

IAOP: Launching a New Breed of Outsourcing Professionals

by Michael F. Corbett

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Outsourcing is not only here to stay, its use is expected to increase dramatically in the years to come. As globalization inextricably links the world's economies, few if any companies are going to be able to meet the challenges they face relying solely on their own internal resources. Working with partners, and getting the most out of those relationships, may be the most effective way for businesses to leverage what they're best at and compete successfully in an increasingly diverse, dynamic, and competitive global marketplace.

But for outsourcing to continue to expand across the business as it is projected to, companies are going to want to see ever-better, more consistent results. They'll want more from outsourcing than simple cost savings and contractually-based service levels. Outsourcing will need to produce a dynamic network of global partners able to adapt to changing situations. At the same time, the total cost of outsourcing will need to be driven down. Customers and providers alike are already beginning to struggle with the burden of managing increasingly complex

outsourcing relationships across multiple organizations with multifaceted interfaces. Most importantly, for the amount of outsourcing to go up as anticipated, the outsourcing success rate will need to go up even faster. If it doesn't, then the weight of the sheer number of failed contracts could ultimately make outsourcing too expensive, at any price.

Addressing these challenges is going to require a new breed of outsourcing professionals. Professionals who can help their companies step up their game. Professionals who can take the lead in senior manager discussions on topics like policy setting, opportunity identification, execution, governance, and quality assurance. Professionals who have the skills, resources, and methodologies it takes to create superior results. These outsourcing professionals are needed not just in the organizations doing the outsourcing, but in the companies they outsource to, and in the consultancies they hire.

Outsourcing's Expanding Impact and the Emergence of Outsourcing Professionals

Outsourcing as Strategy

Stage III: 2005 and Beyond

- Global Corporate Ecosystems
- Sustainable Value and Business Results
- Outsourcing Professionals as Architects

Outsourcing as Tactic

Stage II: Late 1990s to Early 2000s

- Company-Wide Initiatives
- Efficiency and Core Competencies
- Sustained Teams and Outside Experts

Outsourcing as Intervention

Stage I: Early 1990s

- Isolated Initiatives in Problem Areas
- Runaway Costs and Poor Balance Sheets
- Ad-hoc Teams and Outside Experts

The International Association of Outsourcing Professionals (IAOP) is dedicated to the development of outsourcing as a profession and of outsourcing professionals as its leaders. As the field's first truly global professional membership-based organization, IAOP's mission is to help organizations increase their outsourcing success rate, improve their outsourcing ROI, and expand their outsourcing opportunities across the business. All of IAOP's programs and services are directed toward these goals.

Outsourcing Professionals: Crafting the New Global Corporate Ecosystem

As outsourcing has gained increasing acceptance as a management practice its very nature has changed. What may have begun as isolated contracts, negotiated and implemented on essentially a stand-alone basis, is less and less the case today. Companies are now starting to realize that what they are really doing is building global corporate ecosystems - ecosystems that seamlessly integrate internal and external people, processes, and technologies.

Outsourcing professionals are the architects of this new business blueprint. They are the experts within their

company with the strategic vision needed to determine the right sourcing approach and the execution skills it takes to put the right relationships in place and make them work. It's a new professional skill and new profession, combining the best of traditional business skills with leading-edge knowledge and experience on how to design, build, and operate highly-complex, cross-organizational, cross-border, and cross-cultural business systems.

These new professionals are already beginning to take key positions within specific functional areas of the business, as well as leadership roles in teams responsible for more extensive company-wide efforts. Within functional areas like IT, outsourcing professionals are taking positions such as: global IT outsourcing coordinator; director, IT synergies; and vice president, technology vendor management. On a company-wide basis we're seeing outsourcing professionals in positions like: director, outsourcing center of competency; director of strategic sourcing; global head of outsourcing management; general manager, outsourcing; and strategic relations manager. These latter positions may report to a chief operating executive or may be part of a global purchasing, procurement, or finance function. In turn, these lead outsourcing professionals are creating new positions reporting to them with titles ranging from project manager, to outsourcing consultant, to alliance management specialist.

