

Outsourcing

COMMUNICATION

LEVEL

Upper-intermediate

NUMBER

EN_BE_3806X

LANGUAGE

English

lingoda





Goals

- Can understand terminology associated with the concept and common practices of outsourcing
- Can use new vocabulary to discuss the benefits and dangers of outsourcing







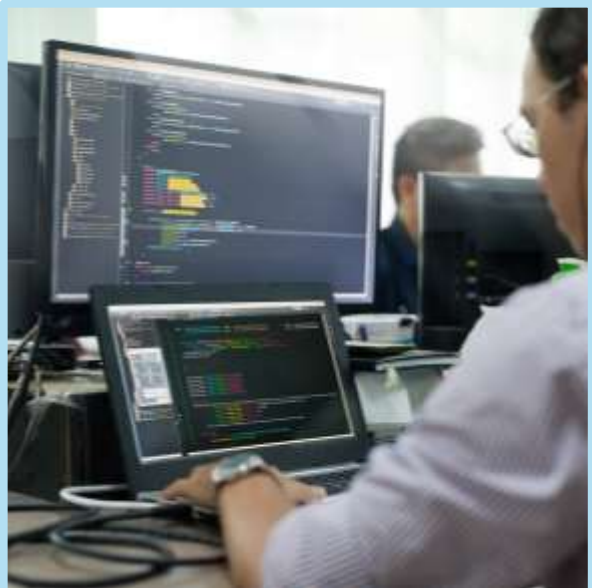
Warm-up

**What do you think outsourcing means?
Provide the teacher with some examples.**





Outsourcing



Does your company practise **outsourcing**?

Talk to your teacher about the type of **outsourcing** you have had experience with.



Outsourcing

- Outsourcing is the process of **delegating services** to an **outside supplier** or **source**.
- It is a compound word which is formed by joining the words *out* + *source*.



We have decided to **outsource** our customer service department to cut costs.



Different types of outsourcing

Outsourcing can take a variety of different forms. It can refer to the outsourcing of professional services, manufacturing and operations.

local outsourcing

- The outsourced team is based close enough to the company to be able to meet.

offshore outsourcing

- The service or product is developed at a distance. This often requires more input and specifications.

regular outsourcing

- Companies sometimes rely on regular contractors and freelancers for consistency and quality control.

Outsourcing can also be completed by individuals or firms.

- In some cases, companies will hire **freelancers** to complete tasks on a project-by-project basis.
- Firms can also be hired to provide **outsourced services**, taking over entire departments of a company.



Benefits of outsourcing

- **Outsourcing** can provide many benefits to a company. Hiring **contractors** and workers from outside the company can often **cut down on costs** that come with hiring long-term staff.
- Companies can also **diversify** their activities, as certain processes are taken care of by **external labour**. This extra focus can also help make a business easier to manage, as a company can focus on its **core processes and operations**.

benefits of outsourcing

Tasks are allocated to experts and specialists.

Company can concentrate on core operations.

Reduced costs.

Can help with a higher demand for certain services.





Useful vocabulary

to downsize

We may have to **downsize** the customer service department.

to reduce costs

The project will be completed by a team of contractors to **reduce costs**.

in-house

This is an important project, so it is better if we keep it **in-house**.

to freelance

Deciding to **freelance** can be intimidating at first.

headquarters

The meeting will take place at the company **headquarters** at noon.

facilities

While working on the project you have access to all of our **facilities** and resources.



Talk to the teacher

Explain the following types of outsourcing to the teacher.

local outsourcing

regular
outsourcing

offshore
outsourcing

individual
outsourcing



Explain the benefits

**Your restaurant has decided to outsource its cleaning services.
Explain your decision, along with its benefits, to the team.
Try to use the vocabulary below.**



to downsize

in-house

facilities

to reduce costs

to freelance

contractor



Dangers of outsourcing

**What do you think
the negatives of
outsourcing are?**



Dangers of outsourcing

- There are also potential **drawbacks** to outsourcing.
- Placing responsibility of a product or service in external hands can result in a **loss of control** over the processes and outcomes. **Quality control** can often suffer unless very clear instructions and **specifications** are provided.
- There can also be **hidden costs** – projects can run overtime and daily fees for contracted workers can often be high.

dangers of outsourcing

hidden costs

less responsibility and oversight

risk of projects running overtime

quality control





Hidden costs

- Outsourcing can also be costly if management haven't carefully **calculated** the risks.
- Companies looking to outsource some of their processes should be aware of some of the **hidden costs** involved.

