



HELPING HR TRANSFORM

To become the single recognized community for improving the quality, effectiveness, and efficiency of the processes involved in supporting and enabling the outsourcing of HR services including learning, recruitment, and other HR processes.

HROA -- HR OUTSOURCING LIFECYCLE METHODOLOGY

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Background

- **The Life Cycle initiative defines the standard phases of the HRO Outsourcing lifecycle.**
 - The phases identified are flexible to fit easily into existing methodologies deployed in the industry
 - For each phase identified, the goal of the phase, the expected deliverables, and optimal staging approaches are shown
 - The definition shows the key participants in each phase
 - An identification of “standards” applied in each phase is provided
- **The Life Cycle is cyclical – near the end of Phase 4 the process starts over with defining the strategy for the next iteration.**



Outsourcing Lifecycle Overview

Phase 1	Phase 2	Phase 3	Phase 4
Determine Strategy <ul style="list-style-type: none"> ➤ Establish HR Service Delivery Strategy aligned with business strategy ➤ Assess current delivery ➤ Define future delivery expectations ➤ Identify gaps ➤ Develop solution options ➤ Develop Opportunity Case ➤ Validate key stakeholder approval 	Define Solution <ul style="list-style-type: none"> ➤ Conduct sourcing (internal and external) ➤ Define internal transformation ➤ Finalize Business Case ➤ Conduct Due Diligence ➤ Identify risks and mitigations ➤ Determine governance structure ➤ Develop transition plan ➤ Complete negotiations and contractual documents** <p>** This component can be extracted and treated as a separate phase if desired.</p>	Implement Solution <ul style="list-style-type: none"> ➤ Implement outsourced services (internal and external) ➤ Execute change management and communication strategy ➤ Complete internal transformation ➤ Realign and implement retained organization ➤ Implement governance organization and processes. 	Monitor & Optimization <ul style="list-style-type: none"> ➤ Measure activity ➤ Analyze performance quality and financial impact ➤ Improve / add services ➤ Monitor issues and compliance ➤ Perform regular contract checkpoint



Outsourcing Lifecycle – Phase 1

Phase	Key Phase Deliverables	Parties & Responsibilities
<p>Define & Assess Strategy</p>	<ul style="list-style-type: none"> ➤ HR Services Delivery Strategy ➤ HR Current State Including Baseline Costs and Process Maturity and Best Practice Assessment ➤ HR Future State Delivery Model ➤ Opportunity Case ➤ Risk Assessment & Mitigation Strategy ➤ Gap Analysis ➤ Stakeholder Identification & Communication Strategy/Plan ➤ Sourcing Strategy ➤ Retained Organization Strategy ➤ Change Management Strategy ➤ Implementation Roadmap 	<p><u>Primary Participants:</u> HR Executive</p> <ul style="list-style-type: none"> • Sponsor and Decision Maker <p>HR Process Leaders</p> <ul style="list-style-type: none"> • Subject Matter Knowledge • Development/Review of Work product <p>HR Country Leaders</p> <ul style="list-style-type: none"> • Subject Matter Knowledge • Development/Review of Work product <p>IT Process Leader</p> <ul style="list-style-type: none"> • Subject Matter Knowledge • Development/Review of Work product <p>Finance</p> <ul style="list-style-type: none"> • Base case Work product <p>Third party Advisor</p> <ul style="list-style-type: none"> • Outsourcing Expertise • Development of Work product • Service Provider Knowledge • Process facilitation <p><u>Others:</u></p> <ul style="list-style-type: none"> • Procurement • Corporate Communications • Organization Design/Development • Legal
<p>Goals</p> <p>The strategy phase defines the overall expectation for the outsourcing initiative. It aligns the solution with the larger business strategy. The strategy identifies the current state, the desired future state, and the “roadmap” to achieve the future state.</p>	<p>Representative Phase Timing</p> <p>8 – 16 weeks depending upon number of processes and number of countries.</p>	
<p>HROA Standards Applied</p> <p>Service Catalogue</p>		
<p>Implications if Missed</p> <p>Lack of strategy can result in reactive rather than planned change and may yield a patchwork solution rather than something that supports a larger business strategy. It can complicate subsequent phases due to missing critical steps in data collection and in defining the desired outcome and aligning expectations.</p>		




