

Outsourcing Problem Analysis

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As an HR professional, you have responsibilities in several broad areas that have a significant impact on your company's bottom line, directly contributing to the corporate return on investment. The outsourcing choices you make are critical decision points that affect both your employer and the HR community at large. We recognize that you want and need to make informed choices, and we can help.

The following problem analysis explores emerging strategies in human resources.

Increased workloads resulting from governmental requirements, budgetary cutbacks, profitability margins and operational necessity require that HR professionals do more with diminishing resources. In approaching this challenge, we analyze a range of choices. Depending on your company's culture, you may consider any or all of the following:

- working nights and weekends
- creating and hiring a new position
- outsourcing a function or large project
- directly contracting with an independent professional colleague: Outsourced professional employee

Problem Analysis

Many times each day you reach a decision point and choose which priorities get your time and attention. Accepting added accountability in your HR department and thriving with your ever-growing workload require detailed analysis of your decision points.

Working nights and weekends

Every HR professional worth his or her paycheck is pressed for time. Workweeks ranging from 55 to 60 hours are commonplace. You've determined that you're already working smart and hard to keep current with the business's needs. Your human resource career has transitioned from a hands-on tactical position to holding down a strategic role in the HR department. As the competition for capital intensifies, how will your decision to outsource translate to your company's bottom line?

Creating and hiring a new position

G & A cutbacks mean that there's no budget for new hires this year. The term hiring freeze has made a comeback after nearly a decade in hibernation. You no longer fill vacancies as they occur, and this trend may continue for the near future. In fact, you quite possibly severed someone with whom you worked closely. How will you provide greater results with less?

Outsourcing a function or large project

Speak to ten companies, and ten HR managers will define outsourcing differently. Small- or medium-size firms frequently use single-source outsourcing for operations such as payroll or benefits. Fortune 500 firms have moved toward outsourcing all transactional and tactical practices. Seven-, eight- and nine-figure contracts in the form of comprehensive solutions have increased dramatically over recent years. Once set into motion, Fortune 500 outsourcing agreements often have a shelf life of five or more years. The definitions employers use to quantify successful outsourcing depend on the goals and objectives outlined at the onset of each engagement—and they vary widely. How will you determine if and when outsourcing meets your needs?

Directly contracting with an independent professional colleague: Outsourced professional employee

Today's economy challenges HR professionals to demonstrate their advocacy of responsible stewardship. Historically, the personnel agency evolved as the American franchise economy grew from the 1950s. By the 1970s, franchise usage expanded—from food to cars to personnel. The decade of the 1990s required the franchise and boutique staffing agencies to invest heavily in technology or sink in the mud.

The novel *Ivanhoe* characterized soldiers who offered their lances to any king as free lances. Today's e-commerce and growing media technologies, wireless Internet with DSL, and effective corporate Web sites with e-mail together provide the daily tools used by the modern entrepreneur. A solution with both strategic and visionary applications is to identify and formulate direct relationships with independent HR professionals. How can you partner and leverage these tools immediately?

With research, you can determine the outsourced professional employee who is a solution in search of problems. A July 2003 survey by Consultive Source asked human resource professionals to rank the importance of the following three vision & values competencies held by HR vendors:

- **MEASURABLE RESULTS** — Delivery of solutions by the alignment of HR mission, vision and strategy
- **CONSULTIVE** — Solving problems with hands-on industry experience, creating a strategic alliance significantly stronger than a typical vendor/supplier relationship
- **HUMAN RESOURCE LEADERSHIP** — The blending of business savvy, leadership, facilitation/coaching, strategic perspective, conceptual thinking, internal consulting and the tangible perspective of human resources within the organization

The survey listed **MEASURABLE RESULTS** at the top, with 77 percent of the vote. **CONSULTIVE SKILLS** and **HUMAN RESOURCE LEADERSHIP** tied for second place.

Any freelance outsourced professional employee may prescribe to this and should prioritize their skill set accordingly. Concerns about the outsourced professional employee's abilities, stability and results can resolve themselves by taking a "test drive."

Similar to your auto mechanic and electrician, you expect consistent service from those you know and trust. The traits exhibited by every outsourced professional employee

must include high quality service, fair prices and deadlines met as needed to name just a few.

The right outsourced professional employee at a fair and competitive rate will provide innovation in education, strategy, technical resources and skills. Choosing to outsource and manage this partnership and process successfully will enable you to protect corporate capital and shareholder value. Which technology applications or transactional differences describe your vendors as a strategic partner of choice?

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