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# Outsourcing Support Services and Organization Transformation:

The case of  
Facilities management and  
Information Systems management

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# Regarding the context (1)

- Organizations are developing core processes according to their missions, which to operate fully, rely on support functions.
- Traditionally, these support functions provide services without which the organization and individuals would find it difficult to be successful.
- Organizations have provided these support functions internally for a long time.
- Today, some or all of these functions and services, that organizations are mandated to produce, have been outsourced.

## Regarding the context (2)

- It is also necessary to explain how we developed the idea of working on outsourcing from our teaching and our educational experience.
- The management of **general services (Facility Management)** and **information systems** has been taught for over ten years at University of Marne la Vallée through a Master degree covering these two domains.
- Quite recently, transversal teaching experiments have made common issues emerge (approach, methods, results...) between these two functions while the professions frequently ignore each other.
- This observation has largely motivated our reflection which has focused to date, on the issue of Outsourcing

# Regarding the context (3)

- It is necessary to define our meaning of outsourcing before addressing the issue at stake as well as our results :
- Generally, we understand 'Outsourcing' as a **mode of inter-organizational cooperation**, as a "new" mode of managing relationships between companies.  
(Adapted from Fimbel & Foltzer, 2006)
- In our view, **Outsourcing means something** other than the sub-contracting relationship, and is derived from two points of view :
  - ✓ **From a legal point of view**, an outsourcing transaction evolves and the contract reflects this aspect ;
  - ✓ **From a human and social point of view**, outsourcing means complex integration relations, hiring staff or managing diverse profiles.

The difference between both modes of inter-organizational cooperation is evident once we take into consideration **reversibility and loss of competency**.

However, the **difference between sub-contracting and outsourcing** is increasingly blurred.

# Understanding the problem

- This study addresses the impact on the way outsourced services work
  - on internal support functions, and
  - on the organization as a whole
- We have limited our analysis to the perimeter of the implementation of outsourcing.

