BUSINESS CASE FOR OUTSOURCING JOURNEYS

CLIENTS OUTSOURCE FOR A NUMBER OF REASONS

To deliver direct resource savings. An obvious benefit of outsourcing is that economies of scale are achieved using a third party provider who supports many organisations. The economies of scale achieved reduce costs relating to people and assets.

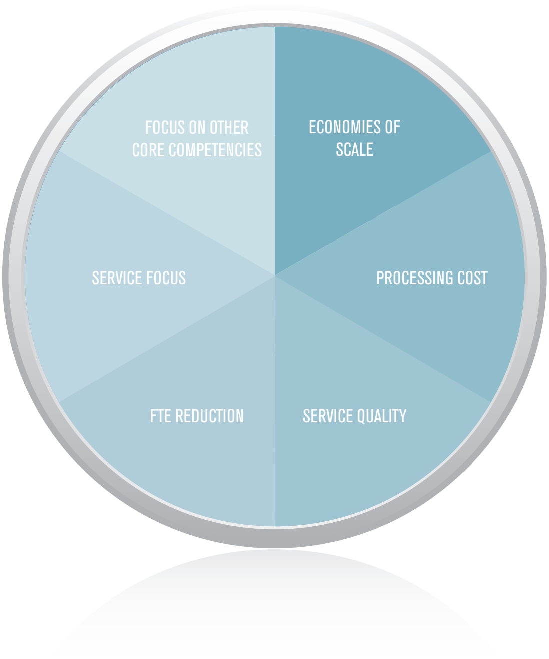
To support a new global operating model. Some organisations may have already outsourced some functions, and are able to further standardise using the same provider.

To take transaction processing one step further. Many organisations that have implemented processing centres as part of other operating model changes and can reduce costs further using these models.

To further deliver a service based organisation. Some organisations outsource so that they can focus on service based operations in some functions, while focusing on the core competencies.

To standardise and simplify as part of a growth plan. The business case for this is based on cost avoidance, as a rapid expansion might be planned or even for a start up company, who can set up with an optimised model from day one.

OUTSOURCING JOURNEY PIECHART



TYPICAL ACTIVITIES

For an outsourcing journey, the typical activities often follow the pattern outlined in the diagram.

During preparation, the scope of services to be transferred is agreed, and often a catalogue of services is used to agree this. The 'sending' organisation is analysed in terms of how it fits to this model, and a service contract and approach confirmed.

In the next stage, the 'receiving' organisation will often workshadow the sending organisation, and documentation is reviewed / created. Where access to systems may be required by a third party, this is assessed. The skill requirements of the 'receiving' team may also be assessed at this stage.

An implementation plan is created, and the receiving team will attend training. The receiving environment will be prepared including systems, process, facilities and people. At this stage, there may be pilot tests, where aspects of the service are simulated.

Services are then transferred in further pilots, which may be conducted stage by stage, and the service model is constantly assessed and tested. The receiving service teams will start following operational processes, including service monitoring and issues resolution.

At a defined point, the service is formally handed over to the receiving team, and if a third party is involved, this can be a contractual stage.

OUTSOURCING JOURNEYS LIFECYCLE

CONFIRM VISION	CONFIRM TECHNOLOGY MODEL	CONFIRM STANDARD DESIGN	BUILD / MODIFY DESIGN	IMPLEMENT AND SUPPORT
Service Scope	Service Levels	Implementation Plan	Pilot Processing	Service Handover
Service Catalogue	Workshadow Events	Receiving Team Training	Ramp up Services	Issues Management
As Is Fit	As Is Documentation	Receiving Environment	Service Model	Contract Sign Off
Service Contract	Connectivity Testing	Pilot Service Rehearsal	Service Governance	
	Skills Assessment			

