Outsourcing and privatisation: how far can you go?

Friday 5th October 2007

Signposts

- What is outsourcing?

- Who outsources?

- Why outsource?

- How far would you go?

- What to outsource?

- What not to outsource?

- Why it goes wrong & making it succeed

- Outsourcing for universities - Different?
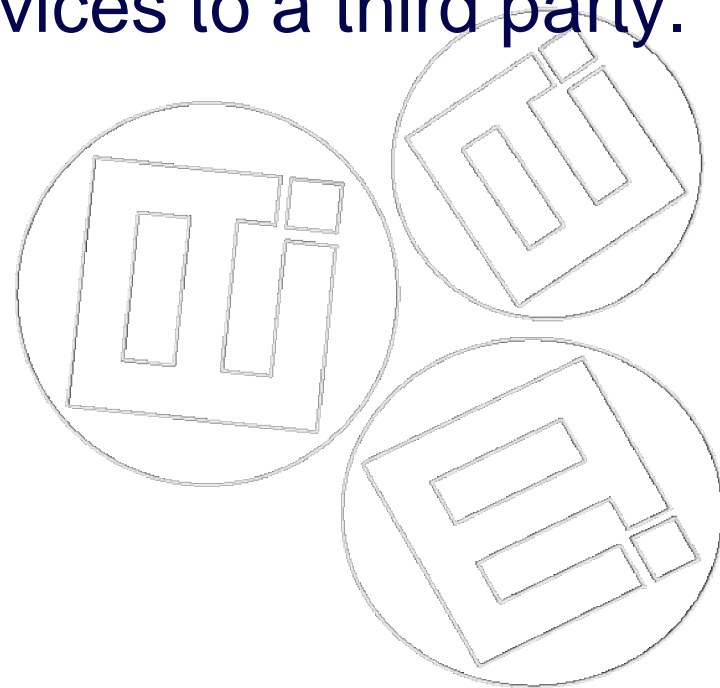
- The contract

- Management

- Summary

What is outsourcing?

Outsourcing is the transfer of the operational responsibility for certain services to a third party.
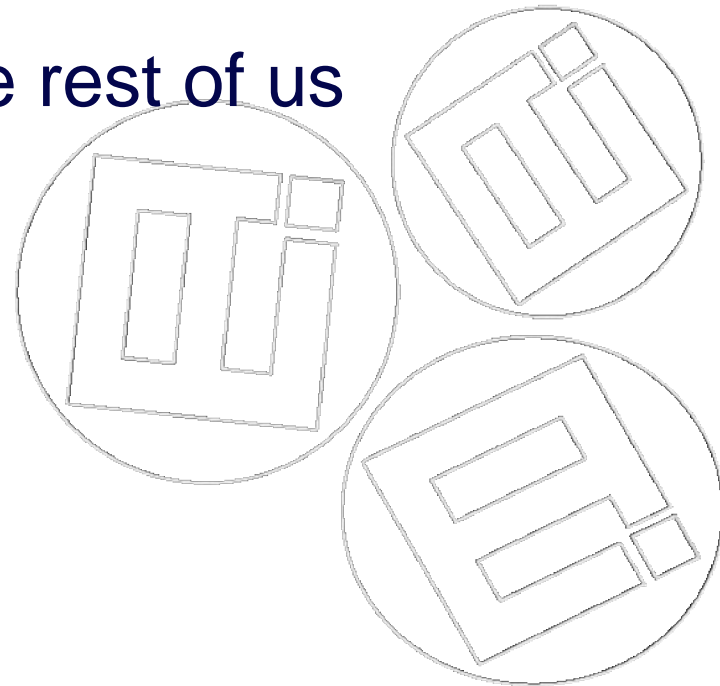
Who outsources?

