# SFJCCAH2.1
## Outsource business processes

**Overview**

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

It covers the outsourcing of discrete functions – such as payroll management, cleaning or security – as well as more complex processes, such as helpline provision, manufacturing or product assembly. It covers outsourced processes delivered on your premises (e.g. catering) and processes carried out at the vendor's premises (which may be in your country or in another country to take advantage of time zone differences, specialist expertise, tax concessions or low labour costs).

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## Performance criteria

*You must be able to:*

P1   analyse your organisation's core competences and identify any business processes which are non-core

P2   assess the potential benefits, costs, disadvantages, risks and legal and ethical implications of outsourcing non-core processes and make a detailed and convincing business case

P3   plan to address the human resource implications of outsourcing, including any redundancy, redeployment, training and development, and cultural issues

P4   identify and evaluate potential vendors to which you could outsource the process

P5   invite potential vendors to tender against a clear specification of your requirements and select the vendor which best meets your criteria

P6   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

P7   communicate the outsourcing plans clearly and effectively, both internally and externally as required, monitoring reactions carefully and addressing people's concerns

P8   work closely with the vendor to transfer the business process to them, paying close attention to potential risks and emerging issues

P9   monitor the vendor's ongoing performance in line with the contract, promptly and effectively addressing any anomalies that occur

P10  review the outsourcing arrangement at agreed points and in the event of significant changes in the business environment

## Knowledge and understanding

**General knowledge and understanding**

*You need to know and understand:*

K1   the difference between core and non-core business processes

K2   how to analyse your organisation's core competences

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

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  your organisation's core competences

K19  your organisation's core and non-core business processes

K20  your organisation's procedures and relevant legal requirements for inviting tenders to supply your requirements

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## Additional Information

**Behaviours**

1. You constantly seek to improve performance.
2. You listen actively, ask questions, clarify points and rephrase others' statements to check mutual understanding.
3. You present information clearly, concisely, accurately and in ways that promote understanding.
4. You monitor the quality of work and progress against plans and take appropriate corrective action, where necessary.
5. You work towards win-win solutions.
6. You show sensitivity to internal and external politics that impact on your own area of work.
7. You identify and work with people and organisations that can provide support for your work.
8. You clarify your own and others' expectations of relationships.
9. You display a good understanding of how different factors in the work context relate to each other.

**Skills**

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

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| **Developed by** | Skills for Justice |
| **Version number** | 1 |
| **Date approved** | June 2010 |
| **Indicative review date** | June 2013 |
| **Validity** | Current |
| **Status** | Tailored |
| **Originating organisation** | MSC |
| **Original URN** | E17 |
| **Relevant occupations** | Public Services; Public Service Professionals; Government and Related Organisations |
| **Suite** | NOS for Operational Delivery Contact Centre roles |
| **Key words** | Operational Delivery, Contact Centre, outsource, business processes, vendor, contract, process, non-core business |