MITIGATING OUTSOURCING JOURNEY RISKS USING ACCELERATORS

RISK / ISSUE	ACCELERATORS
We often focus on the receiver of the activities only. When a company embarks on an outsourcing programme, the receiving organisation can often push hard to deliver a plan, which does not consider the full scope of change management activities that will be required to run it efficiently.	**Change Programme Management** Use the planning tools in this section to identify the full scope of the services impacted and the indirect process impacts. The tools should be used to plan change for all impacted stakeholders, including the sender and receiving organisation, as well as clients.
If you don't fix it before you send it, you will pay more to run it. If you move something that is inefficient to another place, you will either pay the receiving organisation to fix it, or you will pay them more to run it. There is still likely to be an end to end process flow across both organisations which will need to operate effectively.	**Process Change** Use this section to identify the documentation that will be needed as a basis for the impact discussions, ways of working documentation and other change dependencies.
The reduced "sending" (retained) organisation still has a structure and activities. The business case for moving activities will only be delivered if all roles operate effectively including those who will manage the service, and the touchpoints. Organisation restructure and headcount reduction is costly if its not proactively managed.	**Organisation, Job and Role Alignment** Use the organisation design sections to redesign impacted areas of the organisation such as the retained organisation, and the job and role impact sections to identify how key roles will be impacted by the new processes

OUTSOURCING JOURNEY ACCELERATORS

RISK / ISSUE	ACCELERATORS
Don’t forget the customers and the support roles. Engagement of the businesses customers during and after the Go-Live is critical. Engagement of all the impacted stakeholders also needs to be managed to avoid additional support costs or project delays.	**Engagement and Learning** Use this section to develop a great engagement plan to engage and train the receivers of the new activities, the people who will need to support it, the customers and those retained in the sending organisation.
Managing a series of Go-Lives is essential. Outsourcing projects often deliver in a series of stages as small pieces of activities are transferred in a controlled way to test the model before the ramp up. Planning all the people, process, technology and support changes is key.	**Business Implementation** Use this section to identify those people who will need to become involved at the various ramp up and Go-Live stages, and ensure that everyone is clear on the criteria required to handover processing at every project stage.

THE ACCELERATORS

ACCELERATORS ARE THE TOOLS THAT MITIGATE RISK

In the remaining section of this guide, we have included 25 accelerators which are tips and tools to address specific change risks and opportunities identified in the journey sections. Each of the 3 journey maps will indicate where you should use them for a particular project type, but you should use this section as a reference guide, rather than read it end to end.

Broadly, the sections follow a logical sequence, based on the 5 key areas of change activity.

Change programme management identifies the change risks and opportunities for any type of project, and how to plan the organisational change and business implementation activities.

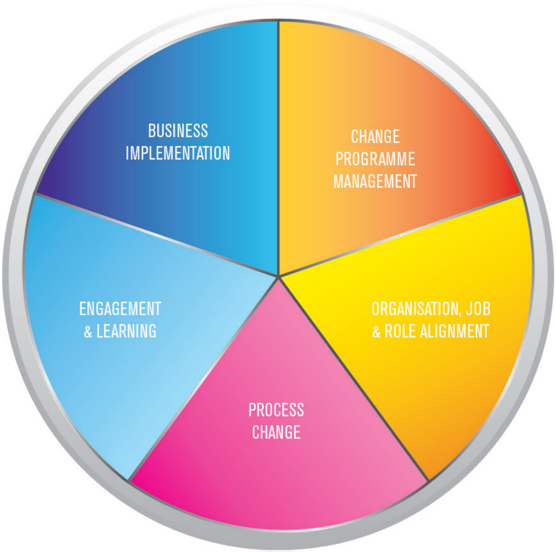
Process change is often at the core of organisation and job design, and is sometimes conducted as a standalone activity.

Organisation job and role activities will identify the impacts of a project on the organisation and its jobs and roles, and provides tools for making key decisions, redesigning, and implementing the changes

Engagement and learning tools provide a framework for planning and delivering any type of communication, engagement or learning activities.

Business implementation is used to engage those business areas in ensuring that they are bought into and are ready for the change.