- Traditionally only big business
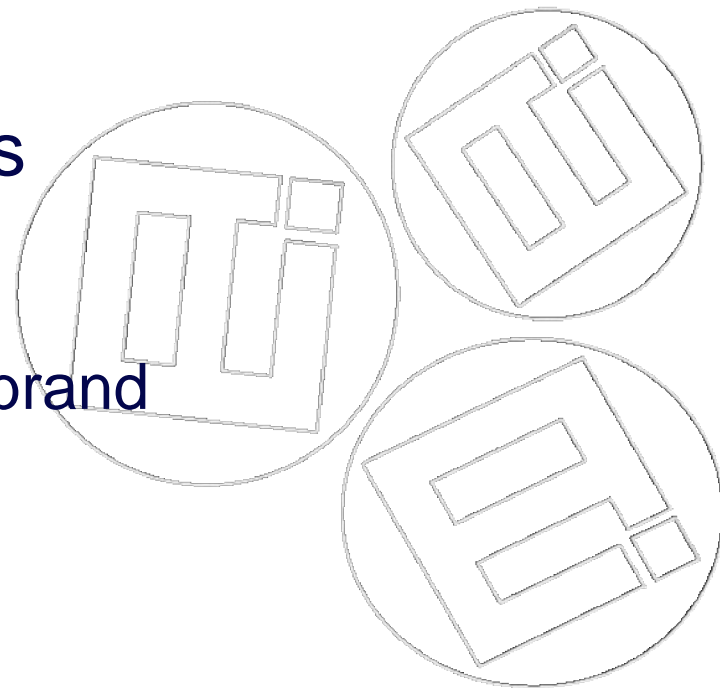
- Now more accessible to the rest of us

  - SME's

  - Universities

Why outsource?

- Cost saving

- Increased quality

- Focus on core competences

- Increased reach
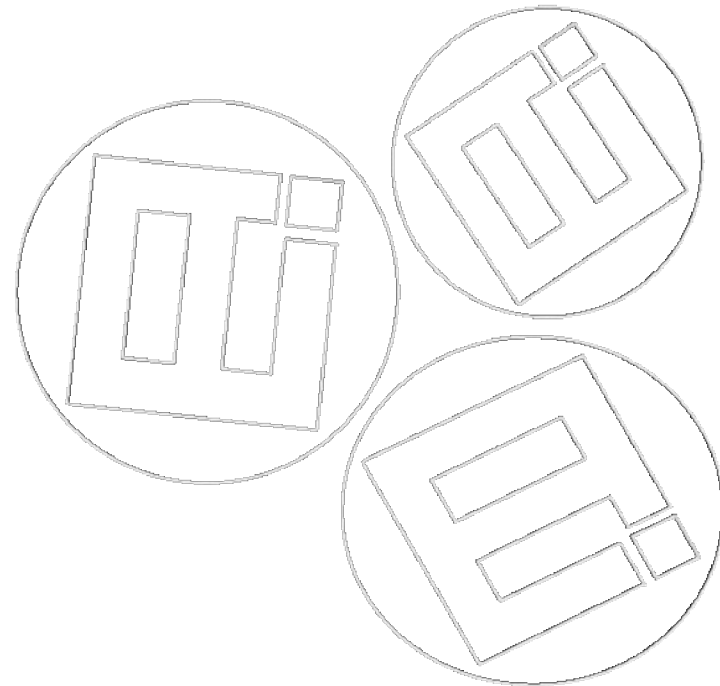 - E.g. international profile and brand

- Access to private funds

www.martineau-johnson.co.uk

How far would you go?

