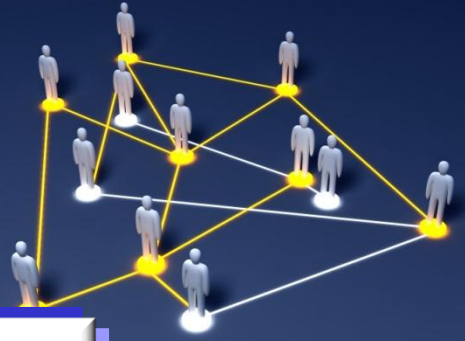


# TOUCHPOINT CHANGE!



## Outsourcing – Gaining The Benefits, Avoiding The Pitfalls

Few business changes combine the promise of big benefits with the risks of big problems as outsourcing.

Implemented well it can increase capacity, lower costs and give you the flexibility you need. Implemented badly, it can cost you more, stop you doing what you want and trap you in an adversarial contract.

Touchpoint Change offers the product of many years of experience, working on both sides of the fence. We understand the aims and challenges of client organisations and also appreciate the pressures on the suppliers. We have seen these relationships set up well as a true partnership and we have seen them doomed to acrimonious failure.

Outsourcing arrangements, and Shared Services, can be valuable for large organisations who are looking to focus on core expertise or reduce costs and also for small organisations who need access to specific skills and technology without the overheads. Both can benefit from the increased flexibility it brings.

### The Outsourcing Process

The starting point is to gain a clear view of the objectives and rationale for improvement. Only then can the process start, which is managed in the following way:

#### Outsourcers offer:

- Capacity
- Expertise
- Technology

#### Clients need:

- Flexibility
- Improvement
- Cost reduction



**Benchmark  
Improve**



**Scope  
Plan**



**Review market  
Select partner**



**Transition  
Improve**

The process should start with improvement so that the customer is clear about what it is trying to outsource, and gains some of the easier benefits prior to the contract.

The process also ends with improvement; customer and supplier working together to improve quality, reduce cost and look for new opportunities,

We can move quickly to help resource your projects - contact us now to get started.

**0845 1301 357**

**Info@TouchpointChange.co.uk**

... helping your people transform your business ...  
... delivering the benefits of change ...

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## Setting Up Successful Outsource Arrangements

### Some Lessons Learned From Outsourcing Projects

#### 1. Benchmark and Start To Improve

- A good place to start is to benchmark your performance against your peers or competitors or against your customers' ideal requirements.
- Then set objectives for improvement and drive as much improvement as possible in-house. This will include performance improvements, simplified processes and usually some early cost reductions. It will start to deliver some of the benefits more quickly and will give you a clearer picture of what to look for in a partner.

#### 2. Scope and Plan The Project

- The scope for a potential out-source should then be established once you have a clear picture of your own strengths and weaknesses and have developed a scope for what could be jointly delivered with a partner
- A plan to achieve the target benefits and a timetable can then be set. It needs to include some flexibility and consider the people change implications.

#### 3. Review The Market And Select A Partner

- The market will then be reviewed - usually via your normal procurement process. The selection criteria should take note of the lessons learned from previous good and bad deals and best practice
- A procurement process will then be undertaken. The process should managed to select a Partner, not just a cheap Supplier. Unfortunately many providers are not good at working in a real partnership, despite what their sales people say.

#### 4. Manage The Transition And Deliver The Next Improvements

- Managing the transition is nearly always more complex than envisaged, so be prepared. Get the right advice and focus on the people issues as much as the contractual, process and regulatory ones
- Ongoing improvement to the business is vital - you should not settle for conformance to the contract. Customer needs change, business conditions change and new ideas occur all the time. Both parties must actively work together to make the contract work better and better for all parties.

#### 5. Develop The Partnership And Continuously Improve

True partnership is hard to establish but it can pay huge dividends. There is a cost to it in terms of time and effort and this should be priced in to the business plan.

- The objective is to improve the overall business – not just to reduce visible costs
- Either specify the scope very clearly, or contract for outcomes. Either way, be prepared for some unexpected 'change controls'
- Focus on the people issues before, during and after the transition
- Explore the hidden costs and delays when deciding off-shore, near-shore or on-shore
- Effective Continuous Improvement needs a partnership relationship – not one focused mainly on cost and contract

Contact us now and we will start to help you achieve the changes you need.

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