KEY ACCELERATORS AREAS



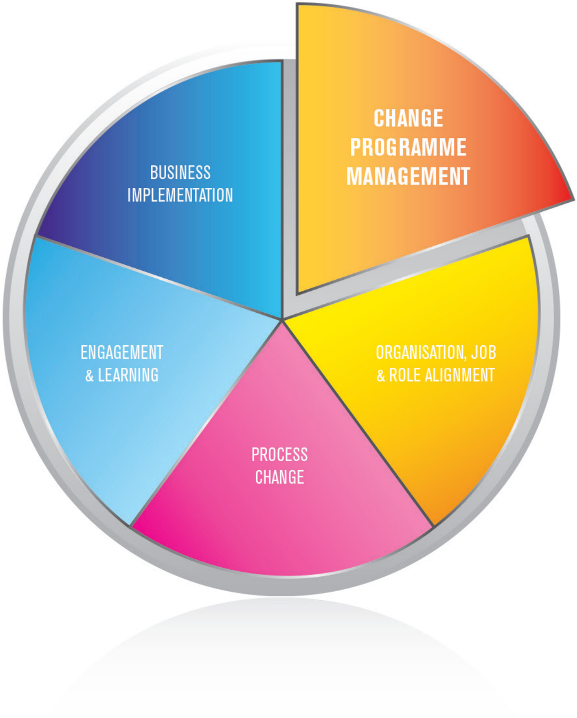
CHANGE PROGRAMME MANAGEMENT

KEY ACCELERATORS

Use these accelerators to plan an effective change programme across the full scope of processes / services and people impacted.

CHG 1 – Identify impacted processes and people
CHG 2 – Identify change risks and opportunities
CHG 3 – Publish a great change plan

CHANGE PROGRAMME MANAGEMENT



CHG 1 - IDENTIFY IMPACTED PROCESSES AND PEOPLE

CONSIDER THE ENTIRE PROCESS AND PEOPLE SCOPE AS A FIRST STEP

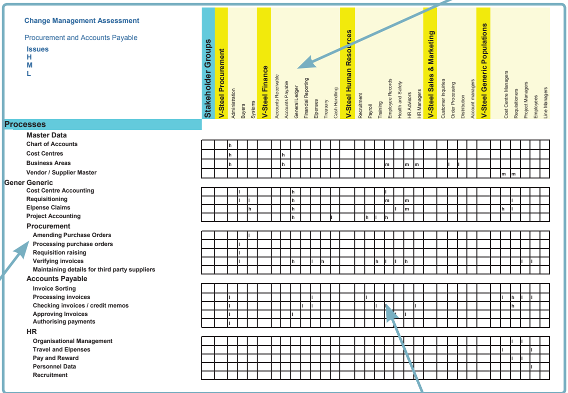
We often deal with change issues on a reactive basis, setting up meetings in response to problems. Understanding the full scope of process change, functionality or services, and then comparing that to all impacted stakeholders, Internal and external is key. This shapes the change approaches, or at least identifies where not to spend the time – to decide on calculated risks.

CHG 1 - As a first step, ensure that you understand the full scope of the processes or services that are being impacted. Talk to the people who understand the future processes/services design, and those who understand the impacted departments and stakeholders, and build up a matrix which links the two together. This matrix becomes the basis of your whole change approach – and as a new change manager is also great for your induction to the project.

STAKEHOLDER MAP TO PROCESS TEMPLATE

Conduct workshop sessions with people who understand the future state processes/services. For third party outsourcing projects, this will be the service provider, for operating model changes, this will be the process team members, and for technology changes, this will be the designers. Involve key people from the impacted business and organisation charts to build up the mapping.

Create a list of stakeholders impacted by the change



Create a list breaking down the in-scope processes / services to reflect the future state design

An “x” or high, medium or low assessment reflects the level of impact a change to a process / service will have on a particular stakeholder group

CHG 2 - IDENTIFY CHANGE RISKS AND OPPORTUNITIES

BUILD A PRACTICAL LIST OF THINGS THAT NEED TO BE SORTED OUT

By the time that the change people arrive on a project, there is usually a central risks and issues log in place. It's amazing how many change risks and opportunities can be identified up front by getting the views of experienced process team members, sponsors, business contacts and third parties. From this, a section of the central risks and issues log, or a new change log, can be created.

CHG 2 - Use the matrix with the processes and people to identify the change issues and opportunities. Consider areas where organisational decisions will need to be made and areas where key jobs and roles will need to change (in terms of accountabilities, relationships, objectives, skills, behaviours and competencies). Identify where communication, training and engagement will be required, and where businesses or countries will need to prepare for changes.

