

Chapter 5

Outsourcing of services or in-house staff?

Reasons to outsource services

Outsourcing services can be a very emotive subject as you are dealing with the livelihoods of your staff. It must always be approached in a sensitive way and must be carried out under the scrutiny of your entire department. The choice to outsource a service or to use in-house staff must be made on the basis of sound rationale and should take into account the following issues.

- Does the service work; if it isn't broken, don't fix it!
- Does the service fit the requirements of the site?
- Is the service financially sound, or does it need a new financial model?
- Is there a sound reason for change?

Does the service work?

Do you like change? Be sure of one thing, your staff won't. Unless you have a sound, rational reason to tinker with a system, then leave it well alone.

Warning

Never approach change like a bull in a china shop; be methodical in your approach and plan well in advance.

However, a good manager always looks to improve the service that he or she provides. You should continually appraise your service to see if it still meets your operational requirements. We have already looked at how operational requirements can change through the application of good customer service. Change for changes sake is a poor way to

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develop your working strategy for your team, although trying something new can be good in small steps; if you don't test something, you will never know if it works. You need to develop a strategy to deal with these minor tweaks rather than approaching them in a cavalier way.

Outsourcing versus using in-house staff is exactly the same in terms of how you should approach it. You should not source any service in-house without first having carried out some background work to determine the type of service you are likely to end up with and whether this service would be better for your department and your client. Be careful. Once you start down the road of outsourcing your service, you may find that, if this is successful, internal politics may create a desire to outsource all your operations. Change is not always bad, but it needs to be embraced by all your staff from the start.

Does the service fit the requirements of the site?

Your goal must always be to provide the best possible service for the site. Only when you understand your site can you start to make decisions about whether the changes you are planning best suit the site. The hope is that through good, sound management practices your organisation will continue to grow. This is a natural desire of all businesses. With growth comes change, and this is likely to have a number of effects on your site and the service you provide. Things such as waste and recycling become much bigger issues that require managerial and strategic decisions to cope with and to keep within legislative requirements. You may have to start to add services which have never been needed before to ensure compliance, e.g. you may need a specific person to deal with waste or recycling. Or you may see a synergy between roles, combining roles to create a more streamlined service. Your site should come first, not your desire to create an empire. Any assessment of a service provided must be based on facts and figures, not on aspirations.

Is the service financially sound?

No Facilities Manager is lucky enough have an open chequebook for the provision of services. Your service delivery must be based on sound financial judgements and projections of likely outcomes. Although quality and service are important, if they are not financially sound in their application they will not be successful. However, sometimes services need to be provided that do not have a sound financial basis. These services are those that contribute to an organisation's image. These services need to be clearly understood as areas that benefit an organisation, such as window cleaning, plant displays or litter-picking. The image of an organisation should never be undervalued,



particularly in educational institutions. The “learner experience” is far more valued these days and may rate almost as high as the education itself.

This “learner experience” is an area where Facilities Managers can enhance their contribution by developing service. My background is in educational FM, so this book is sometimes biased towards education, but the same principles apply to all FM practices.

Is there a sound reason for change?

Sometimes issues come along that demand a change to the way you are doing things, such as financial austerity, which is currently high on the list of any government-funded agency or body. These boom or bust scenarios have been with us before and will no doubt be with us in the future. Sometimes it can be an organisation’s response to these critical events that makes it stand out from the rest. Funding cuts sometimes enforce change and for the Facilities Manager

Note to self
When a business expands naturally, the services required will change. Always bear in mind whether you have the capacity to take on these new services, or whether you need to ask for additional resources.

this creates a challenge as to how to cut services while maintaining compliance. If a Facilities Manager truly understands his or her organisation and the services provided, then these judgements and decisions will be easier to take and will, in the long term, create a more robust organisation.

If you are asked to reduce your budget and are expected to do this without it having any effect on the services you provide, then the first thing you are likely to feel is indignation. The assumption is that, if you can reduce your budget without changing the service, then you have been over-budgeting all along. The truth is, every now and again you need to re-evaluate your budgets and the services you provide to ensure you are not suffering from “service drift.”

Service drift

Service drift is where the service you provide develops unchecked and becomes something completely different from the original service. A simple service can organically grow through success and become something

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completely different. Constituent parts of the service may develop, sometimes in an ad hoc way, to move the service on. This organic growth can sometimes lead to an over-complication of the service and duplication of administration. As a result of the way in which services grow, they may develop traits or good practice from other services. This is particularly true of administration. For example, you could have two independent services following similar “best practice” methods of administration, undertaken by two different people. It might be more practical and more economical to roll these two positions together into one post. This generates staff savings and may reduce the overall administration requirement of the organisation.

Care must be taken to make these sorts of decisions based on workload, not just on similarity of position. It is not practical to think that one person can suddenly take on the roles of two people unless there is capacity there and you can make genuine changes to your operation to reduce the overall administration workload in the first place.

We often over-complicate things, particularly processes, for little extra added value. It is these over-complications that we can target to make subtle changes to the way we work. Streamlining processes can sometimes lift a burden from staff, who may feel enlivened and released from unnecessary duties. We need to consider:

- Why do we do a process?
- What value does that process create?
- Are there any alternatives?

When we began doing something, we had a valid reason for doing it. Or did we? Sometimes we do things because we feel we should. This is particularly prevalent in the public sector, where information and audit processes are so important.



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List all the administration processes that take place in your department, lay them out side by side and look for similarities between them and any items that are duplicated. This can be your starting point for review.

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Note to self

Do we know if the things we do are worthwhile? Sometimes we do something because we think it is the right thing to do, but without it creating any real value.

However, unifying processes may take that requirement away. Sometimes we collate information and statistics on one system, only to enter the same data on another system. This duplication of processes may go unnoticed and you may find it has been a constant cause of irritation to the staff who have been implementing it. This kind of duplication is rife in most departments and can become embedded in their culture.

Note to self

Make sure you fully understand every aspect of the service being provided before you construct the specification. Essential items are: who provides the service; what is the service they provide; when do they provide the service; who do they provide that service to; and where do they provide the service?

If you use this concept for all your contracts, you can focus on each one in turn.

Are you able to quantify the value of the process? In other words, do you ever use the information the process provides and is it really of any use? Again, you will probably find this has been a constant source of irritation to all your staff, but it has never been challenged.

You need to consider whether anybody has ever looked for alternatives to these processes or thought why you do them. Also, is there a better way of doing this? Sometimes departments never challenge why processes were

started in the first place. If this culture is endemic, then you have a good chance of being able to make substantial changes without affecting the service provided.

Outsourcing: advantages and disadvantages

There are two types of outsourcing, each of which should be dealt with separately and which require a different approach. The first is simply buying in a contracted service from an external provider; the second is more protracted and involves market-testing an in-house function.

Outsourcing in its simplest terms is buying a service from the open market. To undertake this, you need to have:

- A formal specification of what is required, including service levels.
- A contract period, i.e. when the service will start and when it will end.
- The financial parameters of the contract, such as payment terms, how additions and deletions will be dealt with, the financial penalties to be imposed if the contract is not met and the bonuses awarded for successful completion.