

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

Part one of a series on what every HR executive needs to know before taking the plunge into HRM outsourcing. **By Naomi Bloom**

**W**hether or not your organization outsources one or more human resource management (HRM) tasks, functions, or processes today, or if you're considering or are already in a fairly comprehensive HRM BPO relationship, the responsibility for all such decisions lies very much with HR leadership. The CIO, CFO, and/or CEO may be the instigators, protagonists, or final approvers—which is increasingly the case in more comprehensive HRM BPO relationships—but HR leadership must make any such HRM outsourcing decisions work and work well.

Where there is responsibility, there is the opportunity for celebrating successes. This is always a good thing, albeit occurring less frequently than we would like. Unfortunately, there is also the all-too-frequent opportunity for paying the price—litigation, lack of compliance, lost productivity, lost talent, lost opportunities, lost money, and/or disrupted career—for failure. Since you are going to bear that responsibility, you will need to have the relevant information at your fingertips to assess the current state of outsourcing in your organization, to plan for any desirable additional outsourcing, and to head off at the pass any undesirable outsourcing adventures thrown out as suggestions at the next executive team meeting.

Beginning with this column and continuing until I've run out of questions, we are going to tackle first those issues that address the current state of your HRM outsourcing for which every HR leader needs ready answers. Then, just when you've thought that every question had been asked (for which you've prepared answers), we're going to cover the questions that you should be prepared to answer when one of your colleagues—fresh back from a seminar or outsourcing provider sales pitch—casually suggests that more/less/total HRM outsourcing is just the ticket. By the time we're finished, you'll have questions and answers for every occasion. Simply load these into the PDA that you got for Chanukah/Christmas/Kwanza, and you will be ready for HRM outsourcing action.

## ALWAYS START AT THE BEGINNING

Before considering outsourcing, or any deployment tactic for your HRM policies, practices, and processes, we must ask and answer these most important questions:

- What are the HRM business outcomes to which all of our HRM processes and the HRM delivery system (HRMDS) must contribute? How are these intended contributions going to be made and by when? At what levels of investment for what target values of the HRM outcome metrics? And who is accountable for what outcomes?
- What would our HRM processes and HRMDS need to look like to achieve these business outcomes? How does this future state of our HRM business model compare to our current state HRM business model? How does this future state HRMDS compare to our current state HRMDS?
- How are we planning to close these gaps? What are the benefits of closing these gaps? Are they sufficient to warrant the planned effort? Can we afford that plan?

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The key point of these questions is that if you have no vision of your HRM business, no idea by what metrics you'll measure progress toward that vision, and no idea what business outcomes are needed from the HRM aspects of the business, then you'd better get these points nailed down before you dive into outsourcing or any other deployment tactic. Without a clear strategy for the HRM aspects of the business and without a well-defined HRM domain model, to include the relevant metrics, on what possible basis would you select outsourcing or any other deployment tactic? In the simplest of terms, if you don't know where you're going, it really doesn't matter your form of transportation—you'll still end up running in a circle. **HRO**



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