

DEMYSTIFYING OUTSOURCING

**The Trainer's Guide to Working with
Vendors and Consultants**

Debbie Friedman

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About This Book

Why is this topic important?

There has been a rapid increase in outsourcing in the field of training and development. Often training managers are required to outsource complex projects in areas in which they may have little expertise. The risks are great. Quality, reputation, and significant financial resources are at stake. Today's business climate of budgetary constraints and higher demands by management for training organizations to deliver results that impact the bottom line create even greater pressures. Since the stakes are high, it is critical to minimize the risks in the outsourcing equation. The differential between a successful outsourced project and one that is not is a highly skilled training manager, an individual who knows how to work effectively with training vendors and consultants.

What can you achieve with this book?

This book has been written to demystify outsourcing and the relationship between training managers and their outsourcing partners. Training managers can use this book to expand their capabilities as outsourcing partners as they expand the capabilities of their departments. Their outsourced initiatives will help expand the capabilities of their organizations. The book responds to the question, "How can training managers take a strategic approach, successfully manage outsourced projects, and achieve objectives while maintaining outsourcing partnerships?" External consultants will also find value. They will gain a greater understanding of the role of training managers, the pressures they face, and how best to build partnerships. Training managers and consultants will achieve maximum benefit if they jointly utilize the tools and worksheets that have been provided. Using the personal learning journal that is threaded throughout the book will help the training manager grow as an outsourcing partner.

How is the book organized?

Part One of this book examines trends in outsourcing and introduces guiding principles that should govern every outsourced project. It explores the need to take a strategic approach, the importance of developing strong partnerships, and the value of continuous learning. It also introduces a strategic decision model for sourcing that enables managers to make wise choices about what to outsource and what to retain. Parts Two and Three guide managers through the phases of a project. These sections provide numerous examples, advice, practical tools, and techniques that can be applied to any outsourced projects. Part Four covers special topics, such as managing conflict and the challenges of working with multiple consultants. Part Five helps training managers build a development plan to expand their capabilities as an outsourcing partner.

A special feature of this book is a CD. It includes worksheets that guide the training manager and consultant step-by-step through a project, samples, and the Personal Learning Journal. A CD icon indicates that the resource is available on the CD. You can customize these tools.

About Pfeiffer

Pfeiffer serves the professional development and hands-on resource needs of training and human resource practitioners and gives them products to do their jobs better. We deliver proven ideas and solutions from experts in HR development and HR management, and we offer effective and customizable tools to improve workplace performance. From novice to seasoned professional, Pfeiffer is the source you can trust to make yourself and your organization more successful.



Essential Knowledge Pfeiffer produces insightful, practical, and comprehensive materials on topics that matter the most to training and HR professionals. Our Essential Knowledge resources translate the expertise of seasoned professionals into practical, how-to guidance on critical workplace issues and problems. These resources are supported by case studies, worksheets, and job aids and are frequently supplemented with CD-ROMs, websites, and other means of making the content easier to read, understand, and use.



Essential Tools Pfeiffer's Essential Tools resources save time and expense by offering proven, ready-to-use materials—including exercises, activities, games, instruments, and assessments—for use during a training or team-learning event. These resources are frequently offered in looseleaf or CD-ROM format to facilitate copying and customization of the material.

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Essential resources for training and HR professionals

To
Esther
who helped me take the road less traveled
and to
Jeff and Lisa
who supported me along the way.

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Foreword

Richard was tall, dark, and handsome; I was none of these. Richard called the CEO “Tom” as if they were old buddies; protocol dictated I always inserted “Mister” in front of the top leader’s last name, like every other officer of the bank. Richard had a quiet confidence and an easy manner; I was noisy and irreverent. And when Richard spoke to a group of senior executives from his Ph.D. expertise and his “been there-done that” depth, they listened as if he were straight from Mount Olympus. I hated Richard!