Of course, not all client-side outsourcing professionals have positions and titles reflecting a singular focus on building these new corporate ecosystems. In many cases, executives with operational responsibilities are running units

Outsourcing professionals are the architects of tomorrow's business operations.

Outsourcing professionals need access to training to hone their skills and push the envelope of their knowledge and expertise.

where so much of the work is now done on an outsourced-basis that they too are outsourcing professionals. Lead executives from across areas as diverse as logistics, real estate, human resources, and customer service are finding that the skills needed to craft and maximize the return from external relationships is as important, if not more important, than their expertise in the functional area itself.

Just as important are the outsourcing professionals in the provider companies. Here, since outsourcing is the business of these companies, everyone from the lead company executive, to those in key marketing, sales, business development, operations, and client engagement management roles is an outsourcing professional. Having the strategic vision and execution know-how to integrate their solutions into their client's business is central to their success and their company's success.

Finally, for advisory firms that work with customers, expertise and the proven ability to help their clients achieve exceptional outsourcing results is the essential product they offer their customers. Consultants, lawyers, analysts, and other advisors who work in outsourcing are outsourcing professionals and important members of the industry's top professional echelon.

Who Are Outsourcing Professionals?

Outsourcing professionals are:

- ▶ the architects of a new business blueprint.
- ▶ the experts with the strategic vision to determine the right sourcing approach and the execution skills to put the right relationships in place and make them work.
- ▶ a blend of traditional business skills with the knowledge and experience to design, build, and operate complex cross-organizational, cross-border, and cross-cultural business systems.

What Do Outsourcing Professionals Need to Succeed?

The success of these professionals, and in turn, of the organizations they work for is the primary driver behind the design of IAOP's services.

Most importantly, outsourcing professionals need:

Professional Development: Outsourcing professionals need access to training and skills development opportunities that enable them to hone their skills and push the envelope of knowledge and expertise. Skill categories that need to be addressed are: the outsourcing lifecycle itself, strategy, implementation, and management; a whole host of professional skills, including, project management, change management, communications, negotiating, benchmarking, and the use of balanced scorecards to define and track results; and training on emerging topics like offshoring and the use of software systems to better streamline and control outsourcing management.

Professional Recognition: Outsourcing professionals need greater recognition within the business community as a new breed of professional. They need to be recognized as individuals with unique, high-value skills and experiences that when properly leveraged make a significant contribution to the success of the businesses they work for.

Professional Research: Outsourcing professionals need access to a tailored, ever-growing body of independent research providing them continuous insights into the latest data on: what defines the frontier of outsourcing success; what skills, processes, and technologies lead to successful outcomes; how outsourcing success

Outsourcing Professionals: Common Job Titles

Company-Wide Responsibility: director, outsourcing center of competency; director of strategic sourcing; global head of outsourcing management; general manager, outsourcing

Functional Responsibility (IT as an example): global IT outsourcing coordinator; director, IT synergies; vice president, technology vendor management

Line Responsibility: Operational heads where significant portion of unit budget is outsourced (1/3 or more)

Outsourcing Providers: lead executives through key marketing, sales, business development, operations, and client engagement managers

Advisory Firms: consultants, lawyers, analysts, and other advisors.

correlates to business success; the state-of-the-art in structuring and managing successful outsourcing relationships, and more.

Professional Networking: Outsourcing professionals need the ability to build powerful professional networks that afford them direct access to a global pool of experiences and approaches. This network needs to be non-commercial and non-biased to ensure that the information and recommendations received have no agenda beyond the sharing of the best possible information.

Career Development: Outsourcing professionals also need to develop their own careers. This requires an industry-wide understanding of the roles outsourcing professionals are taking within their companies; how those departments are being set-up, including reporting structures; and such particulars as career paths, responsibilities, and salaries.

How IAOP Serves the Needs of Outsourcing Professionals

As a membership-driven organization, IAOP develops its programs around the

current and future needs of outsourcing professionals. The approach is simple – use the collective power of this growing global community of outsourcing professionals to advance outsourcing as profession and the careers of its leading professionals.

