
Overview

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

This standard is relevant to managers and leaders who have strategic responsibility for outsourcing non-core business processes for their organisation, or their part of the organisation.

This standard links closely to all the other standards in key area *EC Procure products and services* and also to *CFAM&LEFA3 Manage business processes*.

Performance criteria

- You must be able to:*
- P1 Engage colleagues and other key stakeholders in outsourcing decisions and managing outsourcing arrangements.
 - P2 Analyse your organisation's core competences and identify any business processes which are non-core.
 - P3 Assess the potential benefits, costs, disadvantages, risks and legal and ethical implications of outsourcing non-core processes.
 - P4 Make a detailed and convincing business case for outsourcing non-core processes.
 - P5 Address the human resource implications of outsourcing, including any redundancy, redeployment, training and development, and cultural issues.
 - P6 Identify and evaluate potential vendors to which you could outsource the process.
 - P7 Invite potential vendors to tender against a clear specification of your requirements and select the vendor which best meets your criteria.
 - P8 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.
 - P9 Communicate the outsourcing plans clearly and effectively, both internally and externally as required, monitoring reactions carefully and addressing people's concerns.
 - P10 Develop with the vendor a detailed plan to transfer the business process to them including contingency plans to manage risks.
 - P11 Work closely with the vendor to transfer the business process to them, addressing any emerging issues promptly and effectively.
 - P12 Monitor the vendor's ongoing performance in line with the contract, promptly and effectively addressing any anomalies that occur.
 - P13 Review the outsourcing arrangement at agreed points and in the event of significant changes in the operating environment.

Knowledge and understanding

You need to know and understand:

General knowledge and understanding

- K1 How to engage colleagues and stakeholders in outsourcing decisions and managing outsourcing arrangements.
- K2 The difference between core and non-core business processes.
- K3 How to assess the potential benefits, costs, disadvantages, risks, and legal and ethical implications of outsourcing non-core processes.
- K4 How to make a detailed and convincing business case for outsourcing non-core processes.
- K5 The potential human resource implications of outsourcing, including redundancy, redeployment, training and development, and cultural issues, and how to address these.
- K6 How to identify potential vendors to which you could outsource the process.
- K7 How to evaluate potential vendors, including the use of relevant vendor rating systems.
- K8 The importance of inviting potential vendors to tender against a clear specification of your requirements.
- K9 How to evaluate and select the vendor which best meets your criteria.
- K10 Techniques for negotiating and agreeing a legally-binding outsourcing contract.
- K11 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.
- K12 The importance of communicating the outsourcing plans internally and externally as required, and how to do so clearly and effectively.
- K13 How to monitor a vendor's performance in line with the contract, promptly and effectively addressing any anomalies that occur.
- K14 The importance of working closely with the vendor to transfer the business process to them.
- K15 How to identify potential risks and emerging issues when transferring the business process and how to resolve them.

Outsource business processes

K16 The importance of reviewing the outsourcing arrangement at agreed points and in the event of significant changes in the business environment.

Industry/sector specific knowledge and understanding

You need to know and understand:

K17 Industry/sector requirements for outsourcing business processes.

Context specific knowledge and understanding

You need to know and understand:

K18 Individuals in your area of work, their roles, responsibilities, competences and potential.

K19 Your organisation's key stakeholders and their interests.

K20 Your organisation's core competences.

K21 Your organisation's core and non-core business processes.

K22 Your organisation's procedures and relevant legal requirements for inviting tenders to supply your requirements.

Behaviours

When performing to this standard, you are likely to demonstrate the following behaviours:

- 1 Seek opportunities to improve performance
- 2 Listen actively, ask questions, clarify points and restate or rephrase statements to check mutual understanding
- 3 Present information clearly, concisely, accurately and in ways that promote understanding
- 4 Comply with, and ensure others comply with, legal requirements, industry regulations, organisational policies and professional codes
- 5 Clearly agree what is expected of others and hold them to account
- 6 Monitor the quality of work and progress against plans and take appropriate corrective action, where necessary
- 7 Work towards win-win solutions
- 8 Take account of the internal and external politics that impact on your own area of work
- 9 Identify and work with people and organisations that can provide support for your work
- 10 Clarify your own and others' expectations of relationships
- 11 Identify the range of elements in a situation and how they relate to each other
- 12 Specify the assumptions made and risks involved in understanding a situation
- 13 Take timely decisions that are realistic for the situation

Skills

When performing to this standard, you are likely to demonstrate the following skills:

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

CFAM&LED4 - SQA Unit Code HK2Y 04

Outsource business processes

Developed by CFA Business skills @ work

Version number 2.0

Date approved March 2012

Indicative review date March 2015

Validity Current

Status Original

Originating organisation CFA Business skills @ work

Original URN CFAM&LED4

Relevant occupations Managers and Senior Officials

Suite Management & Leadership

Key words Management & leadership; outsource; business processes