



Smartsourcing

Driving Innovation and Growth through Outsourcing

By Thomas M. Koulopoulos and Tom Roloff

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With a Forward by Jim Champy, Author of Reengineering the Corporation

The most profound impact of the 20th century enterprise was in the way we moved workers to where the work was. The most profound impact of the 21st Century enterprise will be in the way we move work to where the workers are.

The road to outsourcing has been paved with good intentioned but poorly informed efforts. As outsourcing evolves it is becoming increasingly clear that there is a “smart” and a “dumb” way to go about it.

Just a few of the organizations that have taken back outsourced solutions:

JP Morgan
Sears
Dow Chemical
Xerox
FBI
MBNA
Bank of America
Capital One
Sprint

“Dumb”Sourcing

It’s time for corporate America to wake up. For decades we have been chasing after the holly grail of cost cutting. Guess what, so has the rest of the world and they are winning. If the fact that every object you pick up, drive or wear happens to be made somewhere other than USA is not enough to convince you then just look at the brain drain to India and the Pacific rim, where highly skilled workers can be one tenth of the cost of onshore talent. The fact is that many US corporate leaders have been focusing on what they do worst, cutting costs, instead of what we as a nation do best, invest and innovate. With this sort of approach outsourcing and offshoring are a recipe for disaster. Look around, the streets are littered with the remnants of outsourcing deals that have not performed as expected, no longer made economic sense or that have simply gone bad. The problem is the obsessive focus on costs, which almost always backfires. In fact 70%-80% of firms that outsource are dissatisfied and are considering alternatives. Sending your mess offshore for less is a cowardly way to lead. We are wasting money. And its not just private industry., By some accounts the FBI spent \$200 million of taxpayer money on a single failed outsourcing effort. We’ve got to get smart. We’ve got to focus on innovation and the transformation of our workers and our educational systems to support innovation. We need visionaries in government and industry who will look ahead, beyond the next four years and the next quarter to prepare us for a century of global competition.

Smartsourcing is about establishing a balance of risk and opportunity, cost and innovation and then putting in place attitudes by which to optimize all of these factors, socially and politically. Smartsourcing is simple but essential in establishing a constitution for making our nation and our organizations great.

To call anything less than this degree of due diligence and scrutiny of outsourcing’s risk and opportunity *dumb* is to be kind in the extreme.