CHANGE RISKS AND OPPORTUNITIES LOG

Build up a log of change risks and opportunities and start to categorise them into certain types of change interventions (Cross Organisation, HR issues, Job and Role issues, Training, Communication, Process, Business Implementation). If the project uses a central risk and issues log, raise any significant ones onto that to start to get visibility and sponsorship.

Summarise the risk. Be specifc - refer to the impacted stakeholder group and the process area / service impacted.

Area	Issue	Issue Type	Resolution	Project Work-stream for Resolution	Owner of Action
All	A Governance Structure for Project and Business Stakeholders is required to be set up in order to encourage Business Managers and Business Leaders to buy in to and support the SAP programme and to gain the necessary input and to build a decision making forum	Stakeholder Communication	Use the Library of Options to determine which approached may be suitable for engaging Business stakeholders. Once decisions have been made set up the governance structure	Sponsorship	Programme Manager
All	There needs to be a way of maintaining regular contact with stakeholders in order to obtain their buy-in and then to increase and maintain their support levels to the SAP project	Stakeholder Communication	Set up regular meetings with Business Leaders / Managers regarding SAP pogress and transition in order to maintain pro-active engagement activity within the SAP programme.	Sponsorship	Programme Manager
All	All employees will be responsible for updating personal details on SAP Employee Self Service. This change needs to be communicated and employees need to understand the impact of having incorrect information and how the task has changed, i.e., from informing somebody of any changes by telephone / e-mail to actually entering changes personally. Employees need to be aware of cut-off dates for bank detail changes for payroll run purposes	Task change	Change Team to ensure this is communicated to all Business Users, who will perform the role of Employee Self Service, via role-based materials	Job Roles Communication	Change Team

Any major organisational or HR risks should be highlighted as high priority and flagged early

Categorise the risk in terms of the type of intervention required to address it

Outline the specific change activity required to address

CHG 3 - PUBLISH A GREAT CHANGE PLAN

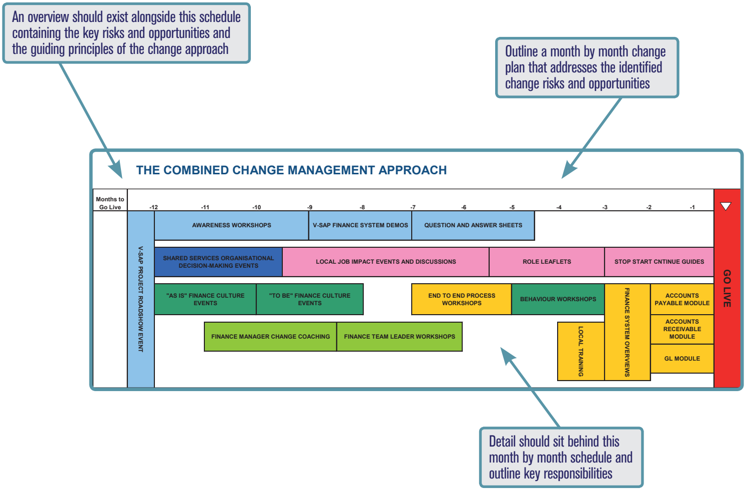
IT'S BETTER TO HAVE A SIMPLE, EARLY PLAN THAN AN UNFINISHED MASTERPIECE

As a change practitioner, you can easily get bombarded with risks, opportunities and decisions at the start of the project. You can either constantly respond to these in a never ending cycle, or take some time out to put a plan together early, and start engaging those who understand the future state processes / services, the impacted businesses, and change resource providers early. Lots of discussion and engagement around a simple plan is better than building a complex plan in a closed room that only you understand.

CHG 3 - For each of the 5 areas outlined in this guide, create a discussion document which outlines the key change risks and opportunities, the objectives and key outcomes of the work, the guiding principles that will drive the work, and the broad change activities. The plan needs to be the basis for conversations with impacted businesses about what will be covered, with subject matter experts to discuss the role that they will need to play, and solution providers including HR and Learning providers.

THE CHANGE PLAN

The change plan is the one place where project sponsors, project team members, impacted business sponsors, HR and solution providers can get a single, consistent view of what is covered by change management.

