

## People

# The Key Component in Contracting for Outsourcing Services

This series of short articles, which address a wide spectrum of ITC (Information Technology and Communications) related outsourcing activities, is grounded in an initial definition and an outline of the scope and more usual rationale underpinning its adoption and use. (Refer 'contributions to date' <http://1stadvisory.com/Tips-Challenges.html>). Any decision to outsource needs to be tempered with the recognition of problems and challenges that are all too often associated with such an initiative.

Of all of these challenges the '*people*' ones are without doubt the most fraught and demanding of management attention and for this reason this article is limited to commenting on the principal issues and questions specifically related to the employees involved on both sides of the contracting divide. It is highly advisable therefore that the tasks involved are carefully planned and executed.

Care and attention by the party wishing to outsource should be paid in particular to the following considerations – getting them wrong can lead to critical situations which can hurt a business, extend to damaging its internal and public reputation, and overall brand image:

- ❑ The timing and confidentiality of interaction with the 'shortlisted' / selected Service Provider/s.
- ❑ When and how to inform staff; both those directly affected and generally.
- ❑ Identification of affected staff with key business knowledge and/or business critical responsibilities who might beneficially be excluded from a transition process.
- ❑ Rigorous analysis of contractual rights, especially pensions, of staff earmarked for transition to the outsourcing Service Provider- are they going to be better or worse off?
- ❑ In particular, in the context, of pensions, the applicability of TUPE rules needs to be established (European acquired rights directive// Transfer of Undertakings and Protection of Employment). Where employees are transitioning to Service Providers with different practices i.e. TUPE and non-TUPE, pensions related issues may become challenging.
- ❑ How to inform, manage and limit the potential for confrontation with any Works Councils, Unions and/or employee groups affected.
- ❑ Management and timing of contacts/ interactions with the selected Service Provider/s
- ❑ Affected transitioning staff relocation and job specification issues should be addressed in advance of planned personnel exits.

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Important also are the people representing a Service Provider who are responsible for interfacing and managing service delivery e.g. an 'Account Manager/s'. At a minimum it is important that:

- ❑ There is a workable underpinning based on cultural alignment between the contracting parties.
- ❑ The Service Provider 'Account Management' structure is adequate. e.g. it constitutes qualified, business aware, proactive professionals. Is the Service Provider's Account Management acceptable to and empathetic with the interfacing contracting business personnel?
- ❑ To be avoided in terms of the Service Provider representative is the lone Account Manager who is 'de facto' a 'coordinator' who liaises with the real owners and providers of services within his organisation. Typically, such an individual has to cope with internal Provider specialised, separate and or 'remote' resource organizations or 'stovepipes' in order to access and enable the delivery of services. Such an arrangement can lead to service defaults, delays, fragmented interfacing and clouded responsibilities, and accountabilities.

The intention of the foregoing is to highlight some of the more critical, people related issues often characterizing outsourcing initiatives.

The next article in this series will deal with the more important 'do's and 'don'ts' when negotiating and contracting outsourcing services with Service Providers.