



OUTSOURCING

How To Prepare for the Blended Workforce



What Is *Outsourcing*?

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

-investopedia



Outsourcing Is Not New

So What Has Changed?

Our Research Found

A black and white photograph of a person walking away from the camera in a hallway. The person is wearing a plaid shirt, dark pants, and sneakers. They are carrying a large, dark-colored backpack. The hallway has a wooden floor and a white wall on the right. A dark staircase is visible on the far right. A semi-transparent dark grey banner is overlaid on the right side of the image, containing the text 'That Driven By' in a bold, orange, sans-serif font.

That Driven By

The Appetite For **Outsourcing**
Labor The Elevation Of **Individual** and Company
Expertise The Great **Recession**
& Most Importantly...
The Emergence Of The **Passion Culture**...



Outsourcing Labor Has Become

A **Strategic** Rather Than Operational

Element Of Business!

We Call This

The Blended Workforce



BLENDED WORKFORCE TRENDS –
WHAT THE EMPLOYERS SAY

What The EMPLOYERS Say

STRATEGIC OUTSOURCING DRIVES GROWTH

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

The Top 5 Reasons Outperforming Employers Like Outsourcing

1. Can Start Immediately
2. More Flexible Teaming
3. Access To Niche Skills
4. Easier To Engage
5. Ability To Scale

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

1. Cost-Efficiency
2. Business Reputation
3. Innovation
4. Communication & Collaboration
5. Calculated Risk

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.

-Myself

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



Powering The Pivot To The
Blended Workforce

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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