Outsourcing Lifecycle – Phase 2

Phase	Key Phase Deliverables	Parties & Responsibilities
<p>Define Solution</p>	<ul style="list-style-type: none"> ➤ Scope confirmation & RFP (with all components) ➤ Identification of candidate service providers ➤ Updated Decision Matrix ➤ Change Management and Communication Updates/Activities ➤ Evaluation of proposed solutions and pricing resulting in downselect ➤ Site Visits & Due Diligence <ul style="list-style-type: none"> • Prepare data room • Conduct workshops • Conduct due diligence process • Review findings ➤ Solution and price finalization (post due diligence) ➤ Recommendation presentation(s) ➤ Contracting (development of documents and negotiations) resulting in final agreement and supporting documents including define & agree transition milestones ➤ Transition Governance Organization Design & Build 	<p><u>Primary Participants:</u></p> <p>HR Executive</p> <ul style="list-style-type: none"> • Sponsor and Decision Maker <p>HR Process Leaders</p> <ul style="list-style-type: none"> • Subject Matter Knowledge • Development/Review of Workproduct <p>HR Country Leaders</p> <ul style="list-style-type: none"> • Subject Matter Knowledge • Development/Review of Workproduct • Consolidation of end user input <p>IT Process Leader</p> <ul style="list-style-type: none"> • Subject Matter Knowledge • Development/Review of Workproduct <p>Finance</p> <ul style="list-style-type: none"> • Base case Workproduct <p>Third party Advisor</p> <ul style="list-style-type: none"> • Outsourcing Expertise • Development of Workproduct • Service Provider Knowledge • Process facilitation <p>Service Provider</p> <ul style="list-style-type: none"> • Solution <p>External Counsel</p> <ul style="list-style-type: none"> • Contracting Support <p><u>Others:</u></p> <ul style="list-style-type: none"> • Procurement • Corporate Communications • Organization Design/Development • Legal
<p>Goals</p> <p>The solution phase defines the overall solution. This may be a combination of externally sourced solution components and internally developed solution components.</p>		
<p>HROA Standards Applied</p> <p>Service Catalogue Service Levels Pricing Units</p>		
<p>Implications if Missed</p> <p>Not completing this phase adequately increases the risk of issues with the design, sourcing, solution, and contracting for the solution. Thus the resulting solution may be incomplete or insufficient to reach performance and cost savings targets</p>	<p>Representative Phase Timing</p> <p>10 – 20+ weeks depending upon number of processes, number of countries, and number of service providers considered. The negotiation/contracting time frame can be somewhat unpredictable assume 6 to 36 weeks.</p>	

Outsourcing Lifecycle – Phase 3

Phase	Key Phase Deliverables	Parties & Responsibilities
<p>Implement Solution</p>	<ul style="list-style-type: none"> ➤ Retained Organization Design & Build Operational Governance Organization Design & Build ➤ Detail Transition/Implementation Plan ➤ Transition & Implementation Workproducts <ul style="list-style-type: none"> ➤ Includes both components from the service provider and internal ➤ This is typically phased across process and/or countries. ➤ May incorporate pilot implementations for some populations ➤ Fully documented training materials (desktop procedures, policies, rules and authority parameters, escalation requirements) ➤ Implement “new” retained organization ➤ Implement governance organization and processes <ul style="list-style-type: none"> ➤ Implement performance metrics monitoring and reporting ➤ Go Live and Stabilization ➤ Decommission old systems and solution 	<p><u>Primary Participants:</u> HR Executive</p> <ul style="list-style-type: none"> • Sponsor and Decision Maker <p>Transition/Implementation Leaders (SP & Client)</p> <ul style="list-style-type: none"> • Delivery of Transition <p>HR Process Leaders</p> <ul style="list-style-type: none"> • Transition Workproduct • Governance <p>HR Country Leaders</p> <ul style="list-style-type: none"> • Transition Workproduct • Change Management • Governance <p>IT Process Leader</p> <ul style="list-style-type: none"> • Transition Workproduct • Governance <p>Finance</p> <ul style="list-style-type: none"> • Governance <p>Third party Advisor</p> <ul style="list-style-type: none"> • Process facilitation <p>Service Provider</p> <ul style="list-style-type: none"> • Transition • Operations • Governance
<p>Goals</p> <p>The implementation phase is where the solution is delivered to the organization. This phase needs to address both what the service provider delivers plus the changes required in the customer organization.</p>		
<p>HROA Standards Applied</p>		
<p>TBD</p>		
<p>Implications if Missed</p>	<p>Representative Phase Timing</p>	
<p>Not executing well on the requirements of this phase result in a solution being poorly implemented and both parties being dissatisfied with the relationship. Can have serious financial implications for all parties.</p>	<p>3 - 36 months depending upon number of processes and number of countries. Can also be impacted by the amount of process change undertaken. Single process without significant technology changes 3 – 6 months.</p>	<p><u>Others:</u></p> <ul style="list-style-type: none"> • Procurement • Corporate Communications • Organization Design/Development • Legal

