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Update

The Outsourcing Lifecycle Communications Strategy

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When an organization is considering outsourcing in any of its "shore" forms (offshore, nearshore, onshore), rumors will spread like wildfire, fueled by rampant speculation regarding motive. This is driven by the FUD factors (fear, uncertainty, and doubt) — not only with your staff, but also with current suppliers and customers or even outside organizations such as government bodies, the media, and unions.

This isn't something that happens only at the beginning of an outsourcing initiative. All organizations need to communicate with a variety of people over the course of the outsourcing lifecycle. The degree of communication required often comes as a surprise to many organizations. Time after time, organizations had inappropriate planning and resources, sometimes requiring hiring an external public relations expert to manage communication. In many cases, communication takes a great deal more of the project's resources than was originally planned.

This *Executive Update* walks you through the process of knowing who the stakeholders are and what they want to know over the outsourcing lifecycle. More important, the *Update* suggests how to allocate your scarce time and effort to what really matters.

COMMUNICATIONS STRATEGY WALKTHROUGH

Effective communication begins with a robust strategy that segments your stakeholders, analyzes their needs, and determines the best mode of communication. This does not need to be a complicated strategy; what is important is the active thinking that it takes you through. The main headings in Table 1 show a logical way to do this. To give shape to an outsourcing initiative, we now consider each.

Table 1 — Communication Strategy Components

Target Audience	Priorities	Key Message(s)	Barriers	Vehicle	Timing	Preparation and Delivery	Feedback
Who cares about the outsourcing initiative (internal and external to our organization)?	How important are they, and what level of resistance do they have?	What do we want them to understand? Do we need to change their opinions? Do we need any action from them?	Are there current beliefs contrary to our message? Is there an agenda that works against the message?	What form of communication do they respond to best? Can we leverage any existing communication channels?	When should each message be conveyed?	Who should deliver and/or prepare each message? Do we have a trusted communicator or form of communication with them?	How will we track that the message is getting through? Do we want feedback? How will we demonstrate that we have received the feedback and are acting on it?

Target Audience — Identify Each Stakeholder or Stakeholder Group

Many people, within and external to your organization, will be interested in your outsourcing initiative throughout its lifecycle, in different ways. Each audience will have varying information requirements at each major phase of the lifecycle, and you will have different messages that you want all to understand.

Tables 2 and 3 indicate some of the usual questions that major stakeholders will ask in a typical outsourcing event over the four phases of the outsourcing lifecycle. Consideration of these questions casts a net widely in identifying who cares about the outsourcing initiative, both within your organization and external to it, and what these stakeholders care about.

Priorities — Identify Relative Importance

While all stakeholders might require some form of communication, consider focusing your efforts on individuals and groups who are critical to success, with particular emphasis on those that will take a major effort on your part to get them to buy into the organizational messages and direction.

Figure 1 (on page 4) helps you target your efforts. "Woo and Win" and "Maintain Confidence" require giving stakeholders continual access to information and quick resolution of their questions or issues. Use frequent face-to-face interactions and formal processes for soliciting feedback and monitoring effectiveness.

For audiences less immediately critical to the outsourcing project, one can use a variety of media, with less emphasis on face-to-face communication. In this case, forms of mass communication may be all that is required. They include e-mails, newsletters, communication releases, and briefings.

Key Message(s) — Identify What You Want Each Audience To Do

This is where you identify what you are trying to get across to each audience. Do you just want understanding of what you are trying to do? Do you want commitment to the initiative? Do you want any actions? The point of the activity here is not just to identify what you want, but how passive or active you want (or need) the audience to be regarding each particular message.

Barriers — Impediments

Here you identify the impediments to getting each audience to accept the key message. In doing so, you will also identify how difficult the task will be. For example, say you have an incumbent provider that you are happy with, but your policies require you to retender at the end of each contract. You might want at least two other providers to bid, against their better judgment, because your policies require three quotes. A very convincing message is required here, to say the least. This might include developing a compelling reason to switch providers (unlikely in this scenario) or a compelling reason to participate (e.g., perhaps some form of fixed payment to somewhat offset bid costs).

