



## **Accelerating Results**

*Management outsourcing might hold the key*

The conundrum: How do I grow my organization with a compelling mission, yet limited financial resources and a competitive pool of staff talent? Might outsourcing basic functions be the answer?

We tested this notion among nonprofit leaders in 2004, representing five Midwestern states, organizations serving in the Human services, Education and environmental areas were among the respondents.

The most often reported reasons to positively consider outsourcing were

1. Key positions could be filled more quickly, lessening lost opportunity costs and downtime
2. Reduced risks of recruiting, retention and rewarding employees
3. Immediate access to specialized expertise to accelerate the capacity of the organization
4. Reduce the hidden cost of high staff turnover

### **What is outsourcing?**

Outsourcing occurs when an organization has the capacity to perform a function internally yet chooses to have that function performed by an outside provider.

This is not simply using a vendor. If an organization needs a brochure and hires a printing company to print it, this is not outsourcing. If an organization needs legal advice it hires a lawyer, this is not outsourcing.

The organization doesn't direct the outsource provider in how to perform its task but rather focuses on clearly communicating the results that are expected, leaving the process of achieving the results to the supplier.

Those who operate under the assumption that "if it's not broken don't fix it" might be great mechanics but likely have never managed a nonprofit. Just because something is not broken today doesn't mean that it will always work in that way. Thoughtful nonprofit leaders like to get out ahead of challenges, especially basic functions of their operations.

Trusted by the public to provide services with resources that are a challenge to acquire and thus having a low tolerance for risk a nonprofit executive should consider outsourcing thoughtfully. Outsourcing is a terrific solution for some basic management functions but is not designed for core mission related services. On the other hand mid-market nonprofit leaders are often caught in the trap of, "Oh, I can do that." The executive must ask herself, "Just because I can... does it mean I should?"

Outsourcing basic functions is one way to leverage staff leadership into those areas of greatest importance to achieving mission and achieving the following benefits:

1. Save long-term dollars by controlling staff turnover, staff training and the capital investment necessary to support the position
2. Leverage staff expertise by reassigning your best team members into more mission focused activities
3. Accelerate performance by leveraging unique internal staff talent and resources into core, mission related activities

**What to look for in an outsourcing relationship:**

Develop clear expectations and outcomes. Make sure that the terms are mutually agreed upon in qualitative and quantitative terms. Details matter when outlining the engagement.

“First who then what” is Jim Collins’ recommendation in his book *Good to Great*. Technical skills are important, but chemistry is everything in a long-term relationship. Who is on the inside monitoring the outsourcer’s performance and who is leading the outsource team is critical.

Transparency is so very important when it comes to building trust. Look for an outsourcer who can eliminate misunderstanding by disclosing the complete cost of the work, from staff time, cost of capital, cost of intelligence and operations.