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Recommendations for Approving Outsourcing Strategies

By Felix Kugel

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Felix Kugel
Vice-president & Managing Director
ManpowerGroup Russia & CIS

The last four years have underscored the need for companies to be more agile. The collapse of seemingly recession-proof industries ushered in a new, more volatile business environment and consequent caution.

Companies have become more cost conscious and less willing to operate with large staffs that were once the norm. More nimble workforces comprised of increasingly varied combinations of part- and full-time workers and innovative solutions for managing them have become the vogue. Provision of HR solutions — tasking outside providers with specific operations — is the cornerstone of this trend. It enables companies to add and subtract staff quickly as their fortunes wax and wane, keep pace with skills requirements and move into new territories with the swiftness needed to take full advantage of growth opportunities.

Today, the spectrum of outsourcing options is wide and deep, crossing various models of work and categories of workers. With the right outsourcing partners, companies can mix and match solutions—customizing outsourcing to fit their fulltime and contingent workforce needs. At a time when being agile and cost-effective are crucial, companies are seeking outsourcing providers who take over the bulk of one or both, while improving related processes.

Provision of HR solutions has become more varied, sophisticated and a bigger part of companies' strategies. It encompasses a wider range of areas and offers organizations unprecedented flexibility. Imagine the outsourcing relationship as a corporate backyard. Companies once tossed administrative functions like payroll over the fence, paying the neighbors to manage them. Today, though, they are bringing outside providers into their own yards, along with expertise, vital skills, and visibility into intelligence — all wrapped up in a worry-free package. The outsourcing providers are more like cousins who move into the guesthouse. Their permanent presence ensures the company can adjust its workforce

strategies and processes fast, often and seamlessly.

Companies can focus on improving the hiring of full-time employees via Recruitment Process Outsourcing, or RPO. Use of RPO has soared in recent years as companies look for logical places to maximize investments while improving productivity. RPO providers have a unique ability to find the best workers quickly — often in crucial, high-growth industries and regions.

Companies may choose a Managed Service Provider, or MSP, to supply and manage their contingency workforce, and manage other outsourcing tasks. MSPs bring new efficiency to the selection and management of providers of outsourcing services and independent contractors.

Anyway companies may choose what they want and really need. Some organizations choose to phase in one or several services at a time before signing more robust contracts. This has helped them grow accustomed to the new, more agile way of addressing workforce challenges. It has also given them an opportunity to work more closely with outsourcing providers. More than ever, companies are seeing these providers as partners who can give them valuable insight on workforce issues and help them map out strategies that are more relevant, customized than standardized methods of the past.

In this case choosing the best provider is becoming more and more important, particularly in a world of shortened resources. The following points should be taken into consideration when choosing a provider:

What Have Providers Done In The Past?

Analyze performance data and consider personnel. The best outsourcing providers have long lists of satisfied clients. They can tell a company who they've helped and how. And they can demonstrate the expertise of their people.

Is The Phased Approach Best?

A company usually chooses an outsourcing provider whose expertise addresses its weaknesses. Yet this expert may see additional areas that can be improved. In a phased approach, providers build up their offerings and a company may benefit from these improvements in service.

Check and Verify

A company should ensure that the outsourcing provider can provide the services it is seeking. For example, an IT company recently found that its contracted provider could fill 20 junior-level sales positions quickly but did not have the resources to recruit two vice presidents. The provider was recommended and assured the client that it could tackle both parts of the project. A company should ask for references and look for a track record in the related industry and function, if not geography. Experience is a good predictor of success. Asking detailed questions about how the work will get done is key. Experts want to speak with the best experts, people they know will make their organizations better. Top vendors are transparent about their processes, expertise and successes.

Look For Value

The costs may be higher the first year as an outsourcing provider familiarizes itself with the business and applies its capabilities. But the savings and other benefits may be significantly higher thereafter because of improved efficiency and higher productivity.

Choose Global Reach, Local Expertise

The economy may be more global but it requires unprecedented regional and local expertise. Outsourcing providers with worldwide reach but detailed knowledge of specific markets will be best able to find the talent companies quickly need to build on growth opportunities. Chronic skills shortages in many countries may prevent companies from finding workers in their own backyards. Instead, they will have to use methods of adding talent. Outsourcing providers' depth and breadth of talent may help them foresee roadblocks to growth.

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