

## M&LE17 Outsource business processes - SQA Unit Code FM5N 04

### Overview

#### What this Unit is about

This Unit is about outsourcing business processes which are not part of your organisation's core competencies.

It covers the outsourcing of discrete functions — such as payroll management, cleaning or security — as well as more complex processes, such as helpline provision, manufacturing or product assembly. It covers outsourced processes delivered on your premises (eg catering) and processes carried out at the vendor's premises (which may be in your country or in another country to take advantage of time zone differences, specialist expertise, tax concessions or low labour costs).

#### Who is the Unit for?

The Unit is for those managers who have strategic responsibility for outsourcing non-core business processes for their organisation, or their part of the organisation.

#### Links to other Units

This Unit is linked to Units **E15. Procure Supplies**, **E16. Select Suppliers Through a Tendering Process**, **F3. Manage Business Processes**, **F12. Improve Organisational Performance** and **F13. Manage Quality Systems** in the overall suite of National Occupational Standards for Management and Leadership.

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### **Skills**

Listed below are the main generic 'skills' that need to be applied in outsourcing business processes. These skills are explicit/implicit in the detailed content of the Unit and are listed here as additional information.

- ◆ Analysing
- ◆ Assessing
- ◆ Communicating
- ◆ Decision-making
- ◆ Evaluating
- ◆ Monitoring
- ◆ Negotiating
- ◆ Persuading
- ◆ Presenting information
- ◆ Questioning
- ◆ Researching
- ◆ Reviewing
- ◆ Risk management
- ◆ Thinking strategically

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### **Performance Criteria**

*You must be able  
to:*

- 1 Analyse your organisation's core competences and identify any business processes which are non-core.
- 2 Assess the potential benefits, costs, disadvantages, risks and legal and ethical implications of outsourcing non-core processes and make a detailed and convincing business case.
- 3 Plan to address the human resource implications of outsourcing, including any redundancy, redeployment, training and development, and cultural issues.
- 4 Identify and evaluate potential vendors to which you could outsource the process.
- 5 Invite potential vendors to tender against a clear specification of your requirements and select the vendor which best meets your criteria.
- 6 Work with legal specialists to negotiate and agree an outsourcing contract with the vendor which specifies, in detail, the volume and level of service to be provided, payment terms and how the vendor's performance will be monitored.
- 7 Communicate the outsourcing plans clearly and effectively, both internally and externally as required, monitoring reactions carefully and addressing people's concerns.
- 8 Work closely with the vendor to transfer the business process to them, paying close attention to potential risks and emerging issues.
- 9 Monitor the vendor's ongoing performance in line with the contract, promptly and effectively addressing any anomalies that occur.
- 10 Review the outsourcing arrangement at agreed points and in the event of significant changes in the business environment.

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### **Behaviours**

*You will exhibit the following behaviours:*

- 1 You constantly seek to improve performance.
- 2 You listen actively, ask questions, clarify points and rephrase others' statements to check mutual understanding.
- 3 You present information clearly, concisely, accurately and in ways that promote understanding.
- 4 You monitor the quality of work and progress against plans and take appropriate corrective action, where necessary.
- 5 You work towards win-win solutions.
- 6 You show sensitivity to internal and external politics that impact on your own area of work.
- 7 You identify and work with people and organisations that can provide support for your work.
- 8 You clarify your own and others' expectations of relationships.
- 9 You display a good understanding of how different factors in the work context relate to each other.
- 10 You articulate the assumptions made and risks involved in understanding a situation.

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### **Knowledge and Understanding**