- Keep control of core competences
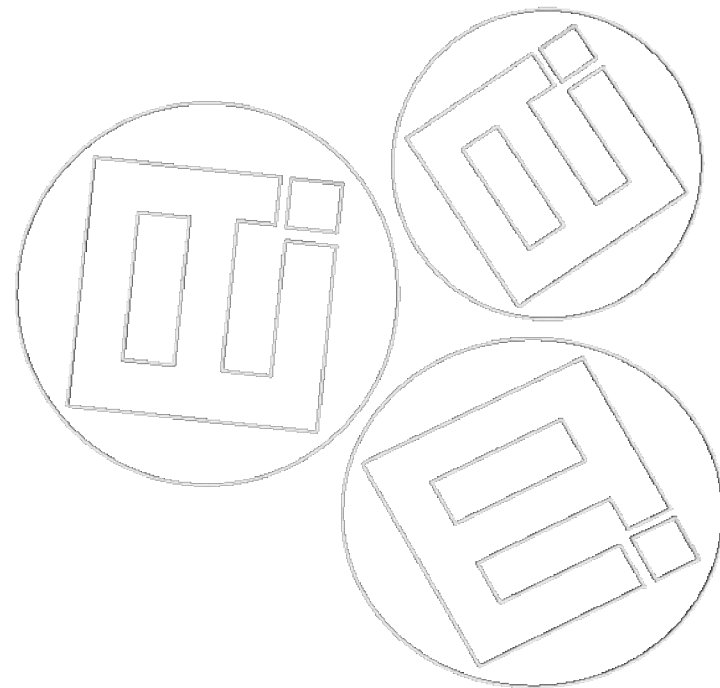
- Only if the law allows

- Risk of poor performance

- Losing control

What to outsource?

Some familiar examples:

- Accommodation
- Catering
- Cleaning
- Facilities management
- Finance and accounting
- HR and payroll

What to outsource?
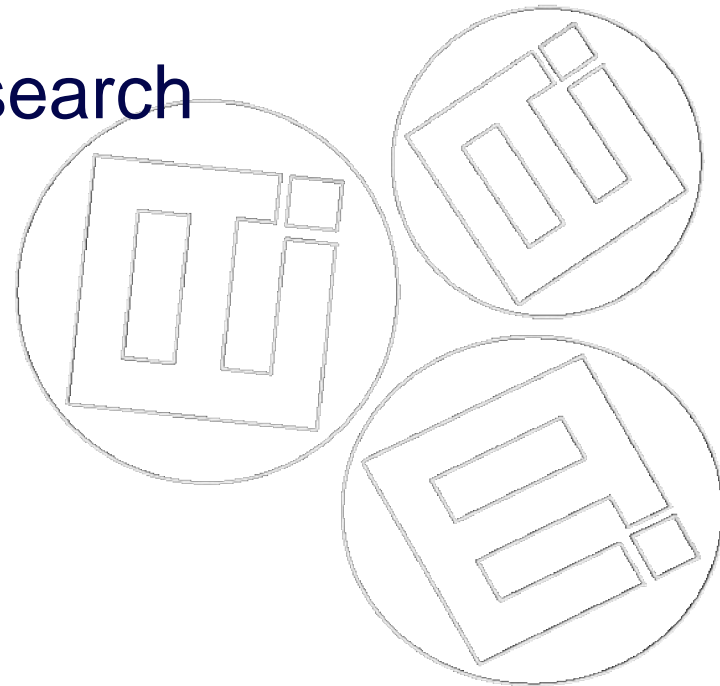
And some less familiar:

- English for academic purposes
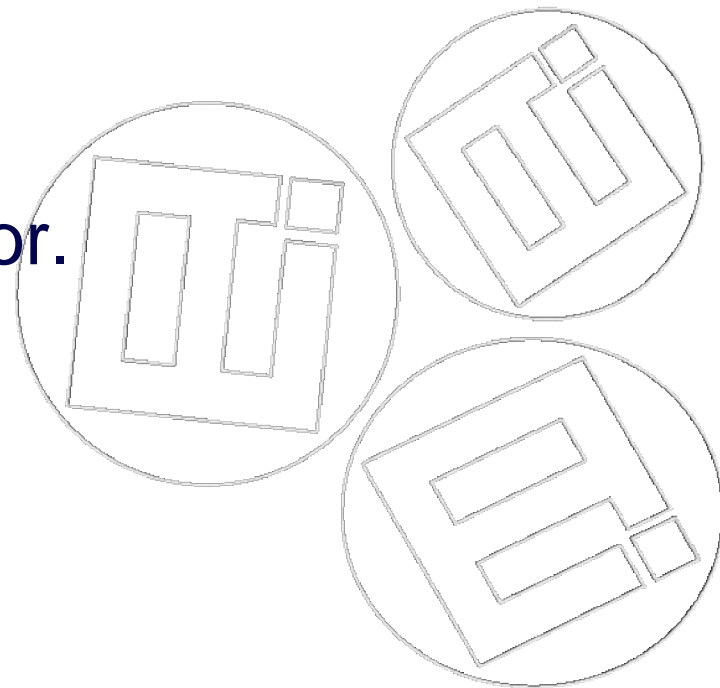
- Contractual/commercial research

- Whole departments?