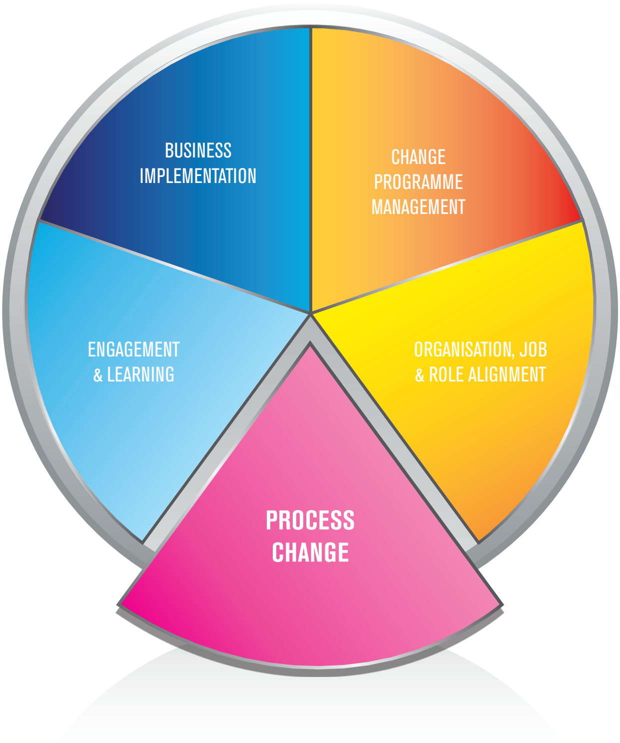


PROCESS CHANCE

THE 3 ACCELERATORS FOR GREAT PROCESS CHANGE

PRO 1 – Set the standards for the process work
PRO 2 – Create great formats to get people involved
PRO 3 – Implement the process changes

PROCESS CHANGE



PRO 1 - SET THE STANDARDS FOR THE PROCESS WORK

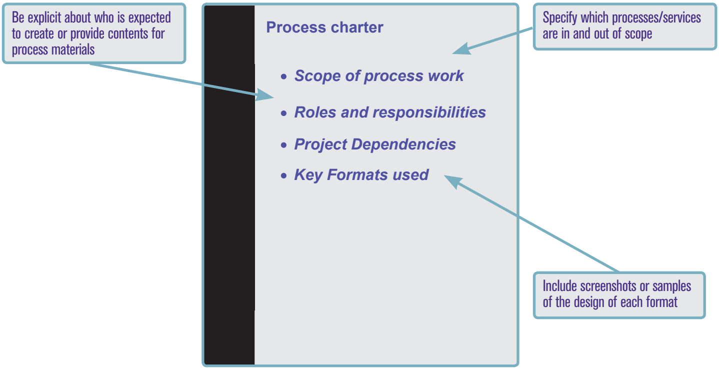
CLEARLY DEFINE WHERE PROCESS WORK WILL ADD VALUE

Process work should only be conducted where it will add value. Processes are a raw material for many of the change activities, and in a complex project, there will be many people who need process formats. Defining which processes are needed for a project, who is developing and using them and what the formats are can save a lot of time.

PRO 1 - Create a charter document that outlines which process formats are needed by which people, and which formats will suit their needs. If there are dependencies, make it clear what they are. For example, in a technology project, some of the process design documents will need to be signed off before testing and training materials are needed. You may need to include a diagram which shows how all the types of process information fits together.

PROGRAMME PROCESS CHARTER

The programme process charter provides a one page view of which processes need to be mapped, presented and which formats shall be used. It also details who will do what and identifies prerequisites and dependencies.



PRO 2 - CREATE GREAT FORMATS TO GET PEOPLE INVOLVED

USE RELEVANT FORMATS DURING THE PROJECT AND THE IMPLEMENTATION

We often form teams of people who shut themselves in offices and create technically brilliant representations of processes and procedures. Sometimes processes have to be presented in a certain format to meet a legislative or technical need, but more often we waste the time that we spent developing them because the formats do not work for the audiences.

PRO 2 - In some of the other accelerators we use formats which map processes to the impacted businesses. This is a key tool for organisation and job activities, but it can also be used to show where different process formats should be used for different audiences. For any processes that are needed during the project, call a meeting with all the project team members that need processes to agree what standards will be used. For end user materials, involve people from the businesses to select relevant and usable designs.

