CHAPTER 4

RULE #2: FOCUS ON THE WHAT, NOT THE HOW

All business agreements include some form of workscope. The purpose of Rule #2 is to understand and document outsourcing workscope between the company and the service provider. Adopting a Vested Outsourcing business model does not change this need. What does change is the level of detail and documentation.

The main difference between a conventional approach and the Vested Outsourcing approach is that under the Vested approach, the company that is outsourcing specifies what it wants and moves the responsibility of determining how the work gets delivered to the service provider.

Following the Vested Outsourcing approach for documenting workscope avoids a common trap from the ten ailments of outsourcing (see Appendix A) that we call the “outsourcing paradox.” The “outsourcing paradox” occurs when a company outsources to a service provider because it knows the service provider can do a better job, yet the agreement is written as if the company is the expert, strictly defining how the work is to be done. If you are reading this book, you have chosen to outsource and want to use a Vested Outsourcing approach. Do not constrain or undermine your service provider by telling it how to do its business!

K. Vitasek et al., The Vested Outsourcing Manual
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To follow Rule #2, your Vested Outsourcing agreement should include documentation of the Desired Outcomes and the associated Statement of Objectives (SOO). Desired Outcomes set the high-level outcomes, and the SOO establishes the required objectives that the parties will strive to accomplish under the agreement. Under a Vested agreement, the company outsourcing must be willing to allow and enable the service provider to make significant changes to improve overall processes and flow within the workscope it is assigned.

Workload allocation plays a vital role in this process. A good Vested agreement ensures that the company and the service provider work together to optimize the end-to-end process rather than focusing on process effectiveness specific to the internal company. The parties focus on maximum integration (management and visibility) of the entire business process effectiveness. Workload allocation goes hand in hand with an SOO because it allows the service provider the flexibility to change current processes significantly to improve performance and meet the Desired Outcomes. For this reason, it is vital that the parties have a clear understanding of the end-to-end process and which party is accountable for which processes.

The aspects of Element 3 are discussed in detail in this chapter. As you work through your Vested agreement, you will complete homework assignments on each facet of Element 3. By the time you complete this chapter and its homework, you will have documented the Desired Outcomes for your agreement, along with the SOO. The deal’s workscope is defined by allocating key processes to the party that provides the best value to the overall agreement.

**ELEMENT 3: DESIRED OUTCOMES, STATEMENT OF OBJECTIVES, WORKLOAD ALLOCATION**

Starting Point: Documenting Desired Outcomes

Baseball great Yogi Berra is often quoted for his folksy wit and funny but oddly apt takes on leadership and life. One of his