Vehicle — Identify What Form of Communication Will Work Best

The vehicle is the means by which you will be communicating (e.g., meetings, newsletters, press releases). While your goal here is to identify the communication vehicle that is most meaningful to the stakeholder, the appropriate vehicle will depend on the degree of importance and resistance shown in Figure 1, the level of changed beliefs, and/or actual actions you want as well as the barriers to be overcome.

For example, undoubtedly you will provide reports to senior management throughout the lifecycle (a "maintain confidence" priority), but generally a five-minute conversation can communicate a lot more meaningful information than a 30-page report. However, less important audiences may require less investment, so mass forms of communication may be appropriate, even though they might like that five-minute conversation as well.

Timing — Identify When

Here you specify the dates or general timing of when you think each message should be delivered. Typically, this is scheduled prior to, or a short time after, a key event (e.g., winning provider selected). After you have gone through this process for each of the identified

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Table 2 — Example Stakeholder Questions (Internal)

	Lifecycle Phase			
Audience	**Architect**	**Engage**	**Govern**	**Refresh**
Senior Management	What are all the options? What is the business case for each option? Who are the potential providers? What are other organizations' experiences? What are competitors doing? What risks are present, and how will we manage them? What are the key issues?	Will there be a steering committee? Who is signing off on the decision and the contract?	How will ongoing value for money be demonstrated?	What are all the options? What is the business case for each option?
Staff	When is it all going to happen? How will I be affected? What is expected of me now? What are my options? How do I explore them? What assistance will I be given?	What provider was chosen? Are they going to make me a job offer? What will be my future role here?	Will I be having direct contact with the provider? Are there any protocols? Will there be any opportunities for cross-employment or secondments with the provider?	Will we be retendering? How will I be affected?
Business Areas/Users	How will this benefit us? How will our cost structures be affected? How can we ensure our needs will be met? Who should we be talking to?	Do we get a say in who is chosen? Who is going to keep us briefed?	Will there be any disruptions during mobilization? Who do I contact if I have an issue? Will we be involved in feedback to the provider? Can we opt out the deal if our business area goes in a different direction?	Will we be asked our opinion?
Contract Management and Retained Organization*	What is the split of responsibilities between us and the provider? Where are we dependent on the supplier to do our job? Where is the supplier dependent on us to do theirs?	Will we have representation on the evaluation team?	How does our structure match to the suppliers? What are the communication protocols?	
Finance/ Accounting Department	What is the budget for the project? Will there be interfaces to our financial systems? Will there be any asset sales?	Will we be involved in developing the financial framework? Will we participate in the financial evaluation?	How will the provider be invoicing us, and what are the payment terms? How will costs be controlled over the contract duration? Who will be approving financial variations?	Will we be doing a financial analysis of the total cost of contract?
Legal Department	What sort of contract is planned? Who will be drafting it? When will we be briefed on our expected involvement?	Will we participate in the legal evaluation? In the negotiation? Is our approval of the final contract expected? Will we want an external legal review?	Who has responsibility for ensuring the contract is complied with by both parties? If there is a dispute, will we be called upon?	Will there be a renegotiation attempted? Will we be involved?
HR Department	Which employees will be affected? Who will remain, transferred, made redundant? What precedence has been set by other organizations? What is our role?	What conditions will be put on any offers of employment by the provider? What assistance are we expected to provide?	How is the staff transition being managed?	Will we be asked our opinion?
IT Department	Where will the provider be using our systems, and where will it be using its own? What will be the security arrangements? Will it have an Internet/intranet front end loaded on our desktops?	Will we participate in the technical evaluation?	What changes are needed to our procedures? What access does the provider require to our systems? What uploads/downloads will be happening between us?	Will we be asked our opinion?
Public Relations Department	Will there be any announcements to the media? Is there a government body that needs to be informed?	Will there be any public advertisements? Will our decision be made public?	Will there be any ongoing company-wide or external communications?	Will our next decision be made public?

*The retained organization is the relevent part of your organization that remains insourced.