PROCESS SCOPE PLANNING DOCUMENT

The activity to people matrix is a great tool for making change management decisions but can also be used to identify which process formats should be developed for which audiences. This takes the high level view from the charter and drills down to the fine details as needed.

Process Scope Planning Document Version 1.0		Scope of work				Time		Current Responsibilities											
		Process Model Ref	Standardisation group	Risk and Controls ref	R2R Scope	Time - current	Time - Should spend	AR Team	Business Team	Commercial Team	International Team	AP Team 1	Overheads	Direct	Indirect	AP Team 2	Expenses	Payments	Reporting
Procure to Pay																			
	Requisition of Goods or Services																		
	Receipt of Goods or Services																		
	Process Supplier Invoices																		
	Process Supplier Payments																		
	Procurement Accounting																		
	Maintain Vendor Master File																		
Bill to Cash																			
	Billing																		
	Manage Collections Process																		
	Process Receipts																		
	Customer Accounting																		
	Controls																		
	Debt Reporting																		

Seek clarity on who will create contents for process formats for which scenarios or sub-processes

PRO 3 - IMPLEMENT THE PROCESS CHANGES

EMBED VISUAL AND PRACTICAL TECHNIQUES INTO THE BUSINESS TO DELIVER THE CHANGES

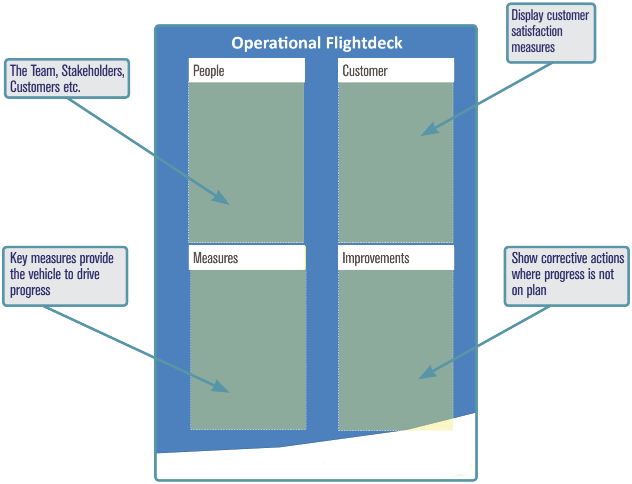
The previous stages identify what needs to be changed and how the change should be implemented. The final part of the jig-saw is to ensure that the plans are put into place and the benefits are realised. Flightdecks can be used to provide visual and practical displays in the business areas impacted.

PRO 3 - Construct a four panel flightdeck for use as a central point for visitors and as a focal point for team meetings. The flightdeck should focus on team members, to show any relaunched structures, customers to focus on satisfaction levels, measures to focus on team KPIs and operational improvements. This information is a key part of any business as usual team, but can be used as a mechanism to feed in status improvements.

Set up a team meeting daily or weekly using the flightdeck as the main focal point. This will ensure that the flightdeck is maintained up to date and that all team member know what is going on.

THE FLIGHTDECK

Flightdecks provide “at a glance” visibility of overall operational team structure and implementation progress, including highlighting of any issues and the corrective actions that are being taken. They provide a great focus to on the new ways of working after a Go-Live.



ORGANISATION, JOB AND ROLE ALIGNMENT

KEY ACCELERATORS FOR ORGANISATIONAL OR ROLE DESIGN

Use these five accelerators when you need to re-design any part of the organisation structure or any of the job profiles within it

ORG 1 - Establish governance for decisions
ORG 2 - Redesign organisation and roles
ORG 3 – Develop profiles layer by layer
ORG 4 - Monitor HR actions for impacted areas
ORG 5 - Launch and monitor handover

KEY ACCELERATORS FOR JOB AND ROLE ALIGNMENT

Use these five to understand the impacts of a journey on the organisation structure or the jobs and roles within it.

JOB 1 – Identify major HR and org Impacts
JOB 2 – Conduct a job impact analysis
JOB 3 – Plan and monitor business and HR actions
JOB 4 – Engage leaders to deliver actions for key roles
JOB 5 – Make the changes and educate key roles