Well, maybe “hate” is too strong a label. I was a new training director; Richard was the industrial psychologist hired by the president to “help” with executive and organization development. I watched Richard frequently enter sanctums on mahogany row that I rarely was allowed to visit. My recommendations spoken from his lips were somehow suddenly valued by the movers and shakers. Like the lyrics of the old country song, I came to wonder, “Tell me what’s he got that I ain’t got.”

Our story had a happy ending. Richard and I became great friends, respectful colleagues, and ultimately partners in a consulting firm we helped create. My resentment was transformed into mutual respect; his guruism turned into collaboration. The path to that evolution is what *Demystifying Outsourcing* is all about. Every day in the corporate world, an internal professional wrestles with the decisions of whether and how to choose a Richard and, more importantly, how to collaborate with a Richard.

Important lessons need not be learned in the school of hard knocks. I was fortunate to have a manager who played the role that Debbie Friedman now plays for you in this valuable book. Watching me struggle with my bruised ego, my boss coached me to focus on my professional standards, not on my popularity standing. After I shared with him some “Richard bashing” hearsay, he advised me to assume the best in Richard and trust my experience, not water cooler scuttlebutt. Once Dr. Richard experienced my obvious professional respect and cut-to-the-chase candor, we were able to forge a partnership that produced work that made a difference.

Demystifying Outsourcing is the all-inclusive toolkit on how to plan, grow, and nurture a bountiful professional partnership. However, this toolkit comes with a lot of extras—unexpected resources designed to take the scary out of the process. Far more than a tome to help you make smart decisions, it is crafted in a form that leaves you a much smarter decision-maker. It elevates the client-consultant relationship to one of synergy, not symbiosis; one that enriches the lives of the partners, not just enhances the outcome of the project. And, while the primary target is the training director’s outsourcing journey, *Demystifying Outsourcing* serves as valuable counsel for managing all relationships that matter.

My Debbie Friedman—the boss who gave me important “Richard-handling lessons”—told me I’d be prudent to approach a professional relationship like a smart farmer approaches growing a first-rate crop—a lot of planning and preparation precedes planting seeds; a lot of weeding and pruning goes on after the plants come up; and a lot of care and conservation ensures the land will be ready for next year’s harvest.

Demystifying Outsourcing is divided into these same three parts. Strategic sourcing is the planning and preparation crucial to effective outsourcing.

Farmers do not plant crops just anywhere; they strategically pick planting sites effectively aligned with all nature can offer. Wise training directors plan outsourcing with similar forethought. They align projects with people; project objectives with organizational priorities, and sources with strategy. Smart farmers pick healthy seeds appropriate to the locale. Smart training directors choose consultants who fit. The alignment process is far more than a “talent contest.” It is the thoughtful management of a myriad of factors to turn an adequate decision into one laced with prudence and promise.

Transforming partnerships—the second step in the process—includes the “weeding and pruning” of the client-consultant relationship needed to nurture a necessary liaison into a valuable partnership. Transforming partnerships—that is, partnerships that are transformational—inspire and motivate. They are those confederations that conduct themselves with such health and fullness they signal to struggling alliances that greatness is possible. They are the “works in progress” that show others that change—organizational, interpersonal, and personal—is all about growth. Grounded in such sustaining virtues as trust, honesty, and generosity, Friedman provides the rakes, hoes, fertilizer, and most importantly, the “whisper in your ear” mentoring that can take a consulting partnership to new heights and rich bounty. Like a master consultant, she provides the enabling methods and “do-it-yourself” tools.

Harvesting to a farmer is more than gathering crops for storage in the barn. It is about the care and maintenance that ensures the soil and equipment will return an even more productive crop the next season. Wise project planners continue to “sharpen the plow.” They reflect on the past to refine the future; they seek feedback to feed forward. They nurture networks to deepen influence and expand inclusion. They build sponsorships and reinforce organizational anchors. They care more about long-term sustainability than simply completing an objective. Integration is more a critical success factor than implementation.

