

To Outsource or Not To  
Outsource . . .

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That is the Question!

# Presenters

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# Why Consider Outsourcing?

- Need special expertise
- Don't have or can't spare staff resources
- Saves hiring more staff
- Time constraints
- More cost effective
- Credibility
- Other reasons?



# Determine the Best Option

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Consider the following:

- Financial aspects
  - Available staff and \$ resources – what is the difference if you outsource?
  - Controlling costs of the project
  - Shorter term v. longer term impact
- Identify the Return on Investment (ROI)
- Strategic or long-range plan

# Determine the Best Option

- Ownership of product or service
- Impact on and perception of stakeholders
- Project management
- Managing staff and expectations
- Communications
- Others?



# So You're Going to Outsource . . .

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- Find a qualified consultant/organization
  - National or Local Reputation
  - Employee/specialist referrals
  - Professional Association referrals
  - Colleague referrals
  - Broker referrals
  - Ads in professional publications

# Determine the Bidding Process

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- Invited

- Organization invites bids from selected consultants

- Open (Competitive)

- Organization opens bidding process to any and all qualified consultants

# Develop the RFP



- Include the following:
  - Info about the organization
  - Description of needs and scope of project
  - Start and completion dates
  - Project budget and cost caps, if any
  - Expectations re: interaction with management, use of staff resources, etc.

# Also Include:

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- Financial incentive for successfully completing project on time and within budget
- Financial consequences for delivering project outside of timeline and budget
- Restrictions on process
- Cover memo

# Review Submitted RFPs

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- ✓ Use subject matter experts to review
- ✓ Do RFPs address the full scope of the project?
- ✓ Have they provided all of the required information?
- ✓ What does the work product look like?
- ✓ Is the RFP tailored to your organization and project?
- ✓ Have you checked references?

# Develop a Good Contract

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Include the following:

- ✓ Effective dates
- ✓ Thorough description of project
- ✓ Compensation, incl. tax ramifications
- ✓ Project and/or expense caps
- ✓ Insurance requirements
- ✓ Termination clause

# Select a Project Manager

- Meets regularly with consultant
- Is key point of contact for consultant questions and problems
- Regularly assesses and reports on project progress and costs
- Keeps management apprised of successes and problems



# Require a Written Report

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- Within 60 days of completion is fairly standard
- Review a draft and ask for any needed revisions before the final is distributed



# Get What You Pay For

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- Don't be afraid to ask questions throughout the project
- Validate the information provided, as best you can
- Tie payments to specific deliverables
- Organization should own the product or service at the conclusion of the project

If We Knew Then . . .

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