

## TECHNOLOGY TRENDS

## TECH IN BLOOM

# If Your Only Tool Is a Hammer, Every Challenge Looks Like a Nail

Avoiding those uncomfortable moments when everyone is, miraculously, an outsourcing guru.

By Naomi Bloom



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**M**y previous three columns helped ensure that you're prepared to answer any question about the current state of your organization's HRM outsourcing. Now it's time to ask your own questions when colleagues throw out the "Why don't we...?" questions. When faced with an expression of outsourcing interest or opportunities for further outsourcing, one should always ask (and be prepared to answer) the following:

- Is this outsourcing proposal compatible with our strategic business and HRM plans (to improve our competencies in our strategic HRM processes), or is it intended to address temporary tactical problems (such as a reluctance to invest in the next HRMS upgrade)?
- Are the outsourcer's employees (or our employees transferred to the outsourcer) going to give us better service than our own workforce? Why? How? In the face of tight deadlines and downward pricing pressures? If the provider is "hiring" our staff, how will we gain an increase in their proficiency? If the provider isn't hiring our staff, what will we do with them?
- How will we develop excellent HRM and HRMDS strategists, HR generalists and specialists, and HRM software vendor and outsourcing provider managers if we accept this outsourcing proposal?
- How will we control costs with sufficient granularity if the provider bundles everything into one fee? What pricing structure(s) would work best? Is that what is proposed?
- What are the implications of this outsourcing proposal if we merge with another organization of our size? What if we divest a major part of our organization?
- What are the implications of this outsourcing proposal if another organization wants to buy us? Are there any unattractive contract buyout provisions? Any unattractive migration considerations if we were to move to the acquirer's capabilities?
- What are the implications of this outsourcing proposal if we sell off peripheral businesses and focus on our core business(es)? How are contract fees adjusted when business activity slows and/or we downsize? What about when we grow and/or business activity quickens?
- How do we know that these financial projections

are accurate? What assumptions (simplifying, optimistic, or plain misleading) have been used to prepare these numbers?

- Since change is a sure thing, how can we be sure that the proposed outsourcing contract will protect us as much as it protects the outsourcing provider when change happens? Against what change scenarios should we test this proposal? What changes will our employees/managers notice? Will these changes be received as positive? What's the upside and downside on their reactions on their productivity and on organizational outcomes?
  - Will our best HR and HRMDS staff resign the minute they sense the intent of this outsourcing proposal? What's the upside and downside if they do?
  - Why is this being discussed/proposed now? What's the impetus for this outsourcing proposal? Is the timing convenient with respect to our HRMDS planning cycle, budget cycle, organizational change cycle, etc.?
  - What is the fit between what's being proposed in terms of process design, data structures, business rules, etc., and what we do today or wish to do? What scenarios should we use to test all the important topics?
  - Is the impetus for this outsourcing proposal contained in an investment plan to bring our current HRMDS to meet the standard needed to sustain our business? If we took a careful look at what our HRMDS needs to support our business outcomes, would we be shocked by the level of investment?
  - Are there any unspoken motivations behind this outsourcing proposal, e.g., is it a substitute for examining what may have been poor decisions already made in our choice of ERP vendors, systems integrators, benefits consultants, etc.? Are there internal politics at work? Is it possible that the proposer is hoping to deflect attention from their own part of the organization by stirring up some dust in HR? Is it possible that the outsourcing provider putting forth this proposal has something other than our business needs and best outcomes in mind?
- If you think these are tough questions, the best are yet to come! When I finish this series, it will be time to propose specific scenarios, affectionately known as "Naomi's Killer Scenarios," to help ferret out reliable answers to those questions that bear on provider capabilities. **HRD**