

THE OUTSOURCING REVOLUTION

Why It Makes Sense And How To Do It Right

MICHAEL CORBETT

MICHAEL CORBETT is president and CEO of his own consulting firm which specializes in outsourcing. He also develops seminars and gives keynote public speeches about this topic as well as being a widely sought after expert on outsourcing. Mr. Corbett has worked with organizations as diverse as Bell Canada, Delta Airlines, GlaxoSmithKline, Hallmark, EDS, Xerox, Trammell Crow Company, the Department of the Navy, India's NASSCOM, and the People's Republic of China.

Mr. Corbett's Web site is at www.corbettassociates.com.

SUMMARIES.COM is a concentrated business information service. Every week, subscribers are e-mailed a concise summary of a different business book. Each summary is about 8 pages long and contains the stripped-down essential ideas from the entire book in a time-saving format. By investing less than one hour per week in these summaries, subscribers gain a working knowledge of the top business titles. Subscriptions are available on a monthly or yearly basis. Further information is available at www.summaries.com.

MAIN IDEA

Outsourcing is a highly controversial topic. It tends to get blamed whenever jobs move from one country to another. Despite all the bad publicity, however, outsourcing is currently a \$6 trillion global industry, and within the next decade will grow appreciably as more and more organizations transform their operations to take advantage of everything outsourcing offers:

- The ability to simultaneously reengineer and upgrade existing operations at the same time as offering new products and services.
- A genuine opportunity to create more flexible and adaptable organizational structures.
- The chance to leverage the skills and resources of organizations worldwide to develop and deliver better products and services.

In short, outsourcing helps make companies more productive and more competitive in the global marketplace. By harnessing outsourcing intelligently, many organizations will be able to achieve a 10- to 100-fold increase in productivity and competitiveness. That is too big a potential gain to hand to your competitors by ignoring outsourcing.

“Even though about one-third of the typical executive’s budget is already outsourced, we are really just at the dawn of outsourcing. It is very likely that over the next decade or so, this one-third will climb to 70- or 80-percent – as it already has for manufacturing. This means that before too long most organizations are going to be far more outsourced than they are ‘in-sourced’. This is a fundamental restructuring of organizations that carries enormous implications for all of us – executives, managers, employees, customers and investors alike. For executives and managers, it means that the skill sets they need to do their jobs will change dramatically. No longer is it sufficient to know how to manage internal resources; managing outside relationships with outsourcing service providers is just as, if not more, important. For employees, greater outsourcing means specialist jobs are likely to migrate from current employers towards the companies that provide outsourcing services. For customers, it means the companies they are buying from are increasingly leveraging skills and resources from around the world to design, produce and deliver their products and services. This will continue to expand customer choice while driving down costs. For investors, outsourcing is spurring the formation of thousands of new businesses seeking capital to build and grow. Outsourcing makes companies more productive and competitive; it also makes them more interdependent. For all these reasons and more, outsourcing’s impact on organizations and on the overall economy is just at its beginning.”

– Michael Corbett

1. Where outsourcing is today Pages 2 - 3

Traditional outsourcing focused primarily on reducing costs and improving productivity. Next-generation outsourcing will be focused instead on integrating world-class capabilities into every company’s essential and complex business processes to enhance performance. Instead of trying to improve what is, outsourcing will be used to build the future for most firms.

2. How to make outsourcing work for you. Pages 3 - 7

There are eight business skills managers need to make outsourcing work effectively as a source of ongoing competitive advantage:

The Eight Business Skills Needed To Make Outsourcing Work	1	Develop a global process outsourcing strategy
	2	Optimize your opportunities to outsource
	3	Create and lead highly successful project teams
	4	Engage the marketplace
	5	Develop a sound financial case for outsourcing
	6	Learn how to price, contract and negotiate outsourcing
	7	Manage the people and the changes generated
	8	Manage the transition and the outside relationship well

Each of these skills need to be used in conjunction with the others for good outsourcing decisions to be made. That is, each discipline needs to be taken into account whenever a decision is made rather than looking at these skills as discrete steps which must be taken sequentially. Embracing at least some and ideally all of these management skills will dramatically accelerate the pace of change in most organizations.

3. The future of outsourcing Page 8

The practice of outsourcing literally has the potential to transform every aspect of work and organizations as they exist today. It will raise the bar and reward business specialists more. Outsourcing will also transform organizations from a fortress mentality to the mind-set in which firms will find new and creative ways to combine what they do best with world-class external capabilities. As a result, the business enterprise of the future will harness outsourcing to create more value for its customers than ever before.

Summaries.Com

The Ultimate Business Library



We condense **300+ page** business books into **8-page** summaries.

By reading summaries, you'll get the **key ideas** in **30 mins**, so you can spend more time turning your ideas into **dollars**.

Knowledge is Power — Invest in Your Future

For just **\$2 per week**, you will...

- Learn from the mistakes and success of the smartest people in business;
- Get fresh ideas, strategies & motivation that could be worth millions to you;
- Follow emerging trends, so you can catch the wave before your competitors do;
- Catch up on the classics you always wanted to read.

1,000 Top Business Book Summaries

Our catalog includes summaries on a range of topics for aspiring entrepreneurs, managers, and consultants.

BUSINESS PLANS

MANAGEMENT

PRESENTATIONS

SALES

LEADERSHIP

MOTIVATION

STRATEGY

AND MORE

