
Outsourcing



Transition Methodology

Key Factors For The Successful Work Force Outsourcing Transition

The primary business driver that motivates an enterprise to outsource its labor force is the need to reduce costs. However, the pressure to reduce costs must be coupled with a comprehensive understanding of the goals, objectives, constraints, environment and needs of the business if the transition is to be accomplished successfully. That requires the commitment of time, openness, executive support and flexibility from both GlobalSolve™ Management Services (“GlobalSolve™”) and its Client. Some of the critical areas are:

- Understanding enterprise goals and objectives
- A strategic vision and plan
- Selecting the “right” vendor
- Ongoing management of the relationship
- A properly structured contract
- Open communications with the affected individual / groups
- Senior executive support and involvement
- Careful attention to personnel issues
- Clearly defined areas of responsibilities and expectations
- Short-term financial justification

Why outsource the work force?

Some of the reasons that drive the work force outsourcing decision are the need to:

1. Reduce / control operating costs through lower-cost resources and flexible labor units
2. Improve enterprise focus on revenue-driving and value-creation activities
3. Gain access to better technologies and scaleable platform
4. Free internal resources for other functions more closely aligned with core competencies
5. Free management time or gain control of “out of control” cost area
6. Leverage insufficient resources to sustain current work force model at desired service levels
7. Share labor risks with a partner company

Open Communication

There is little debate that managing the change process is critical to the success of work force outsourcing. Understanding the service level requirements of the enterprise is the first part of the process; therefore, it is mandatory that open and honest communications exist between GlobalSolve™ and its Client. Every individual, who is affected by the work force outsourcing change, must be involved in the process. A baseline of existing service level performance must be established. Many times the Client does not have an accurate baseline established, so the exercise may be enlightening. GlobalSolve™’s representatives spend a significant portion of the transition time “front-end loading” accurate information into the transition plan, because many times they encounter a lack of available or accurate information that is needed to benchmark the progress and success of transition.

Executive Support

Strategic goals, objectives and expectations come from the top of any enterprise; therefore, not only open communications but also aggressive, visible support from top management is one of the keys to a successful transition of work force. Senior management must clearly articulate the goals, objectives and benefit expectations of the enterprise; if these are unclear or absent at the outset, problems and conflict are most likely to occur. Like a ship charting its course, the calculations and benchmarks that are developed at the beginning of the journey will provide clear measures of success. Attention to critical details will minimize the potential of misunderstanding at a later date.

Additionally, ongoing management of the GlobalSolve™ / Client relationship is important. Senior management of the Client must stay involved during the implementation of the contract; decisions, discussions and agreements must be documented for future reference. There must be a clearly defined escalation procedure and senior management of the Client must meet with GlobalSolve™'s management at regular and appropriate intervals to discuss the outsourcing relationship. Meetings should be expected and held at the operational level to address the workings of the outsourcing contract in practice, to identify and resolve problems that have been encountered, and to agree on changes to ensure continued Client satisfaction.

Contracts and Service Level Agreements (“SLA”)

There are several critical components of a good, workable outsourcing agreement. The emphasis from the very beginning should avoid “who wins the best deal” and should focus on negotiating a fair and reasonable contract for both parties. Since each aspect of the outsourcing relationship is governed by the contract, both GlobalSolve™ and the Client need to reach complete consensus. Most importantly, both parties need to reach agreement on issue resolution.

The key document in a Client's relationship with GlobalSolve™ is the Service Level Agreement (SLA). This is the document that helps manage this strategic relationship between the Client and GlobalSolve™; it identifies and details the respective of responsibilities of both parties. In order to be useful and meaningful, the targeted expectations must be specific, achievable, quantifiable, measurable and comparable to pre-established criteria that have been consensually developed as true key performance indicators.

It is helpful to develop answers to the following questions so that SLAs may be clearly defined:

1. Which service levels should be measured?
2. Exactly what will be measured for each service level?
3. What is the measurement period?
4. What reports need to be provided?
5. Will the minimum and target service levels change over time?
6. Will the SLA include service level credits?

7. Will the supplier have the right to service level bonuses?
8. What does failure to meet service levels trigger? How are disputes resolved?

Getting Started

The GlobalSolve™ Management Services Methodology

GlobalSolve™ employs a logical sequence of steps for the successful transition and implementation of its work force outsourcing agreements. There are four (4) significant elements to a typical GlobalSolve™ transition:

1. Initiating The Transition
2. Implementing The Service
3. Negotiating The Final Agreement
4. Bringing Closure To The Transition

⇒ Initiating The Transition

At the beginning of any outsourcing transition, there are several, sometimes disparate, ideas and opinions about the purpose and scope of the transition, what the final result of the transition will be and how the transition will be executed. One of the most important areas that must be addressed is the clear definition of what each party will and will not perform, as well as, what each party will or will not communicate to their respective employees. The Transition Initiation Stage focuses on how best to take all of these ideas and intentions, and convert them into a document that forms the basis of the draft contract.

⇒ Implementing The Service

Service Implementation addresses the activities that are required to take the ideas and intentions developed in the Transition Initiation Stage, and expand them into a formal, well-planned program and to make the transition to the outsourced service with GlobalSolve™. Specifically, these activities are:

- Defining the transition project
- Transferring staff
- Defining the SLA
- Defining service reporting
- Implementing and handing over the service
- Implementing service management procedures

During the transition phase, it is absolutely imperative that:

- Continuity of service be maintained at all times
- No reduction in the quality of the service delivery occur, and
- Milestones and deadlines are not compromised.

⇒ Negotiating The Final Agreement

The draft contract that was produced at the Transition Initiation Stage is generally amended during negotiations and the final contract is produced upon completion of the negotiation cycle. Because the needs of clients are dynamic and because the GlobalSolve™ service offering will offer additional services in the future, the final contract should be constructed so that mutually agreed upon changes and / or additions can be implemented with minimal renegotiation of the final contract.

⇒ Bringing Closure To The Transition

In order to gain maximum benefit for both the Client and GlobalSolve™, the transition should go through a formal close down. At this point, both parties agree that the transition has been completed and, subject to changes that would be contained in the final contract, both parties agree not to pursue disagreement that may be derived from irrevocable decisions that neither party can change. Interestingly (and helpful), a substantial amount of information will be generated during the transition and will be stored by members of the transition team with varying degrees of formality; this information needs to be documented in the event that it needs to be referenced in the future.

The “Last Word”

In order to maximize each client’s opportunity to enjoy the service, savings and solutions of GlobalSolve™’s business offering, commitment to the process, as detailed above, is necessary. GlobalSolve™ offers:

- Higher levels of client relationship focus,
- Technical expertise at more competitive and cost-effective pricing,
- Focus with flexibility, and
- “Premium” support with less burdensome administrative features.

Developing the right SLA starts with asking the right questions.

- Define what service levels you will use and exactly how you will measure them before setting performance expectations.
- A good SLA aligns the vendor's incentives with the client's objectives through service level credits and termination rights.
- Developing a good SLA requires careful analysis of the outsourced function.

It’s time to improve performance and reduce your costs with the GlobalSolve™ Management Services outsourcing solution.