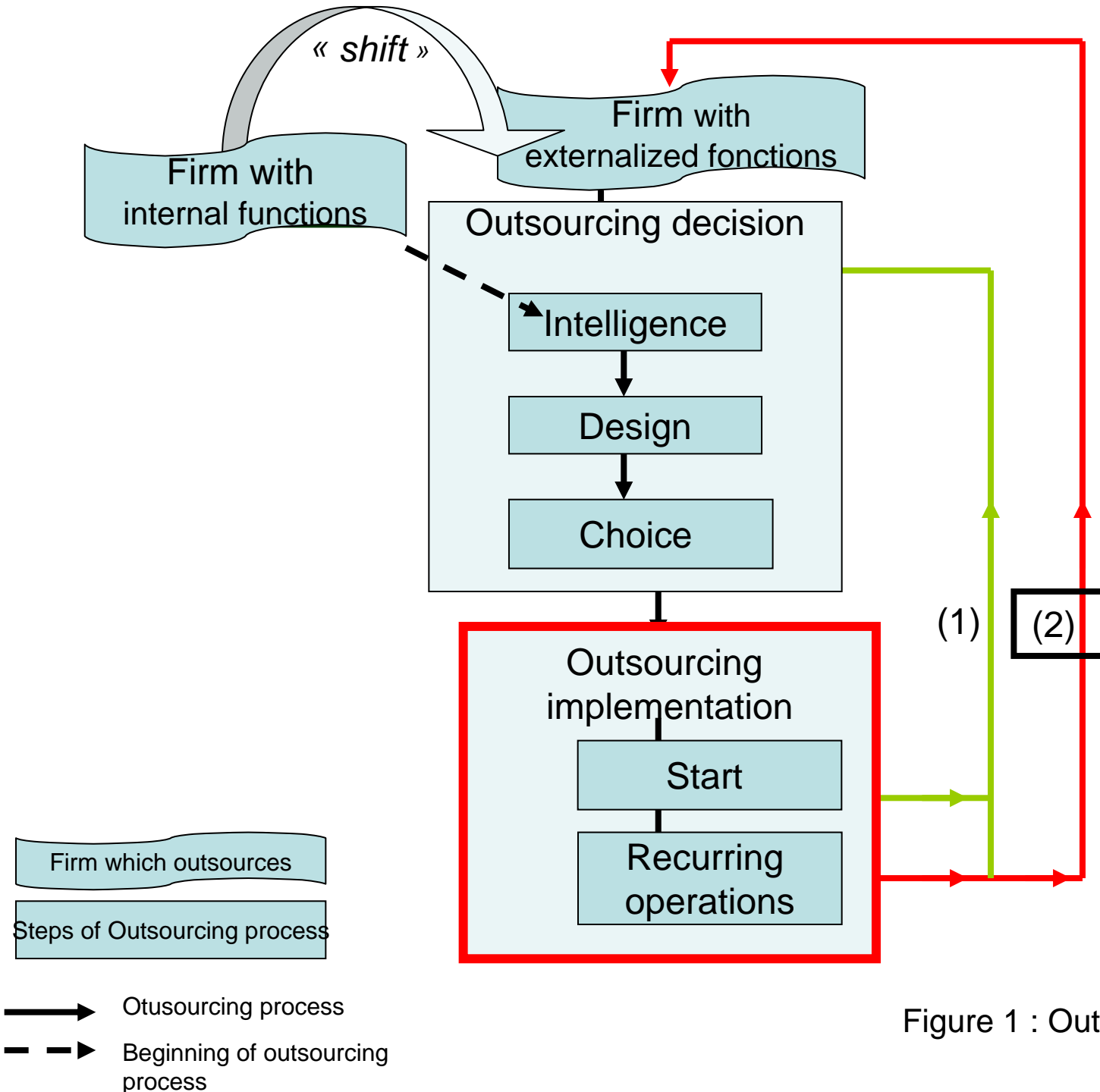


Figure 1 : Outsourcing process

# Methodology

- Our methodology is based on experiences related to this topic as described in internship reports from students
  - working in information systems management,
  - and working in general services departmentsduring their internship while they study their Bachelors & Masters at IUP of Services Management.
- We note the following :
  - ✓ the experiences reported in general services are more explicitly focused on operations including outsourcing and its impact on the related support function
  - ✓ On one hand, information system outsourcing is being perhaps an older practise. On the other hand, the information systems are more inbedded within the activities of the company. Therefore the subject is not as directly addressed as if it had been banalized .
- In addition, during the thesis defenses where the students explain what they have done, the jury has collected information on more global transformations of companies resulting from these operations.

# Results

- The study points out
  - the common changes to these two support functions and identifies elements for an organizational model useful in understanding the evolution of functions and services support.
- 3 results are presented in the following charts

# Finding Results (1) :

## Content Transformation of the service process

- **Legal aspects**

- ✓ Frequent evolution of the purchased service according to the original owner and taking into account the obsolescence of services provided
- ✓ Integration of performance monitoring of the service provider
- ✓ Specific penalties according to French law and integrating more and more the concept of prejudice + problem of implementation

- **Human resources aspects**

- ✓ Redeployment or social reconfiguration: management of vicinities of internal and external teams, intercultural management
- ✓ Integration of advice and feedback from consumers
- ✓ Methods of accompanying change are necessary because resistance to change is inherent in these projects.

## Finding results (2) : Widening the scope of the process

- New players - or new skills
  - ✓ Rise of consumer service
  - ✓ Professionalization of the client
    - Acquisition of « knowledge to lead the other to do »
    - Ability to master and utilize control tools
    - Ability to express needs and assess the results
    - Ability to enrich the relationship by sharing knowledge acquired throughout the contract
- New concerns
  - ✓ Taking into account the evolution of the contract object
    - The service must always stop at one point and may be altered.
    - Moreover, it can occur that the service is deteriorating
  - ✓ Focusing at reviewing the results objectively
    - This is especially true since the service delivery is assessed subjectively
    - Introduction of "third party "objectives" in monitoring the performance

## Finding results (3) :

### Global transformation of the organization and management

1. The core business is validated (or not) by the implementation of the decision to outsource its operation.
  - Meanwhile, some knowledge could be lost.
2. Re-evaluation of the trade companies that outsource
  - ✓ from Trades of doing to Trades of leading the other to do: Trades relying on competences of expression of needs, monitoring or control
  - ✓ streamlining the distribution of tasks in the jobs which had mixed these tasks
3. Thinking on the social function and the internal image
  - ✓ Taking into account persons who are reluctant to change by dynamic resource management
  - ✓ Thinking on the specificity of the company, which is key in the support functions.
  - ✓ Integrate this fundamental dimension in the choice of partners

## Finding results (3) :

### Global transformation of the organization and management

4. Systematic questioning of the services offer :
  - ✓ Professionalisation of the external services offer,
  - ✓ Professionalisation of services inside the company spurred by the outside competition.
5. Controlling the suppliers :
  - ✓ Ability to share experiences,
  - ✓ Anticipating the changes in the support functions which represent for the suppliers their core business,
  - ✓ Consideration of the reversibility of contracts.
6. Search performance in the support functions :
  - ✓ Creating benchmarks in the form of good practices, referentials and methods. These comparisons are sometimes sold in the form of Data repository or of software,
  - ✓ Because outsourcing introduces a culture of result rather than of means, support functions are clearly part of the result of the company.

# Conclusion

- This work should then be utilized to formulate and test hypotheses.
  - Our intent is to start from this exploratory work in order to retain hypotheses and then verify them in the field.
- To achieve our goal, we can count on:
  - a team of professors of IUP Services management who are specialized in **general services** management and in the management of information systems,
  - access to the business field "of support functions" via our students. Students spend alternate their year between university and company. Most of them are in a position to administer a questionnaire in-situ to those responsible for information systems or in charge of **general services** management.

- Fimbel, E., Foltzer, K, 2006, Pilotage de la relation client-prestataire dans une opération d'externalisation : Etat et perspectives, 15ème conférence de l'AIMS