

# What Is Outsourcing?

Outsourcing is a practice to transfer portions of work to outside suppliers rather than completing it internally.

-investopedia



So What Has Changed?

## Our Research Found



The Appetite For Outsourcing
The Elevation Of Individual and Company
The Creat Recession

& Most Importantly...

The Emergence Of The Passion Culture...



## We Call This

## The Blended Workforce



## What The LEND Say



#### What The EMPLOYERS Say

9 Out Of 10 See More Outsourced Labor Teaming With Traditional Employees At Work

3 Out Of 4
Outperforming Organizations Intend To Outsource More In 2016

Teamwork, Problem-Solving & Self-Management
Top 3 Benefits Outsourcing Bring To The Table

I See The Barriers Coming Down. People Are Now Less Concerned About Where Techs Are Coming From & More Concerned With The Skill Set They Have & The Management That Supports Them.

### What The EMPLOYERS Say

30% - 50%

Percent Of Labor Force is Outsourced For Outperforming Companies

63%

Percent of Outperforming Organizations Who Find It Easy To Locate The Right
Outsourced Talent

#### Technical Skills, Teamwork, Credentials

Top 3 Criteria Enterprises Look For When Engaging Outsourced Vendors & Labor

# What The EMPLOYERS Say

1. Can Start Immediately 2. More Flexible Teaming 3. Access To Niche Skills The Top 5 Reasons 4. Easier To Engage Outperforming 5. Ability To Scale Employers Like Outsourcing

## What To Consider

As You Start

#### Top 10 Reasons To Outsource

- 1. Keeps focus on key business & core competency
- 2. Increase product bandwidth
- 3. Increase geographical footprint and reducing admin burden required for interstate nexus
- 4. Flexibility & agility
- 5. Economics
- 6. Risk Reduction by eliminating direct resources
- 7. Improve company performance
- 8. Increase competitiveness
- 9. Creates expeditious contract and installation rollouts
- 10. Standardized & transparent pricing

## Top 5 Considerations In Outsourcing



## Considering Cost Efficiency

Lower Cost → Higher Margin

Outsource Well Defined Tasks → Free Up Business Capital

Keep Core Activities Internal → Retain Expertise & Unique Differentiators



Gains are jeopardized if you outsource the wrong processes

Just because it can be outsourced doesn't mean you should

## Considering Business Reputation

Your Brand Isn't What You Say It Is → Your Brand Is What Your Customers Say It Is

Business In The Age Of Social → You Are On Display Even If You Don't Want To Be

Culture Matters -> Constantly Curate Experience Of Your Brand



Outsourced Labor Are Among The Most Engaged Workers 
They Want You To Succeed

Freelancers, Vendors & Contractors → An Extension Of Your Brand

Outsourced Labor IS NOT A Commodity Delivery System

The Top Reason Outperforming Organizations Outsource & Engage Freelancers Is To Improve Our Quality With Specialized Skills.

## Considering Innovation

Outsourcing Innovative Processes 

Beneficial 'outside the box' thinking

Identification Of New Markets & Disruption Of Existing Ones - Competitive Advantage



The Wrong Innovation Partner → Missed Opportunity

Partners Must Partner Not Simply Transact With You

The quality of a service event is not predicated by the tax status of a technician but [by] the practices, processes and support that guide the technician.

#### IRS 20 Point Question Checklist

The 20-point checklist is only a

guideline, it does not guarantee that a person is correctly classified. There is no one single homogenous definition of the term "employee." Most agencies and courts typically look to the totality of the circumstances and balance the factors to determine whether a worker is an employee.

Following are the 20-points that have been established:

- 1. Must the individual take instructions from your management staff regarding when, where, and how work is to be done?
- 2. Does the individual receive training from your company?
- 3. Is the success or continuation of your business somewhat dependent on the type of service provided by the individual?
- 4. Must the individual personally perform the contracted services?
- 5. Have you hired, supervised, or paid individuals to assist the worker in completing the project stated in the contract?
- 6. Is there a continuing relationship between your company and the individual?
- 7. Must the individual work set hours?
- 8. Is the individual required to work full time at your company?
- 9. Is the work performed on company premises?
- 10. Is the individual required to follow a set sequence or routine in the performance of his work?

#### Cont.

- 11. Must the individual give you reports regarding his/her work?
- 12. Is the individual paid by the hour, week, or month?
- 13. Do you reimburse the individual for business/travel expenses?
- 14. Do you supply the individual with needed tools or materials?
- 15. Have you made a significant investment in facilities used by the individual to perform services?
- 16. Is the individual free from suffering a loss or realizing a profit based on his work?
- 17. Does the individual only perform services for your company?
- 18. Does the individual limit the availability of his services to the general public?
- 19. Do you have the right to discharge the individual?
- 20. May the individual terminate his services at any time?
- In general "no" answers to questions 1-16 and "yes" answers to questions 17-20 indicate an independent
- contractor. However, a simple majority of "no" answers to questions 1 to 16 and "yes" answers to questions 17
- to 20 does not guarantee independent contractor treatment. Some questions are either irrelevant or of less
- importance because the answers may apply equally to employees and independent contractors.

### Considering Communication & Collaboration

Continuous Communication & Collaboration → Successful Agile Development

Culture & Communication Go Hand-in-Hand → Take The Time To Understand & Engage

Locally Outsourced Freelance & Contract Talent → Lowered Barriers To Engagement



Watch Out For Time Shifts When Engaging Freelance & Contractors In Different Time Zones

Don't Short-Change The Effort, Expertise & Time It Takes To Manage External Relationships

### Considering Calculated Risk

Pivot Toward The Blended Workforce → Strategic Engagement Of Freelance & Offshore

Risk Of Outsourcing Core Business Practices → High

Risk Of Outsourcing Well Understood Processes & Projects → Low



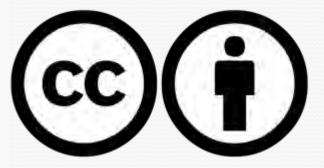
Don't Confuse Good Outsourcing Strategy With Bad Outsourcing Strategy

Failing To Make The Blended Workforce A Pillar Of Your Business → Huge Miss



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## Research Methodology

N = 1,559

Jan – Feb 2016

959 Freelancer Respondents 600 Enterprise HR & Procurement Respondents

Freelancers Were Primarily On–Site Technical Freelancers 142 Enterprise Respondents From Orgs With > 30,000 employees 458 Enterprise Respondents From Orgs With < 30,000 employees