

Common Myths of Outsourcing

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Last year, in the 2005 ASAE Outsourcing Toolkit, my article concluded with these sentences:

“Whether we [AMC] are outsourcing to a business partner, or providing outsourced services to a customer, the motivations are similar. Outsourcing is often the fastest, most cost effective way to implement new ideas, creative solutions, or collaborative approaches.”

I received a wide variety of feedback from the 2005 article. Some positive feedback introduced us to a new client for project work. And, some challenging feedback planted the seeds for this year’s follow-up article: the “Common Myths of Outsourcing.”

When you talk about outsourcing, do you ever get “yeah, but...” as a response? If you do, this section of the Outsourcing Toolkit is written for you. This section should help you debunk the most common “yeah, but...” responses – the most common myths.

More expensive.

“Yeah, but it’s more expensive if you outsource this than if you give to existing staff.”

This common myth confuses the broad concept “expense” with a tangible amount “hourly rate”. The rate paid to outsourced contractors is usually higher than the effective rate for internal staff. However, the total expense of a project must be determined using variables of value to the organization and opportunity cost of resources. Unless existing staff have all the required skills and all the available time, calculations based on hourly rates yield mis-information.

You give up control.

“Yeah, but you give up control if you outsource this to someone outside the office.”

This common myth reveals subtle mistrust of non-employees. Being an employee and delivering results are not exclusive and dependent relationships. Control of a project or service is best achieved when setting expectations, managing scope, and reviewing performance measurements. In many cases, outsourced providers compensation is tied to boundaries and metrics, making them more receptive to definition than internal employees – offering more control, not less.

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Threaten existing staff.

“Yeah, but you threaten existing staff if you want to outsource this.”

This common myth implies that outsourcing is a vote of no confidence to existing staff. In our nonprofit community, outsourcing is rarely a foreshadowing of impending job displacement. Productive outsourcing initiatives add additional capabilities, and are beneficial for the staff, not punitive to them. Defined by a start and end date, or focused on an isolated task, the outsourcing does not compete with current roles. When outsourcing targets necessary areas in their departments, existing staff will focus on their value delivery to the organization.

Human Resources not supportive.

“Yeah, but Human Resources won’t be supportive if you outsource this.”

This common myth misinterprets Human Resource’s need-for-clarity as a lack-of-support. Visionary HR leaders are like the CFO of the staffing capital at an organization. They want to see ROI just like the CFO – except their capital investments are people. HR gets paid to ask tough discerning questions. If they are not supportive of a particular outsourcing initiative, it is likely due to a lack of definition around beginning, ending, and measurable results.

Sacrifice innovation and insight.

“Yeah, but you’ll sacrifice innovation and insight in this area if you outsource it.”

This common myth minimizes the value of the outsourcer’s questions and observations. If you give your provider permission to ask “why?”, you set the tone for a willingness to learn about your organization, workflows, and methods. Even when the outsourced task is rote – completely definable and repeatable – an outside perspective can bring new suggestions. Outsourcing a project or service will produce detailed documentation and insightful discussion beyond what is normally expected from staff on internal projects. The additional investigation is often the catalyst for innovation and insight.

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Association Management Center (AMC) empowers you to achieve what you believe is possible for your organization. Our staff connects you with the knowledge, innovation and resources that will take your association well beyond the next level. For more than 30 years, AMC has helped associations streamline their strategies, manage their constituents, and realize ROI in terms of time and money.

CoreSource is the AMC business unit focused on outsourced services for nonprofit clients. We leverage our knowledge of AMC best practices and technology, and we know the tools you use to manage your association, because we use those same tools to manage ours.

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