TEN COMMANDMENTS

THE 10 COMMANDMENTS

In the world of *Outsourcing*, there are some basic principles that will occur in every single project. These principles must be followed, or the chances of a successful project will be greatly diminished. With an apology to religion, we call these principles the *Ten Commandments of Outsourcing.*

1. *Outsourcing* **is not** for everyone…While it seems as if all companies are doing it and constantly talking about it…the reality of the situation is that *Outsourcing* is "not for every company."

2. *Outsourcing* changes everything!!! Different resources are required. Different skill-sets for your people are required…new training must take place. Different Communication methods are required…it is not your normal business relationship. Different software tools are required for you to properly manage the project. Different legal contracts and operational documents are required….Everything will an does Change…you need to get ready and be prepared.

3. The majority of all *Outsourcing* Projects *FAIL* before they get started. This is due to the fact that most companies practice ***STUPID OUTSOURCING.*** They have no strategy or plan…they Pick the Wrong Supplier…they fail to do their homework first…and they have little or no knowledge of their own costs.

4. If you are *Outsourcing* "simply" to cut costs…you will fail.

5. *Outsourcing* is both a "strategic" and a "tactical decision…companies should not take this decision lightly. They must take their time in a careful decision making process that address all factors.

6. *The Prime Directive of Outsourcing is to Choose the Right Supplier…not simply the lowest cost…(enough said…)*

7. It's the Costs Stupid…

    a. Understanding costs is a key, before you start…and after you start.
    b. It costs money to *outsource*…you must invest up front to save money later.
    c. Suppliers are masters at hiding costs and confusing their customers…hence the term "shell game" applies to *Outsourcing.*
    d. HIDDEN COSTS will kill your project
    e. QUOTES are worthless…use RFPs (Request for Proposals) instead
    f. The **"Low Cost"** region of today is getting ***more expensive*** every day that goes by. Remember Japan in the 70s…Mexico in the 80s…now everyone goes to China or India…Vietnam… What region is next?

8. You can not outsource from your Desk…(or your cubicle…or your big office with a window)…You need to travel…hire local people speaking local languages to manage your projects…you need "feet on the street"…nothing takes the place of meeting and managing your suppliers face-to-face.

9. The flaw of *Outsourcing* is in the Practice…not the idea. Every company makes mistakes when they outsource…some mistakes can be fatal…make sure you know what you are doing…be prepared…get experts to help…this is not for the faint of heart…

10. He who *Outsources* **Best Wins**. There are many successful companies today who   have a business model heavily built on *Outsourcing*. It can be extremely successful…there are risks everywhere you turn…you must know what you are doing.