This book can serve you in many ways. It is an instruction manual, an apparatus for professional soul searching, and a powerful reference tool. Please do not read it like the college text you scanned or the novel you raced through just to get to the “good part.” Read it thoughtfully; complete the workbook parts introspectively; and return to it repeatedly like a wise friend with limitless counsel relevant most when you are ready to hear it.

Demystifying Outsourcing embraces a vital philosophy: when it comes to ball games, it's not over 'til it's over; when it comes to growing capability, it is never, ever over. The project may end and the consultant may exit, but organizational improvement is a perpetual journey. That journey is made easier, more rewarding, and far more abundant because of the important gift you now hold in your hands.

Chip Bell

Preface

When I first started to work with vendors and consultants, I was overwhelmed. There seemed to be so much at stake—the budget, my reputation, my career. Early on, I ended up in a difficult situation, having selected the wrong vendor for a high-profile project. It was six weeks before the launch of a senior leadership program, and I had to dismiss the vendor. Thank goodness for a supportive boss. Somehow luck was on our side. I found an extraordinary consultant, who is still one of our partners today, and we successfully launched our program.

There were other projects, some that went smoothly and some that did not. I was often not sure what direction to take. I did not understand the value of building true partnerships. I was lucky again. The consultants were patient with me.

Over time, I noticed that projects started to go more smoothly. I had learned some things along the way. I began to feel more confident, and that caused me to have more positive interactions with vendors and consultants. I looked forward to working with them, because of everything I would learn. I also enjoyed them as individuals and began to value their partnership. I began to see my role differently. In the same way that they were there to help me and my company be successful, my role was to help them be successful. What used to be the most difficult part of my job became the most enjoyable. I began to think about writing a book to help other training professionals learn ways to work more effectively with vendors and consultants. I wanted to share with others what took me many years to learn.

The writing of this book has been a transforming experience. It has given me the opportunity to strengthen existing partnerships. It has also opened me up to new and unexpected partnerships. The generosity of spirit that my colleagues have demonstrated has been one of the most special experiences of my life. In the process I have learned yet again that the greatest blessing of life is the connections we make with each other.

Debbie Friedman
June 2006

Acknowledgments

This book is about transforming partnerships. As I wrote the book, I reached out to colleagues for ideas and support. The partnerships I developed transformed the content; and in the process, I was transformed. I am deeply touched and wish to express my gratitude to the many people who demonstrated a spirit of generosity.

Joyce Chavkin, my sister, a former English teacher and writing coach, spent hours with me on the phone reviewing my manuscript. Our conversations were laced with personal stories about our jobs, our kids, and our mom. We got to know each other on an entirely different level, which deepened my love and respect for her. I cherish her gentle feedback and support.

Martin Delahoussaye, my editor, took a chance on a new author. What a delightful partner I found in Martin. He challenged my thinking and gave honest feedback while always reassuring me along the way. His wisdom helped me strengthen this book.

Susan Smyth, my friend and colleague, was instrumental in helping me get started. She co-authored the proposal, introduced me to Martin Delahoussaye at Pfeiffer, interviewed several colleagues, and deepened my understanding of partnerships.

David Giber, senior vice president at Linkage Incorporated, supported this project from the outset. David's unparalleled creativity and spirit of generosity have helped me build outstanding executive development programs at Federated. He served as a sounding board, read my manuscript, and gave exceptional feedback. Many of the tips and tools have come from lessons I have learned through my partnership with David.

Rusty Sullivan, author, attorney at Linkage Incorporated, and executive director of the Sports Museum in Boston, co-authored the sections on RFPs and contracts. Rusty and I have a virtual partnership. We have never met in person. He gave his precious time while starting a new job to ensure that these two sections of the book were legally defensible, while reflecting a true spirit of partnership.

Rob Goldberg of Organization Insight, writer and consultant extraordinaire, has taught me so much through our years of collaboration. He read the earliest drafts of the manuscript and, as usual, gave me feedback that brought the book to a more sophisticated level. I am always amazed by Rob's grasp of the nuance of language. Thank you for sharing your expertise with me.

