

THE HUMAN SIDE OF OUTSOURCING

Government investment in training

Outsourcing, like spending, will more than likely always be an area that comes under scrutiny in the public sector. But with increasing areas of the public sector now being outsourced, it is probably no surprise that the question on everyone's lips is – how to get the best out of this strategy?

Skills and training are vital yet underused strategic tools in these austere times. The skills required by outsourcers are continually evolving as companies now look towards outsourcing providers as an extension of their own organisation. In spite of this, we seem to be experiencing the worst skills crisis of modern times.

It is a little worrying, that in these times of austerity, central government departments are not entirely sure how much is being spent and has rarely evaluated its impact on performance.

A 2011 report by the National Audit Office (NAO), entitled 'identifying and meeting central government's skills requirements', notes that weaknesses in departmental strategies and governance arrangements for identifying and addressing skills needs have limited the effectiveness of skills development activities in meeting departmental business needs.

Management responsibilities have been complicated and unclear, leading to incomplete and unreliable information on what skills development is being undertaken, by which members of staff and at what cost.

Amyas Morse, head of the NAO, said: "Tight public funding means that departments must find ambitious new ways of working to maintain and drive up levels of performance. Key

elements of success will be knowing what skills are needed and which staff have them, and then deploying those staff to where they are most needed. These key elements are not presently in place in many departments and need to be driven urgently to be in step with major change programmes."

If the government is struggling to recognise where it needs to invest its skills and training in 2012, this will have dire repercussions on all of its collaborative partners.

Ganesh Pai, Senior Vice President & Head, Insurance, Mphasis, said: "Government's estimate of £275m for training (or £547 for each civil servant) in 2009–10 seems like a significant underestimate. In addition, only 48% of civil servants said that the learning and development they received in the last 12 months had helped them to be better at their jobs."

The Skills Investment Strategy, released in 2011, sets out the government's aims to reduce bureaucracy, remove unnecessary interference from intermediary agencies, streamline the organisational skills landscape, remove unnecessary regulation, and introduce new freedoms and flexibilities.

The government could begin by looking at the private sector for numerous excellent examples of people investment and training – particularly in outsourcing arrangements. With careful learning and development planning, regular skills-mapping and a considered approach to funding barriers, the government should be able to deliver a skills system driven from the bottom up, able to respond to the needs of individuals, communities and an increasingly dynamic economy.

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Talent management

Yvonne Williams, NOA Board Member and MD, Mallard Drake, highlights the importance of talent management in the outsourcing industry.

Vital to the success of any business is to have the right people in the right place at the right time, and this is never more important than during periods of growth and strategic change. As outsourcing has developed and matured over the past couple of decades, it is essential for the UK to stay ahead of the European market and ensure it has the skills and talent required to cope with the changing industry.

Outsourcing is an extremely complex business tool and requires a range of skills and knowledge across many disciplines. There are four stages to the life cycle model which are required to implement a successful outsourcing deal. These stages require a good knowledge of contract negotiations, bid processes, due diligence procedures, procurement, relationship and vendor management, commercial acumen, awareness of risk (security, data-protection, intellectual

property, and political and economic) business re-engineering, change management, governance and crisis management.

Outsourcing clearly has an impact on talent. Mapping the talent required across the entire outsourcing programme will help to ensure a successful outsourcing programme and relationship with your chosen supplier.

As the table below shows, talent management analysis can not only help streamline your business practices but can help you understand your strengths and weakness which are vital for recruitment and training.

Even in a mature market, many organisations do not recognise the change in the skill sets requirements from an operational "business as usual" role pre-outsourcing to a supplier relationship role, post-outsourcing. This change often requires a need to re-train the retained work-force or hire new talent to successfully manage the programme.



Talent Management Analysis Example – Outsourcing Programme

Stage	Making the decision	Who, what, where	Vendor selection	Bid process	Transition	Programme delivery	Exit and renegotiation	Stage
RESOURCES REQUIRED	Board	Board	Benchmark specialists (EXT) -due diligence & governance (SS)	Procurement (BS)	Change Managers (EXT + BS)	Project/Programme Managers (EXT + BS + SS)	Business trouble-shooters (SS + BS)	RESOURCES REQUIRED
	Strategic Business Advisers	Specialist outsourcing advisers	Supply chain management (BS)	Supply Chain Management (BS)	Transition specialists (EXT + SS)	Systems Integration Specialists (EXT + BS + SS)	Dispute resolution professionals (SS + BS + EXT)	
	Accountants	Benchmark organisations	Procurement (BS)	Union representatives (EXT+ BS +SS)	Business Transformation specialists (EXT + BS + SS)	Vendor Managers (BS)	Business stakeholders (BS)	
	Economists	Risk assessors, geo-political, economic, regulatory, IP, data-protection	Business stakeholders (BS)	Sales / client directors (SS)	Union Representatives (EXT)	Client relationship Managers (SS)	Business process re-engineers (BS + SS)	
	Lawyers – in-house and external	Lawyers – in-house	Lawyers – In-house and external (BS + SS)	Lawyers – In-house and external (BS + SS)	HR (BS+SS)	Turnaround specialists (BS + SS +EXT)	Lawyers- In-house and external (BS +SS)	
		Business transformation specialists	Commercial Contract negotiators (BS + SS)	Commercial Contract negotiators (BS + SS)	Lawyers – In- house and external + Employment lawyers (EXT BS/ SS)	Programme trouble-shooters (BS + SS + EXT)	IT Solution architects (BS + EXT)	
		Procurement	Bid Managers (SS)	Bid Managers (SS)	Culture Change Specialists (EXT)	Service Delivery Managers (SS)	Bid Managers (SS)	
		HR	Finance Cost Analysis (BS + SS)	HR		Support Service Managers (SS)	Procurement (BS)	