

# O

## utsourcing Strategy

Despite the political and emotive response by many to the concept of outsourcing the practice is merely the process of procuring services from a third-party contractor rather than carrying out the work using directly employed labour.

There will be many reasons why organisations decide to outsource some of their operations. It may be due to a lack of flexibility or expertise, or a desire to reduce headcount or to restructure risk and for many the objective is cost reduction.

Successful outsourcing arrangements are built upon a good understanding of the aims and objectives of the exercise. When all parties involved are clear about the goal the project is much more likely to achieve it.

One approach to the outsourcing decision is a technique called “rightsourcing” which involves a serious consideration of the criteria used for choosing services to be outsourced. These might include such issues as criticality, availability and cost of the service involved taking into account performance, risk and the level of expertise required. This form of detached analysis helps to highlight those services where outsourcing should be considered while avoiding some of the emotional responses often involved in such decisions.

Having decided whether to outsource and what to include it is important to review the options available in terms of how the solution should be structured. There are many options available and careful consideration needs to be given to this decision. There is no one-size-fits all solution to the FM conundrum. Different models will be more applicable to one service or one organisation at different moments in its lifecycle.

Many project failures are the result of inappropriate design of the outsourced solution. Sometimes this is because over-ambitious managers apply a leading edge and complicated solution to a relatively simple problem in an organisation with a more traditional and risk-adverse culture. Similar problems have been witnessed when complex organisations in need of more radical solutions have restricted their approach to simple task sourcing and have thus failed to realise the potential benefits available. Considerations must include the breadth and depth of the outsourcing.

Unfortunately, far too many organisations pass over these strategic decisions far too quickly in their haste to engage with the marketplace. As with all projects, more time spent at this front end would prevent significant difficulties later on. This is a stage where good input from and facilitation by facilities consultants who are industry experts can pay dividends.

*An excellent reference work on outsourcing strategy is “The Black Book of Outsourcing” by Douglas Brown and Scott Wilson published by John Wiley and Sons ISBN 0471718890*