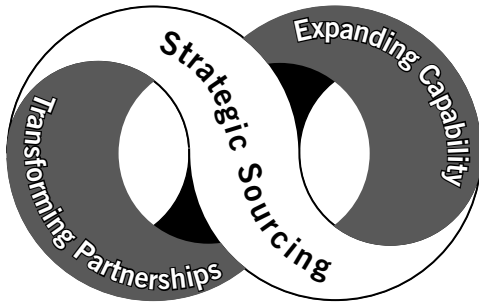
Colleague and friend Joann Jones, Vice President-Talent Management and OD, ServiceMaster, is an outstanding organization development professional. We spent hours on the phone and got to know each other better, personally and professionally. The most enjoyable times were our virtual dinners by cell phone, sharing a glass of wine and exchanging ideas about the book. I greatly appreciate the time she took away from Emma and Don to review the manuscript and give me excellent feedback.

Over coffee at Awakenings, Keith Burtoft of Markers & Mice helped me clarify my thinking about the key principles of the book. With his sharp mind, there were times when I was sure Keith understood what I was trying to say better than I did. After our meetings, I would anxiously await his follow-up emails. The attachments were always so exciting to open. There I would discover how he creatively translated my ideas into art.

Sherry Hollock, my boss and partner for the last nineteen years, made this book possible. Not only did she support my writing, but she also created an atmosphere in which I could learn and grow. Sherry taught me about partnerships in which team members drive hard for results while caring about people.

Research for this book included numerous interviews with OD/training experts in the field. These interviews brought a greater richness to the text and were the source of many of the stories. My thanks go to Merrill Anderson (MetrixGlobal, LLC), Peter Block (Designed Learning), Brandon Hall (Brandon Hall Research), Doug Harward (TrainingOutsourcing.com, LLC), Larry Kahn (LH KAHN), Jacques Labrie (Development Dimensions International/DDI Canada), Corey Leverette (Centurion Systems, Inc.), Mike Lair (Lair Learning Alliance), Leslie Mc Cleary (The Children's Place), Steve McMillan (Hillenbrand Industries), Fred Meyer (Fred Meyer & Associates), Peter Mulford (BTS), Sheryl Riddle (Development Dimensions International, Inc./DDI), Bob Riess (Innovative Training Services, LLC), Dana Robinson (Partners in Change, Inc.), and Tim Rooks (Federated Department Stores).

A wise person once told me that you are lucky if you have one or two special friends in a lifetime. I have been lucky. Sandey Fields and Ophra Weisberg define friendship. They have been my greatest supporters in good times and bad. I am very grateful.



Part 1

Building a Strategic Foundation

Chapter 1	Introduction
Chapter 2	Guiding Principles
Chapter 3	Sourcing: A Strategic Decision

PART 1 begins with an exploration of organizational trends that have caused an increase in outsourcing in training and development. It examines the risks and benefits of outsourcing and then lays a foundation through a discussion of three guiding principles—strategic sourcing, transforming partnerships, and expanding capability. This part ends with the introduction of a strategic sourcing decision model that helps training managers determine which initiatives to outsource and which to retain.

Introduction

The Growth of Outsourcing

Outsourcing is not a new phenomenon. For years training managers have engaged keynote speakers for conferences and contracted for design, delivery, and evaluation of training programs. More recently they have outsourced executive coaching, benchmarking, culture change initiatives, and the development of enterprise-wide learning systems. There are even a small, but growing, number of firms that have outsourced their entire training function.

Recent studies confirm the rise of outsourcing.

- ASTD's *2005 State of the Industry Report* shows a steady increase in the percentage of learning expenditures that go to outside services, from an average of 20 percent in 1999 to 27 percent in 2004, with an expected increase to 29 percent in 2005 (Sugrue & Rivera, 2005).