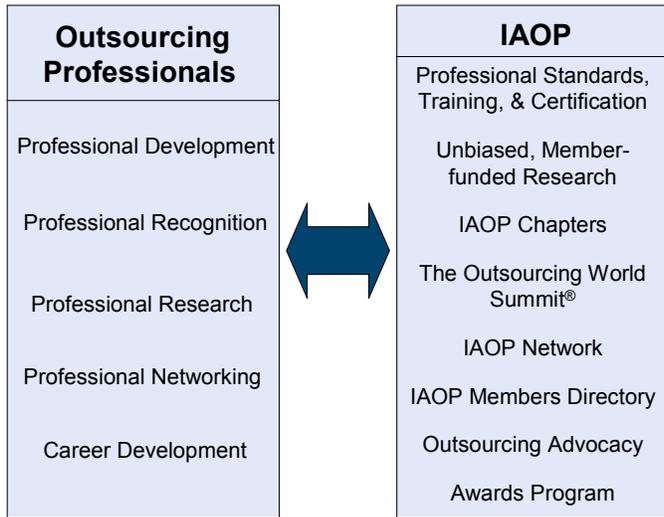
IAOP focuses its resources in a number of key areas. The first is the development of professional standards, training, and certification. Standards are the base. They set the bar for what it means to be an outsourcing professional in terms of both professional expertise and business practices. Training then enables outsourcing professionals to develop the requisite skills. Certification enables outsourcing professionals to demonstrate and be formally recognized for the capabilities they've developed. Similarly, standards for company-wide outsourcing processes are being developed that outsourcing professionals can use to certify their organization's overall management systems.

The second area is in research. IAOP is developing a comprehensive research agenda geared toward not only today's best practices, but tomorrow's next practices. Key is to provide members access to a continuous stream of unbiased reporting. Topics to be covered include: industry trends; developing practices; benchmark data on the structure, pricing, and management systems for outsourcing agreements as well as the results obtained; and professional data on careers, responsibilities, and salaries.

The third area is member networking and knowledge-sharing. Networking is essential to developing the field and the profession. To be valuable,

Standards set the bar for professional expertise and business practices.

IAOP: Serving the Needs of Companies by Serving the Needs of Outsourcing Professionals



Never Confuse Effort with Results

By working with and developing the global community of outsourcing professionals, IAOP enables its member organizations to increase their outsourcing success rate, improve their outsourcing return on investment, and expand their opportunities for outsourcing across the organization.

In business, it's results that matter. These outsourcing results enable companies to deliver better products and services to their customers, increase market share, invest in the future, and provide better returns to their shareholders and other stakeholders. Outsourcing professionals prove their value every day by contributing to the results achieved by the companies for which they work. IAOP helps them do just that.

Michael F. Corbett is one of the best-known experts in the field of outsourcing and Executive Director of the International Association of Outsourcing Professionals (IAOP). Working with leading customer, provider, and advisor organizations around the world, IAOP helps companies increase their outsourcing success rate, improve their outsourcing ROI, and expand the opportunities for outsourcing across their businesses.

Mr. Corbett is also the author of *The Outsourcing Revolution: Why It Makes Sense and How to Do It Right* which has been called 'the definitive work on outsourcing.'

knowledge-sharing is needed not only between individuals with common backgrounds, but by individuals across different functional areas, industries, borders, and cultures. Under a strict non-solicitation policy, networking and knowledge-sharing is facilitated through IAOP's global chapter structure, its annual Outsourcing World Summit®, its online information exchange IAOPNetwork, and direct member-to-member exchanges enabled by its global, online members directory.

Outsourcing professionals prove their value every day through the results their companies see.

The final area is advocacy. To continue to be successful, the outsourcing field needs to develop a positive brand image. Outsourcing lacks a well-publicized, sustainable message that addresses the issues posed by all the various groups involved – customers, providers, unions, politicians, and others. Work is needed to change the perception that outsourcing is just labor arbitrage. Advocacy also means recognizing, through highly-valued industry awards, organizations and individuals that are making significant contributions to the field.



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