UNIT SUMMARY

What is the unit about?

This unit is about outsourcing business processes which are not part of your organisation's core competencies.

It covers the outsourcing of discrete functions – such as payroll management, cleaning or security – as well as more complex processes, such as helpline provision, manufacturing or product assembly. It covers outsourced processes delivered on your premises (e.g. catering) and processes carried out at the vendor's premises (which may be in your country or in another country to take advantage of time zone differences, specialist expertise, tax concessions or low labour costs).

Who is the unit for?

The unit is for those managers who have strategic responsibility for outsourcing non-core business processes for their organisation, or their part of the organisation.

Links to other units

This unit is linked to units **E15. Procure supplies, E16. Select suppliers through a tendering process, F3. Manage business processes, F12. Improve organisational performance** and **F13. Manage quality systems** in the overall suite of National Occupational Standards for Management and Leadership.

Skills

Listed below are the main generic 'skills' that need to be applied in outsourcing business processes. These skills are explicit/implicit in the detailed content of the unit and are listed here as additional information.

- Analysing
- Assessing
- Communicating
- Decision-making
- Evaluating
- Monitoring
- Negotiating
- Persuading
- Presenting information
- Questioning
- Researching
- Reviewing
- Risk management
- Thinking strategically

OUTCOMES OF EFFECTIVE PERFORMANCE

You must be able to do the following:

1. Analyse your organisation's core competences and identify any business processes which are non-core.

2. Assess the potential benefits, costs, disadvantages, risks and legal and ethical implications of outsourcing non-core processes and make a detailed and convincing business case.

3. Plan to address the human resource implications of outsourcing, including any redundancy, redeployment, training and development, and cultural issues.

4. Identify and evaluate potential vendors to which you could outsource the process.

5. Invite potential vendors to tender against a clear specification of your requirements and select the vendor which best meets your criteria.

6. Work with legal specialists to negotiate and agree an outsourcing contract with the vendor which specifies, in detail, the volume and level of service to be provided, payment terms and how the vendor's performance will be monitored.

7. Communicate the outsourcing plans clearly and effectively, both internally and externally as required, monitoring reactions carefully and addressing people's concerns.

8. Work closely with the vendor to transfer the business process to them, paying close attention to potential risks and emerging issues.

9. Monitor the vendor's ongoing performance in line with the contract, promptly and effectively addressing any anomalies that occur.

10. Review the outsourcing arrangement at agreed points and in the event of significant changes in the business environment.

BEHAVIOURS WHICH UNDERPIN EFFECTIVE PERFORMANCE

1. You constantly seek to improve performance.

2. You listen actively, ask questions, clarify points and rephrase others' statements to check mutual understanding.

3. You present information clearly, concisely, accurately and in ways that promote understanding.

4. You monitor the quality of work and progress against plans and take appropriate corrective action, where necessary.

5. You work towards win-win solutions.

6. You show sensitivity to internal and external politics that impact on your own area of work.

7. You identify and work with people and organisations that can provide support for your work.

8. You clarify your own and others' expectations of relationships.

9. You display a good understanding of how different factors in the work context relate to each other.

10. You articulate the assumptions made and risks involved in understanding a situation.

KNOWLEDGE AND UNDERSTANDING

You need to know and understand the following:

General knowledge and understanding

1. The difference between core and non-core business processes.

2. How to analyse your organisation's core competences.

3. How to assess the potential benefits, costs, disadvantages, risks, and legal and ethical implications of outsourcing non-core processes.

4. How to make a detailed and convincing business case for outsourcing non-core processes.

5. The potential human resource implications of outsourcing, including redundancy, redeployment, training and development, and cultural issues, and how to address these.

6. How to identify potential vendors to which you could outsource the process.

7. How to evaluate potential vendors, including the use of relevant vendor rating systems.

8. The importance of inviting potential vendors to tender against a clear specification of your requirements.

9. How to evaluate and select the vendor which best meets your criteria.

10. Techniques for negotiating and agreeing a legally-binding outsourcing contract.

11. The importance of a legally-binding outsourcing contract with a vendor specifying in detail the volume and level of service to be provided, payment terms and how the vendor's performance will be monitored.

12. The importance of communicating the outsourcing plans internally and externally as required, and how to do so clearly and effectively.

13. How to monitor a vendor's performance in line with the contract, promptly and effectively addressing any anomalies that occur.

14. The importance of working closely with the vendor to transfer the business process to them.

15. How to identify potential risks and emerging issues when transferring the business process and how to resolve them.

16. The importance of reviewing the outsourcing arrangement at agreed points and in the event of significant changes in the business environment.

Industry/sector specific knowledge and understanding

1. Industry/sector requirements for outsourcing business processes.

Context specific knowledge and understanding

1. Your organisation's core competences.

2. Your organisation's core and non-core business processes.

3. Your organisation's procedures and relevant legal requirements for inviting tenders to supply your requirements.