Outsourcing Lifecycle – Phase 4

Phase	Key Phase Deliverables	Parties & Responsibilities
<p>On-going Monitor & Optimization</p>	<ul style="list-style-type: none"> ➤ Weekly monitoring and reporting ➤ Corrective Action Management – root cause analysis/ action plans ➤ Monthly monitoring and reporting ➤ Quarterly checkpoints ➤ Annual review and recommendations ➤ Periodic contract review ➤ Services reviews and changes (typically driven by significant business changes) ➤ Services change orders (typically driven by routine business changes) ➤ Contract assessment and realignment (often done periodically during a long term contract) ➤ Preparation for contract end/renew ➤ Continuous Process Improvement Management ➤ Upgrade Management ➤ Commercial and Demand Management ➤ User Satisfaction Monitoring 	<p><u>Primary Participants:</u> HR Executive</p> <ul style="list-style-type: none"> • Sponsor & Decision Maker <p>Governance Team</p> <ul style="list-style-type: none"> • Manage contract terms, scope of services, Service Level commitments • Maintain business alignment <p>HR Country Leaders</p> <ul style="list-style-type: none"> • Local Liaison/ contract terms, scope of services, Service Level commitments • Local Liaison business alignment <p>Third party Advisor</p> <ul style="list-style-type: none"> • (as required) <p>Service Provider</p> <ul style="list-style-type: none"> • Deliver on contract terms, scope of services, Service Level commitments • Engage client on continuous improvement, industry alignment, compliance, technology enhancements <p>HRIT Representatives</p> <ul style="list-style-type: none"> • Upgrade integration & testing
<p>Goals</p> <p>This phase is where the services are delivered over the life of the relationship. This phase needs to ensure that the services are delivered per agreement and that the relationship stays current with business needs.</p>		
<p>HROA Standards Applied</p>		
<p>TBD</p>		
<p>Implications if Missed</p> <p>This phase requires discipline-if not applied service issues emerge and the value of the initiative is diminished. Financial implications for all parties. End users may resist compliance and/or create shadow services to better meet needs not addressed.</p>	<p>Representative Phase Timing</p> <p>3-10 years Service reporting conducted monthly Service reviews conducted annually at a minimum Contract reviews conducted periodically</p>	<p><u>Others:</u></p> <ul style="list-style-type: none"> • Procurement • Corporate Communications • Organization Design/Development • Legal 

Outsourcing Life Cycle – Team Considerations

- On multi-process, multi-country undertakings it may be necessary to adopt a formal PMO construct to manage the project/initiative. As the project progresses through the phases the members of the PMO may increase to include the service provider and external counsel.
- The time commitment of the members of the PMO tends to increase with each phase. It is important to consider assigning some team members to the initiative full time.
- The project should implement project management/governance disciplines including:
 - Project Mission Statement
 - Project Governance Strategy
 - Project Decision Matrix
 - Project Plan & Charter
 - Project Repository
 - Project Status Reporting
 - Project Issue Management
 - Each phase at phase end should refine the plan for the next phase



For Further Information

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