap exposure at the contract fee plus two to three weeks of rework. Vendor quotes and the fully loaded employment cost still need confirmation.

04 What changed

• The work is now known to be partially recurring and partially launch-driven, which breaks the false binary between stable and variable demand and points toward a split model rather than a single staffing choice.
• The sensitivity boundary is now explicit: strategic and relationship work stays internal, production and operational work can go external. This makes a hybrid approach structurally correct, not just a hedge.
• The reversibility asymmetry is now quantified in directional terms: a hiring mistake costs six to nine months of salary and restart time; an outsourcing mistake costs a capped contract fee plus a few weeks of rework. This asymmetry is large enough to be decision-controlling before post-launch volume is confirmed.
• The remaining financial uncertainty — unconfirmed fully loaded employment cost and vendor quotes — is the one variable that could still shift the magnitude of the cost argument, though not the direction of the recommendation.
• Now: After the checkpoint answers, the decision is no longer a genuine three-way choice. The work splits into two distinct categories with different risk profiles, and the reversibility asymmetry is large enough to make hiring the wrong first move before post-launch volume is confirmed. The right structure is a bounded external engagement covering production and operational work now, with an internal hire deferred until the recurring volume signal is stable. The hybrid pilot is no longer a third option sitting alongside the others — it is the correct immediate action, with a defined trigger for converting part of it to a hire.

05 Final AI recommendation

Test it small first

I would recommend against hiring a full-time employee right now and against a pure outsourcing arrangement. Instead, I'd suggest engaging an external contractor or agency on a short, capped contract — ten to twelve weeks — to cover campaign production, reporting, and lead-list operations, while keeping customer relationships, positioning decisions, and product knowledge handled internally by existing team members. This is not a compromise between the two options; it is the structurally correct answer given what the answers revealed.

The reversibility asymmetry is the controlling factor here. A hiring mistake costs six to nine months of salary plus management time and a restart cycle. A failed external contract caps exposure at the contract fee and two to three weeks of rework. That gap is large enough that hiring before post-launch volume is confirmed is not a risk worth taking, regardless of how the cost comparison eventually lands. The asymmetry alone justifies deferring the hire.

The volume signal is the one variable that could change this recommendation. Twenty-five to thirty-five hours a week sounds like a full-time role, but a meaningful share of that load is tied to two product launches. If post-launch recurring volume drops to fifteen to twenty hours a week, a full-time hire would be structurally oversized and difficult to unwind. If it holds at twenty-five or more hours of genuinely recurring work, a hire becomes defensible and the cost comparison with a long-term external arrangement will likely favor employment. I would treat resolving that volume question as the single most important output of the pilot period.

I'd suggest structuring the external contract explicitly as a measurement instrument, not just a delivery vehicle. Define in advance what recurring weekly hours look like once the launch spike clears, and set a written threshold — for example, twenty or more hours of stable recurring work for eight or more consecutive weeks — as the trigger for opening a hiring process. This prevents the pilot from drifting into a permanent arrangement by default, which is a common failure mode.

On the financial side, I would confirm the fully loaded employment cost and get at least two vendor quotes before signing the external contract. The directional recommendation does not depend on those numbers, but the contract fee ceiling and any future hire-versus-extend decision will. Get those figures within the first two weeks of the pilot setup, not at the end.

This decision hinges on one variable: Post-launch recurring work volume once the two product launches clear, expressed as stable weekly hours of genuinely recurring demand

If post-launch recurring volume holds at twenty or more hours per week for six or more consecutive weeks, I would recommend opening a hiring process for the recurring internal scope while keeping production and operational work external, because the demand signal would then justify the fixed cost and the reversibility risk of a hire.

If post-launch recurring volume falls below fifteen hours per week, I would recommend extending or rebidding the external contract rather than hiring, because the workload would be structurally undersized for a full-time role and the cost asymmetry would make a hire difficult to justify or unwind.

06 Cheapest reversible test

I'd suggest signing a ten-to-twelve-week capped external contract covering campaign production, reporting, and lead-list operations, with a defined scope and a fixed fee ceiling. During that period, track actual weekly hours of recurring work separately from launch-related spikes, and confirm the fully loaded employment cost and at least two vendor quotes in the first two weeks.

07 Measure

Recurring weekly hours of external work once the product launch spike clears, tracked separately from launch-attributed tasks
Fully loaded annual employment cost for an equivalent internal hire, confirmed with HR or finance
At least two vendor quotes for ongoing external delivery of the same scope
Quality and turnaround time of externally produced output, assessed by the internal owner of customer relationships and positioning

08 Success condition

Recurring post-launch work holds at twenty or more hours per week for at least six consecutive weeks, output quality meets the internal standard, and the fully loaded employment cost is competitive with the annualized vendor rate — at which point I would recommend opening a hiring process for the recurring scope.

09 Stop condition

I would stop and reassess if post-launch recurring volume drops below fifteen hours per week, if output quality requires more than two to three hours of internal rework per week, or if the vendor rate annualizes to more than one and a half times the fully loaded employment cost — any of which would change the economics or the structural fit of the current arrangement.

10 Remaining uncertainty

Fully loaded employment cost and vendor quotes are unconfirmed; these do not change the direction of the recommendation but will determine the financial threshold for the hire-versus-extend decision at the end of the pilot.
The two product launches may generate a third demand pattern — a sustained but lower-level ongoing need from the customer base they create — which is not yet visible in the six-month average and could shift the volume signal in either direction.
The external contractor or agency market for this specific scope has not been tested; availability, quality, and pricing at the required volume are assumed to be competitive but not yet verified.
Management bandwidth to oversee an external relationship during an active launch period is not quantified; if internal oversight cost is high, it narrows the reversibility advantage of the external contract.
Contract terms for the external engagement — particularly exit clauses and IP ownership of produced assets — are unknown and could affect the reversibility assumption if they include penalties or asset-retention provisions.