What not to outsource?

- Core activities

- Control of the brand

- What you are best known for.

Why it goes wrong & making it succeed

- Cost overruns

- Decline in quality

- Damage to brand

- Change of people

- Provider taken over

- Clearly define outsourcing goals

- Specify requirements thoroughly

- Select providers with great care

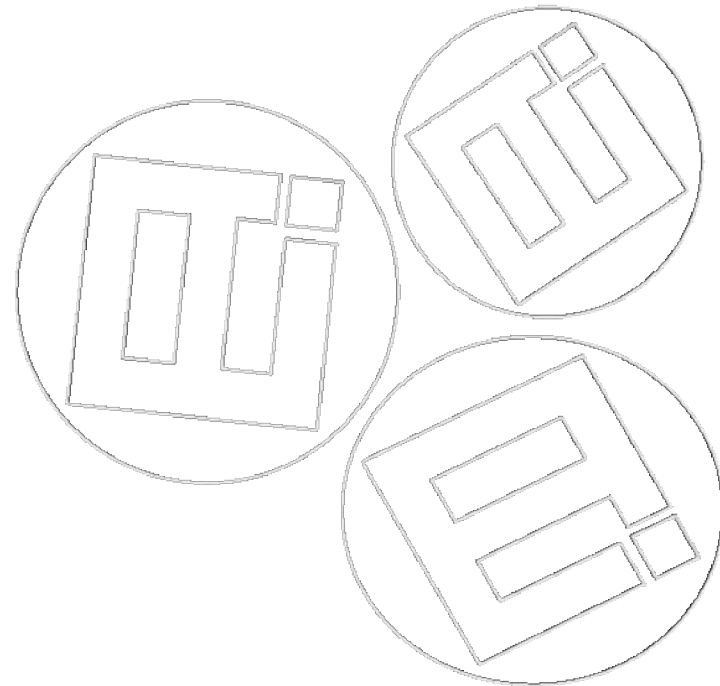- Ensure contract does its job

- Manage the relationship

Outsourcing for universities - different?

Conceptually not greatly BUT
Some sector specific issues:

