

# To Outsource or not to Outsource, These Are the Final Questions

Part three of our three-part series on deciding whether or not to outsource your HRMDS.

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**A**s promised, this is the third and final column that poses the questions related to HRM outsourcing activities for which HR leaders need ready answers. There's a clear pattern in these questions, which began in the January/February issue of the magazine, with ensuring that HRM outsourcing decisions are grounded in our business and HRM strategy.

Last month, we looked at our current levels of HRM outsourcing activities, a topic we'll continue this month. We'll also focus on the things that could "go bump in the night" if you fail to pay sufficient attention to them. Here are the final questions you should be asking yourself when making a decision to outsource your HRM delivery system (HRMDS):

- Would more or less outsourcing affect costs in a positive way without adversely affecting the quality, timeliness, other important measures of process outcomes, or required business outcomes?

Answering these questions...is important to our successful use of HRM outsourcing as a means of achieving high-quality HRM outcomes in support of the organization's business outcomes.

- What are our decision criteria for when, how, to whom, and with what service level agreements (SLAs) we will outsource each type of HRM process, collections of HRM processes, and integrated collections of HRM processes, including shifting major responsibility for the overall HRMDS to the provider?

- Who makes these decisions and are there any pending opportunities to influence them? Should we?

- How do we decide on the scope of each outsourcing relationship? Are we inclined toward one-off or more integrated arrangements? Why or why not?

- How do we manage these relationships? What are the governance structures and processes? What are the performance incentives? Are there any problems with these relationships? If so, what problem resolution techniques are we using, and are they working?

- What is the HRM business model against which we consider processes for outsourcing? Does it match each SLA already in place? What changes, if any, should we be considering in our HRM business model and in the related outsourcing relationships? Do we even have an HRM business model (i.e. an integrated view of our HRM processes, data, business events, etc.)?

- What is our process for monitoring the financial and market health of our providers? Are we the first to know if there is a pending M&A? What about a management change or a change in their offering? Or a nasty scandal? Are we investing enough in our competitive intelligence effort? Are we able to monitor the financial health, market performance, and future direction of our providers well enough to ensure the success of our outsourcing relationships? Can we identify new providers that we should consider?

- Are there any changes or expected changes affecting our providers? Are they to our good or not?

- Would we be better able to achieve our HRM business outcomes with the capabilities of our HRMDS enhanced by further outsourcing and/or more integrated outsourcing? If not, why not? If yes, why?

- Are there any nasty surprises awaiting us within our in-house HRMDS platform components? What about from Oracle's acquisition of PeopleSoft? What about maintenance issues if we're the last firm running on Tesseract, Integral, or another older platform? What if the vendors for our talent management, workforce management, performance management, etc. software decide it's time to cut their losses?

Answering these questions, as well as the ones presented in the previous two columns, is important to our successful use of HRM outsourcing as a means of achieving high-quality HRM outcomes in support of the organization's business outcomes—and that is the real purpose of HRM. But no matter how prepared we are, there are always those unexpected, and often unwanted, outsourcing suggestions that our colleagues provide. So that we're not sidetracked by suggested adventures in outsourcing, next month's column will help us consider such suggestions. **HRO**