

## Overview

This standard is about outsourcing business processes which are not part of your organisation's core competences. You identify non-core business processes with potential to outsource, assessing the benefits and risks that outsourcing may have for your organisation. You produce outsourcing business cases and present these to decision-makers to confirm agreement. You also manage the human resource implications linked to outsourcing. The standard includes developing a specification to support vendor tendering, inviting vendors to submit tenders and assessing applications to select the most suitable supplier. You work with legal specialists to negotiate the vendor contract and communicate the plans to internal and external stakeholders. You work with the vendor to transfer business processes, then manage risks and monitor performance against the contract.

This standard is for all managers and leaders.

## Performance criteria

*You must be able to:*

1. engage colleagues and other stakeholders in outsourcing decisions and managing outsourcing arrangements
2. analyse your organisation's core competences and identify business processes which are non-core
3. assess the potential benefits, costs, disadvantages, risks and legal and ethical implications of outsourcing non-core processes
4. produce business cases for outsourcing non-core processes
5. present business cases to decision-makers and confirm actions if they agree that outsourcing is worth pursuing
6. manage the human resource implications of outsourcing, including any redundancy, redeployment, training and development, and cultural issues
7. identify and evaluate potential vendors to outsource the processes to
8. develop a specification of your outsourcing requirements
9. invite potential vendors to tender for outsourced work
10. assess tenders received against the specifications
11. select the vendor which best meets your criteria
12. negotiate an outsourcing contract with the vendor which specifies the volume and level of service to be provided, payment terms
13. monitor the vendor's performance in partnership with work with legal specialists
14. communicate outsourcing plans, both internally and externally as required
15. monitor staff reactions to outsourcing plans and address their concerns
16. develop a plan to transfer the business processes to the vendor including contingency plans to manage risks
17. transfer the business processes to the vendor, addressing any emerging issues
18. monitor the vendor's ongoing performance in line with the contract, addressing any anomalies that occur
19. review the outsourcing arrangement at agreed points and in the event of significant changes in the operating environment
20. evaluate the business outsourcing processes to identify areas for improvement
21. follow the legal, organisational, codes of practice and policies relevant to outsourcing business processes

## Knowledge and understanding

*You need to know and understand:*

### General knowledge and understanding

1. how to engage colleagues and stakeholders in outsourcing decisions and managing outsourcing arrangements
2. the difference between core and non-core business processes
3. how to assess the potential benefits, costs, disadvantages, risks, and legal and ethical implications of outsourcing non-core processes
4. how to make a business case for outsourcing non-core processes
5. the potential human resource implications of outsourcing, including redundancy, redeployment, training and development, and cultural issues, and how to address these
6. how to identify and evaluate potential vendors to which you could outsource the process, including the use of vendor rating systems
7. the importance of inviting potential vendors to tender against a specification of your requirements
8. how to assess and select the vendor which best meets your criteria
9. the techniques for negotiating and agreeing a legally binding outsourcing contract, and how to work with legal specialists
10. 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
11. the importance of communicating the outsourcing plans internally and externally as required, and how to do so clearly and effectively

12. how to monitor a vendor's performance in line with the contract, promptly and effectively addressing any anomalies that occur

13. the importance of working closely with the vendor to transfer the business process to them, and how to do this

14. how to identify potential risks and emerging issues when transferring the business process and how to resolve them

15. the importance of reviewing the outsourcing arrangement at agreed points and in the event of significant changes in the business environment

### **Industry and sector specific knowledge and understanding**

16. the industry and sector requirements for outsourcing business processes

17. the legal, organisational, codes of practice and policies relevant to your role and the activities being carried out to outsource business processes

### **Context specific knowledge and understanding**

18. the individuals in your area of work, their roles, responsibilities, competences and potential

19. your organisation's core and non-core business processes

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

## Skills

1. Analysing
2. Assessing
3. Communicating
4. Decision-making
5. Evaluating
6. Monitoring
7. Negotiating
8. Persuading
9. Presenting information
10. Questioning
11. Reviewing
12. Risk management
13. Thinking strategically

## Outsource business processes

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<b>Developed by</b>	Skills CFA
<b>Version Number</b>	1
<b>Date Approved</b>	12 Feb 2021
<b>Indicative Review Date</b>	01 Mar 2026
<b>Validity</b>	Current
<b>Status</b>	Original
<b>Originating Organisation</b>	Instructus
<b>Original URN</b>	CFAM&LED4
<b>Relevant Occupations</b>	Managers and Senior Officials
<b>Suite</b>	Management and Leadership
<b>Keywords</b>	Management & leadership; outsource; business processes

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