- QAA code of practice

- Asset disposal

- Privatisation
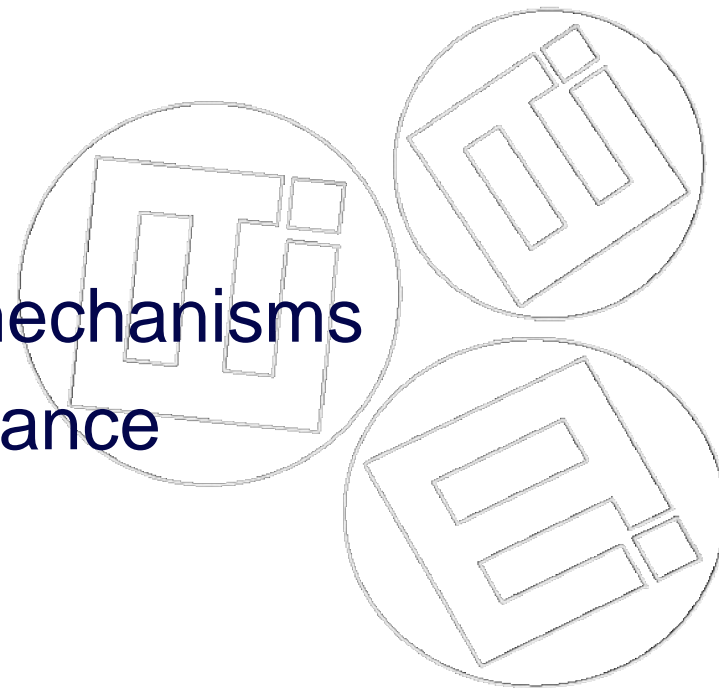
The contract

- Use your own document
- How long should it last?
- Consider transition
  - How does it start
  - What happens at the end
- Make it flexible – change mechanisms
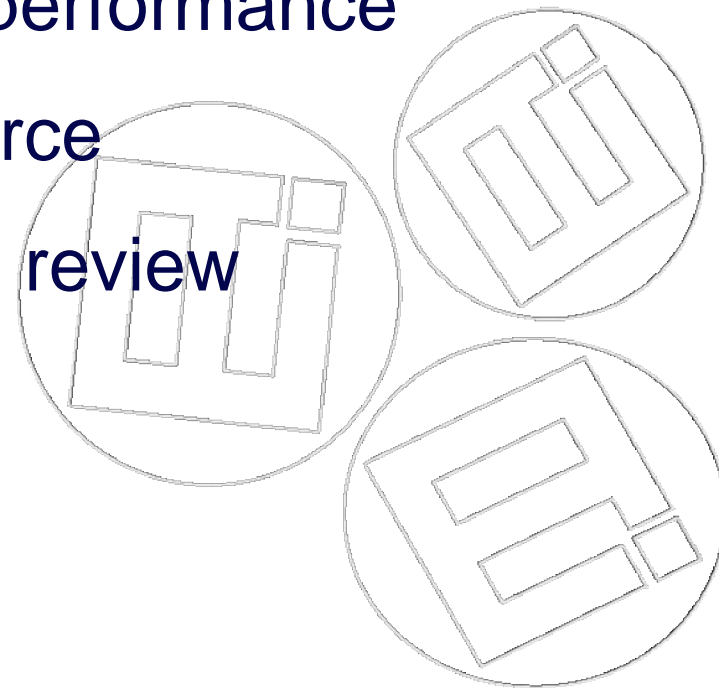- Align risk, liability and insurance

Management

- KPIs

- Suitable remedies for non-performance
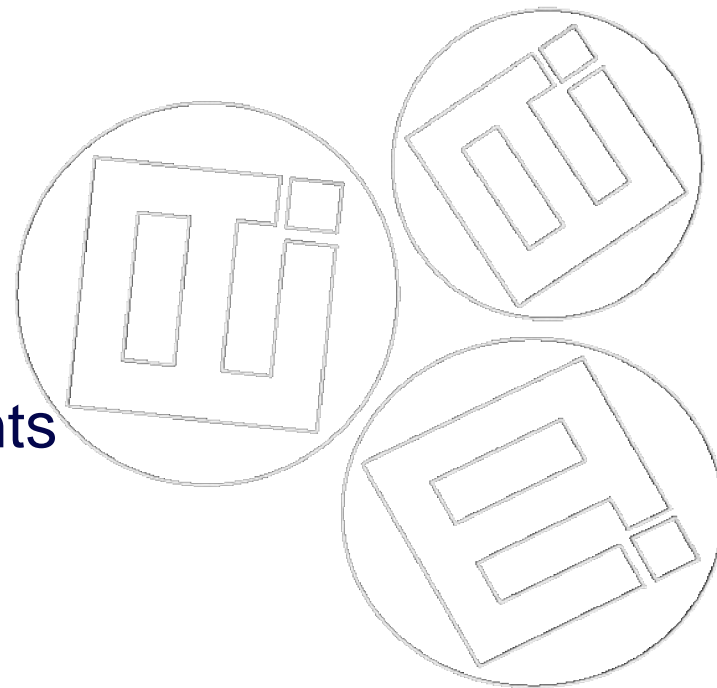
- Appropriate in house resource

- Constant management and review

Summary

- Outsourcing of services well established
- How far to go?
  - Ethics versus profits?
  - Regulatory
- Benefits
  - Brand
  - Attracting high calibre students
- Risk management

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