Costs of managing and coordinating contractors.

Greater risk of poor or substandard product.

Errors from miscommunication.

Establishment and transition costs.

Loss of expertise within the company.





Role play

You manage an internet service provider. You are planning to outsource your customer service department to a company abroad. Discuss some of the potential hidden costs with your teacher. Is it worth it?





Big question

**Does outsourcing
always result in a
reduction in
costs?**

**Explain your
answer.**



contractors

A **contractor** is an independent employee that works on contract to do work or provide services for another company. They are often hired on a temporary basis. Contractors typically work for a certain amount of time on a project and are paid based on the hours worked.



We will hire five new **contractors** to ensure the project is completed on time.

freelancers

Freelancers work for clients for a short amount of time and are paid a fixed amount to do a defined job. Freelancers tend to work from their own home or office and undertake multiple jobs at one time.



Freelance workers typically have increased flexibility, but less security when it comes to working conditions.



Talk to the teacher

What sort of services do you think are often outsourced?





Services and tasks which can be outsourced

The most commonly **outsourced** activities are those which require **expertise** and knowledge – IT, accounting, graphic design and programming are some examples.



As **communication technology** becomes more effective, hiring outside help becomes cheaper, and physical distance proves less of a barrier when it comes to giving instructions, guidance and specifications.

Outsourcing is more prevalent in certain industries. For example:

- IT
- entertainment industry
- cleaning
- marketing
- customer service
- accounting
- training
- HR



Explain your answer



Which services or tasks should never be **outsourced** in a company?

Justify your answer to the teacher.



What is not outsourced

- However, not everything can be **outsourced**.
- Jobs which involve physical interaction and presence are much more difficult to **outsource**, though **intelligent machines** and technology are making this increasingly possible.
- **Core company processes**, like security, communication with clients and ideas, should be kept **in-house** for the **internal stability** of the firm.





Explain

Explain to the teacher how the following industries might benefit from outsourcing.
Use the pictures to provide you with ideas.





Fill in the gaps

Please fill in the gaps with the words provided

headquarters

downsize

expertise

contract

freelancers

1. We have taken the decision to _____ certain departments in order to reduce costs.
2. This task does not necessarily need to be performed in-house. It could be more efficient to _____ it out.
3. Unfortunately, outsourcing may lead to a loss of _____ within the company
4. _____ often work from home.
5. The _____ is based in New York.





Explain to the teacher

You are the business owner of a graphic design company. It has been a very busy season and you are at the point where you have more work coming in than you can handle with current staff. What will you do? Use your knowledge of outsourcing to choose the best option, explaining your reasoning to the teacher.

hiring contractors
and freelancers

hiring more in-
house employees



A blank sheet of lined paper with a spiral binding on the left side, intended for writing an explanation.



Reflect on the lesson

Take a moment to review any new **vocabulary, phrases, language structures** or **grammar points** you have come across for the first time in this lesson.

Review them with your teacher one more time to make sure you don't forget!





Answer key

Exercise p. 24

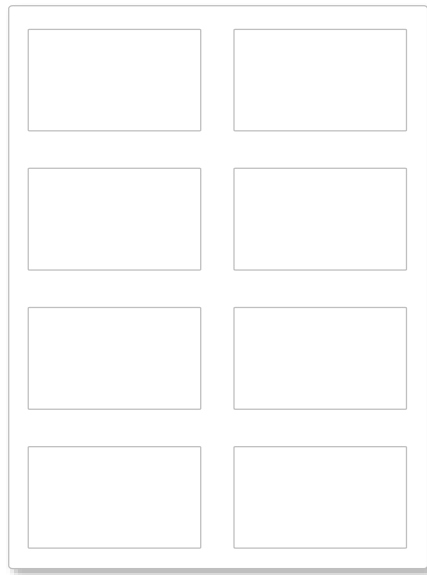
1. Downsize
2. Contract
3. Expertise
4. Freelancers
5. Headquarters





Flash cards

Create flashcards to help you memorise vocabulary related to outsourcing.





Write an e-mail

As the manager of a company in your industry, write an e-mail to your team explaining why the firm will be outsourcing its customer service department.

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To: staff@lingoda.com

Subject: Update on the customer service department

Dear team,

I would like to take the time in this e-mail to give you an update on our recent restructuring decisions...

Firstly,...



About this material

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