

HR Sourcing: it's a question of balance

HOW PROFESSIONAL ADVISORS CAN ADD VALUE TO THE PROCESS

This final briefing in EquaTerra's 8-part Guide to Sustainable Sourcing looks at the need for sourcing advisors and the role they can play in ensuring your strategic decisions are based on a balanced perspective.

A common theme in the previous seven briefings in this series is that significant benefits can be gained from working with a specialist sourcing consultancy. In Briefing two – The reality of outsourcing - a personal view – the writer makes a particularly salient point: 'Our consultants and advisors paid for themselves, versus trying to do the deal without them.'

Every sustainable sourcing strategy is a question of balance. It's rare that a business will outsource every part of an existing internal process – much may go, but some things will almost certainly stay. That begs three major questions:

- 1. What should stay and what should go?**
- 2. Where should the bits that need to go, go to?**
- 3. How should you manage the bits that have gone, after they've gone?**

In all cases an experienced advisor can add significant value to making the best decision.

In helping decide what should stay and what should go a good advisor will be able to call upon experiences that will have many similarities to your business case. Yours will not be the first business to face these challenges, and learning from

other's circumstances can shed valuable insight on those you face yourself.

When it comes to selecting service providers an advisor who is constantly active in the sourcing marketplace should have total knowledge of suppliers' skill sets and resources. In the first place this will save time and money by helping to narrow down the likely players to a shortlist of two or three. In today's competitive seller's market an advisor will also know how to prepare your request for proposal (RFP) to make your bid viable and valuable for the service providers.

Several of the Briefings in this series have covered the need to avoid pitfalls that occur after the 'deal is done'. Sourcing management begins well before the new provider takes responsibility, and in this case an advisor will know how to structure the best practice processes required to ensure continuity and increasing value throughout the life of the contract.

BALANCED DISCIPLINE

From our perspective the following disciplines are essential in order to add value to the strategic sourcing decision:

- The ability to balance internal and external resources to transform a business process based on expertise, experience and fact
- The ability to deliver objective and truly independent 'supplier-agnostic' counsel
- The ability to effectively and efficiently guide the entire 'transformation journey'

from initial strategy through internal design or external service selection to transition and ongoing relationship management.

Equally important is the cultural ability to communicate with you and your team and 'tell it as it is', working in a collaborative and non-confrontational fashion to balance the needs and opinions of all parties.

In this sense individual advisors need to understand corporate strategies and cultures, and come to the table as authoritative and respected time-served practitioners with deep process and service provider knowledge. They need the astuteness to know 'what counts and when', and the ability to deliver long-term counsel throughout the lifecycle of the business decision.

BALANCING THE BENEFIT, RISK AND SPEED

Once an 'in principal' decision to outsource has been made the natural inclination of most businesses is to crack on at full speed. In fact this often underestimates the complexities and nuances of achieving necessary buy-in from all stakeholders.

By definition sustainable strategies are long-term and an advisor will help you realise that the success of any project is not simply measured by an audit of deliverables, a Service Level Agreement and a signed contract. A more important output is the ability of a business to sustain and carry on the transformation strategy once the outsourcing management organisation is in place and the advisory work is complete.

While outsourcing can be complex, careful planning and communication make it manageable. If the team understands the challenges of stakeholder communication and change management they can develop support and maintain momentum for the 'future state' model. Only then will the result be the optimal balance of benefit, risk and speed for the business.

BALANCED PROCESS MANAGEMENT

A good advisor will always ensure collaboration between your team and potential service providers throughout the process. De facto this helps align the enterprise transformation requirement with suppliers' inclination to provide services in what is increasingly becoming a sellers' market.

By the time the team starts short-listing suppliers for the RFP process, the advisor should already have identified the critical issues and managed the majority of cultural expectations. In most cases this means internal assumptions will be challenged on both sides of the relationship.

Striking the right balance between what stays and what goes offers the opportunity to work through a variety of scenarios and their likely consequences. At times like these the details of the negotiation is still potentially confrontational and a consultant with no service provider ties or dependencies can take any 'heat' out of the situation.

A BALANCED PERSPECTIVE

At the end of the day your ideal advisor will be able to offer relevant experience and extensive contemporary knowledge of both the sourcing market place and best practice processes.

We cannot speak for other consultancies, but in the case of EquaTerra our team has led over 600 outsourcing transactions and 100 shared services and internal transformation projects. Our advisors have completed more HR outsourcing engagements than anybody else in the industry.

We also have extensive experience in IT, Finance and Accounting, and Procurement projects which gives us years of market and service provider knowledge, backed by a proven toolkit and best practice methodology.

Everything taken together we believe EquaTerra has a comprehensively balanced perspective of the sourcing landscape. Using our extensive knowledge, expertise and experience we will help guide you to sustainable sourcing success.

ABOUT EQUATERRA

EquaTerra (www.equaterra.com) is a global sourcing advisor working with clients to develop strategies that build sustainable and effective business transformation from selective sourcing. EquaTerra helps clients assess their sourcing requirements, review potential suppliers, select and contract with a

provider, and manage the ongoing relationship and governance. EquaTerra's 185 advisors work on sourcing projects across North America, Europe and Asia Pacific. In the last three years they have completed over 600 sourcing projects in HR, IT, Finance and Accounting and Procurement.

If you would like to know more please contact us on

+44 207 100 7766

EQUATERRA
EUROPE