# Determine the Right HR Outsourcing Solution Executive Briefing

### Summary

HR departments are trying to engage in more strategic, value-add work for the organization and decrease time spent on non-core administrative tasks. Organizations are looking for cost savings and to help HR improve performance levels.

### Our Recommendation

* Investigate pain points in the current HR processes and requirements to determine what is driving the need to outsource.
* Use a defined vendor selection process including a request for proposal (RFP) process to solicit proposals for HR outsourcing, and form a proposal evaluation committee to objectively evaluate vendor RFP responses.
* Proactively prepare the vendor for a successful and collaborative relationship by being clear about expectations and providing them with essential organizational information required to customize service delivery.

### Client Challenge

* HR departments are often faced with limited time, money, and skills; outsourcing is an option to help HR best use resources and improve service levels.
* HR outsourcing is challenging in itself and needs careful management to ensure that expectations are met and the investment is a valuable one.
* HR outsourcing can result in employee demoralization and negatively impact the organizational culture and productivity.

### Critical Insight

* The performance of the HR department can be elevated by outsourcing tactical activities to an HRO provider, freeing up resources to focus on strategic projects and in-house upskilling as required.

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### Get to Action

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| 1. Identify HR pain points | 1. Identify key stakeholders to involve in determining HRO appropriateness. 2. Use the *HR Outsourcing Assessment Tool* to assess current and target HR performance levels. 3. Calculate costs of operating HR functions in-house.   **Deliverables:**   * *HR Outsourcing Assessment Tool* * *Case Studies: Determine the Right HR Outsourcing Solution* |
| 2. Assess HRO appropriateness | 1. Review and compare current state against target state for each HR function, including:    * Performance levels    * Degree of strategic importance    * Current level of capability 2. Identify which activities to keep in-house, which to outsource, and when to hire a consultant. 3. Determine the right type of HRO solution. 4. Set goals and metrics to be achieved through the HRO solution.   **Deliverables:**   * *HR Outsourcing Assessment Tool* * [*HR Metrics Library*](https://hr.mcleanco.com/research/hr-metrics-library) |
| 3. Conduct HRO market research and issue an RFP | 1. Create an HRO vendor evaluation committee. 2. Outline the customized vendor selection process. 3. Generate a list of HRO vendors to contact. 4. Issue an RFI (optional). 5. Set vendor evaluation criteria in alignment with HRO needs. 6. Issue an RFP.   **Deliverables:**   * *Standard Project Charter* * *Request for Information Template* * *Request for Proposal Evaluation Grid* * *Request for Proposal Template* |
| 4. Select a vendor and prepare to manage relationship | * Select the right HRO vendor to meet your needs. * Gain executive sign-off on the final vendor decision. * Negotiate the contract with the selected vendor. * Prepare internally for the vendor relationship. * Equip the vendor with the information it needs to succeed in delivering the HRO solution.   **Deliverables:**   * *Request for Proposal Evaluation Grid* * *HR Outsourcing Assessment Tool* * *Service-Level Agreement Template* * [*HR Metrics Library*](https://hr.mcleanco.com/research/hr-metrics-library) * *Standard Project Charter* * *HR Action & Communication Plan* * *Guide for Vendors* |

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