

12 Reasons to Outsource. Key points to think about when outsourcing.

Here are some points to consider when thinking of outsourcing:-

- The incumbent supplier/provider is responsible for the management of the overall process but YOU the organisation need to actively be involved with the management of the relationship. It's important you take your time when making decisions governing working with a service provider.
- Establishing a good working relationship is paramount to ensure longevity of the service. Communication and regular review meetings throughout the set up process are essential.
- The CEO/MD of the company intending to outsource should nominate a “champion”, a person within the organisation who has the responsibility to take control and manage the project through to completion.
- It's important that people within the business particularly within the area that is being evaluated for outsourcing have involvement with the project, they may have concerns over their jobs or the scope of their role within the new infrastructure so keeping them informed at all times minimises the fear factor.
- If staff are being transferred to the outsourcing provider then you will need to consider employment legislation.



Consider the following objectives:-

- Will outsourcing free up your business to focus on its strategy irrespective of whether its selling widgets or providing services.
- Is it going to improve the efficient running of an area of your business such as Payroll, Billing or I.T?
- Will you gain a competitive advantage? Will you be better positioned to manage your costs by freeing up capital and having a better understanding of your fixed costs.

How to make outsourcing work for you?

Firstly there must be some form of measurement process and KPI's (key performance indicators) to establish the success of the project from implementation through to completion of the project. On-going evaluations are key to ensuring continuing success and objectives are achieved.

Whilst financial benefits are important you might be outsourcing to improve a specific business function such as customer service, reducing errors in billing or decreasing the time taken to undertake your payroll.

1. Know what you are getting into – these days you can outsource any area of your business – call centre operations, I.T. Payroll & HR, AR & AP, Corporate Print, Finance Accounting.
2. Do you really need to outsource? Having covered this in previous blogs does outsourcing fit into your business plan – in other words do you have a function which has become a burden to the business and no longer fits in with your core business competencies?
3. Selecting your service partner is also key in the successful migration of your business function. Note how I emphasise ‘partner’ rather than provider. If you are entering into a long relationship not too dissimilar to a marriage you need to take into account the culture, the background and the providers track record in providing similar services to the one you are seeking to outsource.
4. Ensure you have an SLA that is flexible but at the same time articulates how performance is measured, what the pricing plan is, does it offer the flexibility to manage changes in your finances or industry, what happens if you introduce a new product or service and you are affected by a worsening of the economy your contract should also have an exit clause.
5. Have a clear exit strategy too and make sure your SLA contains a clause to that effect, in the unlikely event the relationship ends prematurely or your company needs to bring the outsourced function back in house due to economic changes in your marketplace.
6. Managing the process – the work or department that is being outsourced requires a period of time to understand and adjust to the process resulting in a change of roles for personnel and an increase in the time management spent in overseeing the migration. Are you prepared to spend the time managing the relationship?
7. Work with an independent consultant who has knowledge of the process and will offer effective impartial advice and assist you in selecting the right outsource provider.
8. What are the costs to your business if you choose not to outsource? Will your business be affected if you can’t afford to invest in the expertise or facilities required to drive your business forward?
9. Weigh up the costs of administering the business function in house V outsourcing and this should include the costs of personnel and office space, consumables, equipment leased/hired etc
10. What are your expectations? You need to be realistic and by having a good working relationship with your outsource partner you can set realistic and achievable deliverables right from the outset.
11. On a final note, its always good to weigh the scales i.e. the FOR V AGAINST for outsourcing because when all is said and done its your business that will ultimately be affected by change and so outsourcing has to be a positive experience for both the company outsourcing and the service provider delivering the solution or service.
12. An independent advisor will already have established a track record with a variety of service providers and solution specialists to ensure that customers receive the best service at the right price.

