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Best Practices for Deciding What Should be Outsourced

By: International Association of Outsourcing Professionals (IAOP)

Selecting the best candidates for outsourcing is a complex business issue. The decision is at times obvious, at other times constrained by the realities of the economic and political moment, and certainly influenced by the enduring corporate culture.

When the executive is faced with a blank slate the best advice is to begin with the end in mind. What is the desired end-state of the business units and business activities in your area of responsibility?

For some buyers of outsourcing services, thinking about the desired end-state mean that there is more time to focus on the activities that bring the most value to customers. Other buyers are that are bogging down their expertise that aren't available considering the best candidates activities in your area of and reasons for pursuing a organization can achieve the providers. The selection of best current productivity issues and possibilities of what could be accomplished with a change and a new approach to business.



looking for relief from activities own staff or require skills and internally. In any case, when from among the business responsibility, consider the goals change and where your most value by using service candidates is not only based on sources of "pain" but also on the

Six paths are offered for identifying the best candidates for outsourcing among the business activities in your area of responsibility.

Best Practice #1: Select Non-Core Competencies

The first and most obvious candidates for outsourcing are those activities that are purely administrative or supportive in nature - those activities that are the farthest from the business' core activities. Business activities and processes that are far removed from the firm's customers and those value chain links that deliver value to customers are prime candidates for outsourcing.

Best Practice #2: Select work processes where the resistance to change is low, and the need for change is the greatest

Best candidates for outsourcing are those areas where the internal resistance to change will be weakest, and the need for change is the greatest. There may be elements of the organization that welcome and invite the opportunity to fundamentally alter the way they work, and begin to partner with an outside provider. Units that find themselves overwhelmed with their work loads, chronically under staffed, unable to retain employees, and looking to change focus may welcome a change. Conversely, business activities that are consistently under performing represent areas for increased managerial attention and change. Outsourcing is one viable change option.

Best Practice #3: Select work processes where the chances of success are high

Early successes with outsourcing build confidence in the usefulness of the tool and also build experience with the process of enabling future applications of outsourcing in ways that add increasing levels of value to the organization. The area of the organization where the chances of success are highest varies and may be a combination of a host of situational factors. Frequently, a good place to start is with a limited and well-defined set of business activities, and a set that many organizations already outsource, like payroll or applications development, where the value proposition is easily made and the business case can be built.

Best Candidates #4: Select Work Processes where change is already afoot Change presents a significant opportunity to introduce outsourcing. Change and changing business conditions often present an opportunity for outsourcing because the need for change has already been recognized and much of the resistance to change has already been overcome. For example, when Egghead Software moved its corporate headquarters across the state of Washington, many of the employees in human resources were reluctant to move. Because many employees were choosing to leave the firm and not move, Egghead used that change as an opportunity to introduce outsourcing in the HR function. Other situations such as the introduction of new products lines or businesses represent opportunities for outsourcing. Reengineering efforts are often followed by drives to outsource the work when the benefits of reengineering begin to diminish.

Best Candidates #5: Select work processes that will transform the organization

Selecting best candidates for outsourcing based on where outside providers can provide the most leverage to transform the company represents a more recent

approach to using outsourcing. Managers are increasingly looking at the new skills and processes that a world-class outsourcing provider can offer. They are also envisioning their organization's highest goals achieved where internal limitations and constraints previously stood in the way.

Best Candidates #6: Select work processes that are discrete and separable

Candidate areas for outsourcing should include activities that are discrete and that are separable parts of the firm. These are areas where an outside organization can manage the process with their own staff and where a great deal of intertwined activities does not take place. For example, a discrete candidate for outsourcing might be a hospital's transcription services. The work of the provider is separate and discrete - it may be time sensitive and important - but as a process it is an independent work activity. By outsourcing activities that are easier to pull out of an organizations' workflow, a firm can use more of its time working on activities that require a continuous interaction, and that are more central to the company's core competencies.

Look who is Outsourcing to us now



Recent Events

1. Repositioned Afribank engaged Resource Intermediaries Limited to employ, deploy and manage 250 Paying and Bulk Tellers spread all over Nigeria
2. Renowned Food & Beverages manufacturer Cadbury Nigeria Plc engaged Resource Intermediaries Limited to employ, deploy and manage 150 factory workers in its ultra modern Ikeja factory
3. Telecoms giant Starcoms Nigeria Ltd transferred its all of 96 drivers to Resource Intermediaries Limited to manage on an outsourced basis

4. Bank PHB Plc transferred 500 of its drivers and paying tellers to Resource Intermediaries Limited to manage on an outsourced basis.
5. Intercontinental Bank Plc transferred 400 staff made up of ATM operators and drivers all over Nigeria to Resource Intermediaries Limited. This is in addition to 180 Paying Tellers managed for the bank all over Nigeria since 2008.