*You need to know and understand:*

### **General knowledge and understanding**

- 1 The difference between core and non-core business processes.
- 2 How to analyse your organisation's core competences.
- 3 How to assess the potential benefits, costs, disadvantages, risks, and legal and ethical implications of outsourcing non-core processes.
- 4 How to make a detailed and convincing business case for outsourcing non-core processes.
- 5 The potential human resource implications of outsourcing, including redundancy, redeployment, training and development, and cultural issues, and how to address these.
- 6 How to identify potential vendors to which you could outsource the process.
- 7 How to evaluate potential vendors, including the use of relevant vendor rating systems.
- 8 The importance of inviting potential vendors to tender against a clear specification of your requirements.
- 9 How to evaluate and select the vendor which best meets your criteria.
- 10 Techniques for negotiating and agreeing a legally-binding outsourcing contract.
- 11 The importance of a legally-binding outsourcing contract with a vendor specifying in detail the volume and level of service to be provided, payment terms and how the vendor's performance will be monitored.
- 12 The importance of communicating the outsourcing plans internally and externally as required, and how to do so clearly and effectively.
- 13 How to monitor a vendor's performance in line with the contract, promptly and effectively addressing any anomalies that occur.
- 14 The importance of working closely with the vendor to transfer the business process to them.
- 15 How to identify potential risks and emerging issues when transferring the business process and how to resolve them.
- 16 The importance of reviewing the outsourcing arrangement at agreed points and in the event of significant changes in the business environment.

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**Knowledge and Understanding**

*You need to know and understand:*

**Industry/sector specific knowledge and understanding**

- 1 Industry/sector requirements for outsourcing business processes.

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### **Knowledge and Understanding**

*You need to know and understand:*

### **Context specific knowledge and understanding**

- 1 Your organisation's core competences.
- 2 Your organisation's core and non-core business processes.
- 3 Your organisation's procedures and relevant legal requirements for inviting tenders to supply your requirements.

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### Evidence Requirements

PC	Evidence of Outcomes: ◆ possible examples of evidence	Behaviours	Knowledge and Understanding		
			General	Industry specific	Context specific
	<b>Records of your actions to outsource business processes:</b>				
	◆ e-mails, reports, records of meetings analysing the organisation's core competences and identifying non-core business processes	1, 2, 3, 6, 9	1, 2	1	1, 2
	◆ reports, e-mails and records of meetings assessing the potential benefits, costs, disadvantages, risks and legal and ethical implications of outsourcing non-core processes	1, 2, 3, 6, 9	1, 3	1	1, 2
PC1	◆ reports, e-mails and records of meetings outlining a detailed and convincing business case for outsourcing non-core business processes	1, 3, 6, 9	1, 4	1	1, 2
PC2					
PC3	◆ reports, e-mails and records of meetings assessing the human resource implications of outsourcing	2, 9	5	1	-
PC4					
PC5	◆ reports, e-mails and records of meetings planning to address the human resource implications of outsourcing	9	5	1	-
PC6					
PC7	◆ notes, e-mails, reports and records of meetings indentifying and evaluating potential vendors to which you could outsource processes	7	6, 7	1	3
PC8					
PC9	◆ specifications you have drawn up for the purpose of tendering	3	8	1	3
PC10	◆ e-mails, notes, records of meetings and other methods of communication inviting suitably-qualified prospective suppliers to tender	3, 7	8, 9	1	3
	◆ notes, reports, e-mails and records of meetings showing the negotiation process with vendors	2, 3, 5, 7, 8, 10	9, 10	1	-
	◆ copies of outsourcing contracts specifying in detail the volume and level of service to be provided, payment terms and how the vendor's performance will be monitored	3, 5, 7, 8, 9	10, 11	1	-



◆ notes, reports, e-mails and records of meetings (both internal and external) communicating the outsourcing plans clearly and effectively	3, 8	12	1	-
◆ notes, reports, e-mails and records of meetings addressing people's concerns with the outsourcing process	2, 3, 6, 8	12	1	-
◆ records of meetings and other communications with the vendor transferring the business process to them, noting and acting upon potential risks and emerging issues	1, 2, 3, 4, 7, 8, 9, 10	14, 15	1	-
◆ assessment of risks in transferring the business processes to the vendor	4, 7, 10	15	1	-
◆ notes, reports, e-mails and records of meetings reviewing performance of suppliers in line with the contract	1, 2, 4, 7, 8, 9, 10	13	1	-
◆ notes, reports, e-mails and records of meetings showing actions you have taken to resolve any problems with vendors	1, 5, 7	13	1	-
◆ notes, reports, e-mails and records of meetings reviewing the outsourcing process at agreed points and in the event of significant changes in the business environment	1, 2, 6, 9	16	1	-
◆ personal statement (reflections on your role in outsourcing business processes)	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16	1	1, 2, 3
◆ witness statements (comments from others on your role in outsourcing business processes)	-	-	-	-