

Looking for a Heavenly Match?

When it comes to HRO, don't try to change the personality of your partner after engagement. It's better to state your intention and desires upfront.

By Paul Davies



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Is there such a thing as a marriage made in heaven when it comes to HRO—the perfect match, or soul mate, for every buyer seeking outsourcing nirvana? And, if so, how does one find the right partner?

It's a poor analogy and fraught with the problem of overlooking what really counts. Providers do have diverse corporate styles that might fit one buyer better than another, but beneath the surface each one is a highly motivated, profit-making enterprise. So, the choice is essentially not unlike other sourcing adventures. Once beyond the universal bidder selection standards, like solvency, the first hurdle is product.

However, what makes HRO different from run-of-the-mill widget specifications is the likelihood that each provider will offer its own vision of the solution, and this leads to matchmaking. Because while the buyer usually gets to tick the widget specification and move on, HRO starts with comparing the merits of materially different proposals. The desire to go with a particular compensation software can be confounded by another provider offering a better geographic footprint and yet another having a service center within spitting distance of one of the buyer's affected facilities, holding out hope of redeployment of workers.

One of the dangers is that the buyer team never gets out of matchmaking mode, perpetually swooning over one or another of the providers' solutions. Or, it can, of course, lead to undue weight being given to one bidder throughout the rest of the sourcing process solely based on particular aspects of its solution.

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Buyers often try to level the playing field by asking bidders to incorporate parts of other solutions. It's a bit unethical but commonplace, and providers are content to play along, especially when the better-prepared buyers point out their intention to do so from the beginning.

However, solution designing off the back of the sourcing process is risky. It tempts providers to introduce

things to their proposal they might not be good at and opens the door for a specification inadvertently weighted toward one bidder. Additionally, it's worth remembering that there will be a degree of "wish" in each proposal. And it's detrimental when such imagination finds its way into the all-new, hybrid solution.

It's best to get the solution design out of the way before sourcing begins. This can be done in workshops with providers so long as the purpose is made clear or done with advisors. And as much of the design as possible should be left flexible. On this basis, different proposals that meet broad, essential criteria can be accepted. The matchmaking will continue because members of the buying team won't be able to help favor one solution aspect or another, but the disparity will hopefully have been quarantined.

An alternative approach often used is for buyers to give weight to several aspects of the product specification with the purpose of identifying the most desirable solution. It is an intuitive recourse for picking between suitors, but it reduces the competitiveness of the sourcing process early on and, in too many cases, can be based on hypotheses or projections that are not practical. Also, of course, weighting is notoriously manipulative.

All in all, the plenitude of scoring methods are probably best left last to finally choose between bidders based on a sweep of criteria that covers the whole sourcing remit.

Buying HRO is just as hard-nosed as any purchasing effort. In the first instance, it is about asking whether the product meets the specification. Then one might move on to assessing delivery ability by focusing on past quality results, infrastructure, staffing levels, service center turnover, etc. If the product is acceptable and the provider is capable of delivering, the focus can narrow to cost.

Obviously, as any purchasing guru or sourcing advisor will point out, it's heaps more complicated than this. And, of course, there will be any number of items that must be factored in, many of which will be about fit or even corporate "chemistry." However, the point of this ramble is a plea to stick to, at the core, logical process and analytical rigor. Trust that it will deliver, and don't get sidetracked to lesser fancies more suited to matchmaking agencies. **HRO**