

4

STEPS



How to make outsourcing work

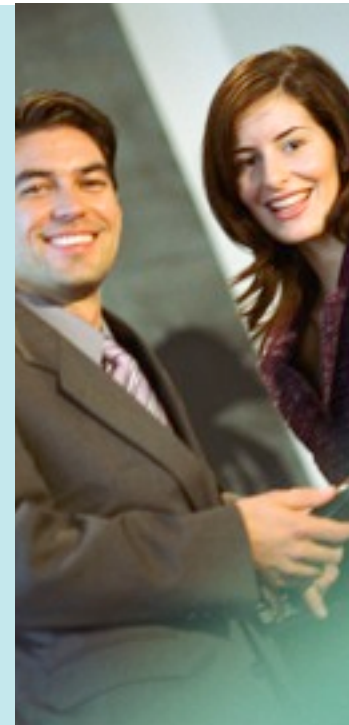
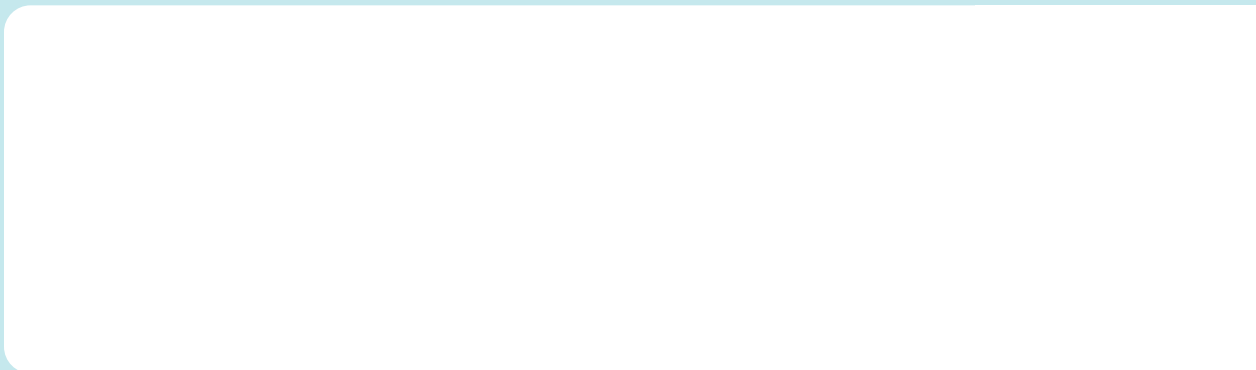
An introduction into what makes outsourcing a success.

We may have lots of ideas why outsource arrangements might fail, but surprisingly few people know what the vital ingredients are to make them a genuine success. In this short “I need to know...” we’ll show you what makes all the difference and help you think about what you can do to build a successful outsource.

1

Reasons why an outsourced contract might fail.

Start by capturing reasons for outsource failure. This will give you a list of specifics to use as a health check against your existing contracts:



Here are the three things that must be evident if you are going to view the outsourced arrangement as successful.

2

Access ...where you obtain something from the supplier, that you are otherwise unable to obtain. i.e. Technology or Funding. It doesn't actually matter what it is, but they must provide you with something that you wouldn't have without the arrangement.

Tick for your scenario

What's missing or could be improved in your scenario?

Strong evidence

Some evidence

No evidence

3

Expertise ...where the supplier offers a specialism in a particular activity which is over and above your own. They should be great at what they do because that's all they do, better in fact than you were before the outsource.

Tick for your scenario

What's missing or could be improved in your scenario?

Strong evidence

Some evidence

No evidence

4

Scope ...where the supplier provides to you the benefits associated with additional economies of scale. If you do 1000 payroll transactions, they should be doing 10,000. If you buy 2000 PC's, they should be buying 20,000.

Tick for your scenario

What's missing or could be improved in your scenario?

Strong evidence

Some evidence

No evidence



Access, Scope and Expertise need to be evident at the start of the outsource contract, and continue to be evident throughout it's duration; even when it's a long term contract. The outsource provider must continue to give you new things that you wouldn't have without them; continue to supply you with true subject experts to support the service delivery; continue to grow the economies of scale they can leverage on your behalf year after year.