Table 3 — Example Stakeholder Questions (External)

	Lifecycle Phase			
Audience	**Architect**	**Engage**	**Govern**	**Refresh**
Media	What will be off-shored? Will there be job losses?	Who did you choose? How much is it worth?		What is your next-generation decision?
Providers	What is the scope? How much might it be worth? What is the timetable? Will you be talking to us before you release any official request for offer or the like? Is there someone we can talk to?	Is there an incumbent? How happy are you with the firm? What are the criteria to win? How many will compete? Will there be opportunities even if we don't win?	Who will form your mobilization and contract management teams?	How will you go about making the next-generation decision and when? Will you be asked your opinion?

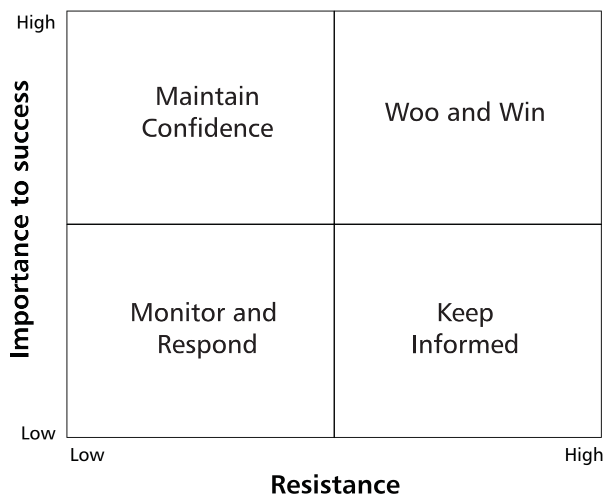

Figure 1 — Communication focus matrix.

audiences, it can be quite useful to prepare a Gantt chart to give you a complete view of the timing.

Preparation and Delivery — Identify the Messenger and the Support

It is important to keep preparation of messages and delivery separate. For example, procurement might know most about the process, but if your audience is staff, an immediate supervisor will be a more trusted source of information. It is more effective to have messengers that the audience finds credible; otherwise, the messenger may actually interfere with what you are trying to communicate. For example, many organizations try to use consultants to deliver essential staff messages — and these are probably the least credible sources of all!

Feedback — Identify Whether You Want Any and How It Will Work

Just because a message was "posted" does not mean it was received or even understood. Any form of mass communication (e.g., e-mail) will always have a low absorption level. This may be fine for some audiences; however, for those critical to success, some form of interactive feedback loop is worth investing in.

The biggest challenge, and most crucial, in any feedback mechanism is demonstrating what you have done with the feedback. Without it, your audience will have the impression it is talking to a wall. Regular communication regarding feedback received and the resultant actions become essential activities for key stakeholders.

CONCLUSION

In driving communication, be proactive, not reactive. Do not let rumor and speculation drive people's beliefs. Use the right effort and tactics at the right time, with a combination of formal and informal forms on a mass and individual basis. That way, you'll never be surprised by what you overhear near the watercooler.

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Dr. Cullen is a widely published author. Her publications include *The Contract Scorecard*, *Intelligent IT Outsourcing*, *Outsourcing: Exploding the Myths*, *Contract Management Better Practice Guide*, *Best Practices in ITO*, *Lessons Learnt in Outsourcing*, *Service Provider Management*, *Outsourcing Guidelines*, and *Outsourcing: What Auditors Need to Know*, in addition to research with various universities since 1994, including the London School of Economics, University of Melbourne, Oxford University, and the University of Warwick. She has been featured in such publications as *Australian Financial Review*, *Business Review Weekly*, *Computerworld*, *Directions in Government*, *European Journal of Information Systems*, *Information Economics Journal*, *Journal of Strategic Information Systems*, *Information Technology Report*, *Insurance Directions*, *Oxford Handbook*, *MIS*, and *MISQ Executive*. Her expertise is globally recognized, and she performs peer reviews of outsourcing research for *Harvard Business Review*, *California Management Review*, and *European Conference on Information Systems*. Dr. Cullen has lectured at many universities, including the University of Seoul, the University of Melbourne, the University of Monash, the University of Swinburne, Queensland University of Technology, and the Royal Melbourne University of Technology. Dr. Cullen earned a BS in accounting from St. Cloud State University (US); she was awarded a master's of management (technology) from Melbourne Business School, and earned her PhD from the University of Melbourne. She is also a Chartered Accountant in the US. She can be reached at scullen@cutter.com.