Podcast Series - "About Managing Contractors and Vendors"

Episode 5 Transcript: Scoping The Work – Defining the Job To Be Done

You will find this episode helpful if you have made a decision to outsource a project or program, or when you engage contractors or consultants to assist you in completing work. You may even find this helpful when you are deciding whether it makes sense to outsource work or to take on more staff.

Before you engage any vendor, or external resource, map out the job to be done, and how much work is involved. We call this "scoping the work", and it allows you to assess what is to be done, and estimate a cost and create a budget for the outsourcing.

In Episode 2, we introduced the concept of Defining the Work. And now, in this 8-minute episode, we take the concept further. We'll list the 12 most important factors and questions you need to address before you start to select and engage a vendor.

Scoping the work is more important and more valuable than just helping you select a vendor. It will provide the foundation for the contract you have with that vendor, and give you the basis for managing and monitoring the deliverables and service levels.

Think180's workshop, Managing External Resources, goes into much more depth on this subject. Our learning series products also provide a lot more detail. And you'll find some free resources - articles and tools, at the Think180.com website.

So let's go over at what scoping the work means. First look at what you're expecting to be delivered, what will it take to structure the work, and achieve the standards you want. You need to figure out how to monitor and manage the work and how it will be measured.

1. What is being outsourced? Is it a project or program? A project has defined deliverables, a completion state, and milestones along the way. These are written into a contract. A program is an ongoing service, governed by a Service Level Agreement or SLA. Are you handing over an entire project or program to the vendor? Or are you bringing the vendor in to extend or supplement your own resources?

2. What is the reason you are outsourcing? This is very important, because the underlying assumptions affect the way you structure the work. Is it meant to be a cost saving? Is it because your company's business model does not embrace doing the kind of work that is being outsourced? Is it because you need a specialized expertise that is not cost-effective to hire in permanently? Or is it because of short timelines or variable workloads you need additional resources to complete?

3. Set a budget, or at least financial guidelines for the cost of outsourcing. Because of the different cost structures and overheads, you can't simply compare employee salaries and vendor costs. Vendors have their own overhead costs and profit margin (as your company does). And your own employee total costs and overheads will probably be higher than you expect. Think180 has valuable worksheets on this, available on our site.

4. Is the work to be done fixed and quantifiable, or can it be scaled up or down, or extended in time? If it is a project, can additional elements be added, to expand the scope of the project? If it is a program, can additional responsibilities be added, volumes increased, or additional markets added?

5. Will the vendor be involved in defining the scope of the work through their own capabilities and experience with the subject matter? In other words, do you know enough in advance to be able to define the work before the vendor begins?

6. What are the outcomes, the real results you looking for, and how will they be measured? There is information on our site about workshops and consulting services that give practical guidance in identifying and documenting real outcomes in a business world.

7. Will there be customer touchpoints, and what are these? How do you set standards and expectations for these interactions? Do you simply provide metrics, or will you specify actual behaviors and scripts? And are the customers external or internal? Later episodes in this series will discuss the differences between internal and external customers.

8. How will the project or program be managed? Who is responsible? What authority do they have? Where does accountability lie? How much time and effort will it take to manage the vendor and the program or project? How much subject matter expertise is required of the person managing the project or program?

9. Does the person responsible have experience managing vendors and outsourced work? New managers often find managing vendors more challenging than expected. They need guidelines and skills. The workshop Managing External Resources, provides such training.

10. What are the metrics, controls, and reporting requirements you will put in place? How do these get included in company reports, business planning, and institutional knowledge?

11. Who are the stakeholders in the outsourcing, for the outcomes and for the investment, and do they need to be consulted in defining the scope of the work?

12. Is there a supply chain involved? Will there be other vendors needed to provide input, materials, expertise, or to complete part of the work? Will the primary vendor have to choose vendors for the supply chain, or do you need a vendor with this already in place?

And that is the list of 12 key areas. Once you have all the answers, the information needs to be captured and included in the request for proposal (RFP) and project documentation.

For more material, go to Think180.com. Click on "ensuring vendor effectiveness", then note the list of resources at the right. In particular, workshops, outsourcing lifecycle, outsourcing matrix, employees vs. contractors, and the roles of HR and Purchasing.

In our next episode, we will begin the process of selecting a vendor by creating a request for proposal, or RFP.

Thanks for listening. I hope this has been helpful to you and stimulated some thinking. As always, we welcome feedback and success stories, as well as questions you may have. please feel free to share this podcast with your colleagues. Our e-mail address is podcast@think180.com.

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