




IT Outsourcing: What's Your Resourcing Strategy?



IT Outsourcing: What's Your Resourcing Strategy?

IT departments have been outsourcing for decades. At the same time, there are many organizations who still perform most of their IT services with internal resources. Whether you're a first timer or have years of experience outsourcing, you should constantly review and update your sourcing approach as part of your IT strategy to ensure you are positioned to support your company's objectives.

 Tweet: #ITOutsourcing: What's Your Resourcing Strategy? <https://ctt.ec/i8EZY+>

A range of conditions can point an IT organization toward

outsourcing. Let's explore some common scenarios:

Outsourcing to Cut Costs

It is not hard to envision being called into the CFO's office for a budget discussion and being asked to reduce your IT budget by 20% while still supporting key initiatives for the company. How do you reduce costs, increase services, meet strategic goals, *and* be more agile to accommodate ever-changing business demands?

Outsourcing to Meet a Spike in Demand

What if you are called on by your CEO to support an entirely new organizational initiative, but you don't have the expertise available on staff. Are you prepared to deliver? How fast can you do so?

Outsourcing to Support Legacy Systems

Finally, unless you are a startup, you likely have legacy systems that are core to your operations, but not necessarily a strategic differentiator. Supporting legacy systems can be costly. Are you able to allocate internal IT resources with deep business and system knowledge to the strategic initiatives that will make a difference in your enterprise? Or are they tied up supporting legacy systems?

Craft Your Resource Sourcing Strategy in 6 Steps

For any scenario that could be solved with outsourcing, these steps can guide you in developing a smart sourcing strategy:

 [Tweet: Craft a "Resource Sourcing Strategy" in 6 Steps #ITOutsourcing <https://ctt.ec/W0d4n+>](https://twitter.com/AbraicInc/status/831111111111111111)

1. Determine what "winning" is for your IT organization. The

3 scenarios above point to very different definitions of winning. You first must establish what is most important to the organization (not just your IT organization). What will winning look like when you get there? In this step you are defining your future state.

2. Identify where IT is going to play. Keep in mind, you can't please everyone. What are the services your organization currently performs? What are the services that are most important to winning? If a service doesn't directly link to winning, do you still need to perform this service? If no, naturally phase it out. If yes, how can you deliver these services at the lowest cost while maintaining acceptable quality?

3. Make a game plan to win where you play. Given the services you determine are essential to winning, how can your team best perform those services? With what resources? Do you have the right resources, processes, etc.? Do you have the core competencies required or do you need to hire, buy or outsource them?

4. Develop a winning sourcing strategy. Based on where and how you are going to play, develop a strategy to get there. Below is a tool I have often used in strategy development. Use the strategies, initiatives, and plans to move toward your future state, as defined in the 3 steps above. This simple diagram can be used as a guide to help you develop your resource strategy:



5. Measure what is most important. As the old saying goes, you can't manage what you don't measure. Based on your future state,

identify what the expected outcomes would be when you have arrived, and then establish your baselines. Some of these measures may focus on agility, value, cost, quality, etc. The most important aspect is that they tie directly to your future state to help drive your IT organization to your future state.

6. Communicate your plans to your IT organization and the business. A strategy is only as good as how well it is communicated and cascaded throughout the organization. It is important to paint the vision: why your strategy is important to the organization, and how it is going to impact the IT organization and individuals within it. Be transparent, but at the same time be sensitive to the individuals impacted. As we all know, people inherently do not like change.

Example of a Sourcing Strategy

Below is a multi-sourcing strategy I developed to help guide an IT organization to better meet their business objectives:

This multi-sourcing strategy is designed to help managers understand the overall intent of utilizing multiple outsourcing partners to meet our business objectives.

We utilize multiple outsourcing partners for:

Simplicity – We establish a consistent, unambiguous and repeatable approach for multi-sourcing.

Agility – We create the flexibility to garner the most qualified resources without creating artificial constraints.

Speed – The time to acquire needed resources is essential

to meet the organizational and business strategies.


Quality – We engage those resources which provide the greatest knowledge, experience, and cultural fit.

Low cost – An open and competitive sourcing strategy enables the organization to deliver the best value to the business.

Knowledge – The understanding of what we build and support needs to be well documented and transferred to the organization.

Keep Your Eye on the Ball

Crafting a sourcing strategy is a worthwhile exercise that mitigates resourcing-related issues in the future. Often organizations jump into a solution before they have defined the problem, analyzed the situation, established a vision, and put a plan in place to make the needed changes. Don't fall into the trap of reacting to circumstances.

 **Tweet:** #ITOutsourcing: What's Your Resourcing Strategy? <https://ctt.ec/i8EZY+>