



THE PERFECT STAFF AUGMENTATION STRATEGY

SOITRON*

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What will I take away from this white paper?

Some of the globe's most disruptive brands operate with very few employees. Despite this, they're breaking down boundaries and demonstrating to the world how a lean, well-organised business can take on, and win, against the super brands. They're achieving this by outsourcing staff at critical points of their business' growth, bringing in resources as and when required to keep costs down. So how can organisations take advantage of outsourced staff? In the following white paper, you will learn:

- * How to develop the perfect STAFF AUGMENTATION STRATEGY
- * The BENEFITS of getting it right
- * How to MAXIMISE THE POTENTIAL of all staff – both internal and external
- * How to introduce MEASUREMENT and KPIs
- * How to find the RIGHT SUPPLIER

Introduction

Many of the globe's most successful businesses operate with very little staff. Innocent Drinks, founded in 1998 by three friends, outsourced most of its operations to third parties, leaving a micro-team to focus on growing the company. Users of Skype might also be surprised to know that an outsourced team in Estonia developed the first version of the video calling software. They did such a great job that its two founders decided to build their team in Estonia itself. Today, Skype has more than 44 per cent of its workforce based in Estonia. These two examples were not designed by chance, and involved complex strategies to address the long-term objectives of each of these organisations.

...MORE THAN HALF OF ORGANISATIONS (51 PER CENT) CLAIM THEIR NEED FOR CONTINGENT WORKERS WILL KEEP GROWING OVER THE NEXT THREE TO FIVE YEARS.

When it comes to finding the right people to help manage a specific project, a staff augmentation strategy is the place to start. Our research shows that very few organisations have a plan in place, and that many find it hard to initiate one that supports real business goals.

Staff Augmentation Strategy

The concept of employing outsourced staff with a particular set of skills is nothing new, but its role in supporting disruptive businesses is growing. More than half of organisations (51 per cent) claim their need for contingent workers will keep growing over the next three to five years, according to research by Deloitte.¹

While many of the drivers for staff augmentation have been to reducing costs, there are longer-term benefits that many businesses are simply not planning for. However a staff augmentation strategy takes this concept further by:

- * REMOVING THE CONSTANT BURDEN on precious IT resources
- * Introducing NEW SKILLS to the business
- * Keeping people management and IT COSTS DOWN
- * Enabling management to BETTER PLAN AND INNOVATE across the business



When it comes to designing a staff augmentation strategy aligned with your business, there are three areas of consideration to take into account: **1. maximise the potential of both internal and external staff; 2. measurement, metrics and KPIs; 3. the right supplier, the right fit.**

¹ Source: Global Human Capital Trends 2015 Leading in the new world of work, Deloitte 2015

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Maximise the potential of both internal and external staff

Begin any staff augmentation strategy by understanding your current skills against the company's long-term objectives. It's important to understand your starting point, and where you want to be as a business in one, three or even five year's time. Then you can begin the process of sourcing the right staff to support your objectives.

Ideally, your supplier should establish a dedicated HR Business team to oversee the deployment of external staff and how they would work with internal staff. They should work closely with your business to source the right people and skills to support current and future needs. In terms of management, external staff can be managed by either the business itself or by the supplier (depending on the scenario). However the HR side (involving recruitment, admin and payroll) should always be managed by the supplier. This will help to deliver greater control of staff, their activity and progress towards project deliverables.

To truly maximise the use and efficiency of both internal and external staff, both sides must work as a single team. A good working relationship – where everyone understands each other's skills and limitations – makes all the difference. At the end of the day, the better people know each other – the better they work together.

2

Measurement, metrics and KPIs

Having the right measurement, metrics and key performance indicators (KPIs) in place is paramount. They help to ensure the right people are in place (both internal and external) and that the team is working to the same goal. One of the biggest areas in need of measurement is staff attrition. A project will only succeed with a stable team behind it, and it's important to have on-going visibility of any people fluctuation issues. This will help to keep the project on track. In fact in our experience a motivated augmented team is more productive than internal staff. And productivity can increase fourfold by combining augmented staff with a managed service outsourcing strategy, service-based billing and a bestshoring delivery model.

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In short, measurement should be designed against:

- * The contract's statement of work
- * Employees' attendance and skills
- * Weekly progress against project plans and deliverables
- * On-going staff attrition levels

A supplier with no measurement in place has little commitment to deliver on the project's success. However with the right measurement, organisations can begin to share project risks with their supplier.

3 The right supplier. The right fit

Any successful team is built on trust and transparency. The importance of a transparent relationship between a business and its supplier cannot be underestimated. This means transparent pricing, contracts and people.

But finding the right supplier goes beyond transparency. It needs to have the right cultural fit. This is especially true when deploying a bestshoring strategy where outsourced staff are based abroad. Staff should get on with each other, meet together, and ultimately, they must collaborate as a team. Technology is now freely available to help facilitate this new way of working – regardless of the employee's location.

The right supplier should also provide flexibility in their contract, the opportunity to up-skill staff and share knowledge across teams. However any perfect staff augmentation strategy needs to understand that it has to be a collaborative environment, and one that motivates all parties towards a specific out-come.



No strategy, big risk

There are a number of short and long-term risks associated with having no staff augmentation strategy in place, including potential delays to the business' short and long-term goals.

Most notable, however, is an increase in staffing costs, which add to the project's overall budget. Without the right people and skills in place – and at the right point of delivery in the project – organisations will struggle to deliver innovative projects on time and on budget.



Business contingency

Regardless of industry, all businesses face the same risks: a shortfall in staff, a failure in IT or an unforeseen event that causes downtime to operations. A well designed augmented staff strategy can counter these risks, help with contingency planning and give organisations the staffing stability they need to maintain operations – while also ensuring that business-critical projects remain on track and on budget.

Benefits

There are numerous benefits associated with a staff augmentation strategy:

- * Augmented professionals (who specialise in their field) have the technical expertise required to provide an outstanding service
- * Tasks can be completed faster and to a higher standard
- * Outsourced staff can give organisations more time to strengthen their core business processes
- * A staff augmentation partner will share the risk and provide the risk analysis required to help better forecast
- * Reduced operational and recruitment costs



However it is important that organisations understand the risks associated with not finding the right outsourcing partner:

- * Risk of exposing confidential data if a partner is not certified on Quality, Information Security and IT Service Management
- * Risk of over-stretched delivery time frames, sub-standard quality and inappropriate categorisation of responsibilities
- * Lack of transparency around costs could mean you pay more than you expect
- * An augmented member of staff may be outsourced to multiple companies, which dilutes their focus on your business

An evolving relationship

Employing a staff augmentation strategy should form part of an evolving relationship with a supplier, and should open the door to other outsourcing models. For example if the need arises, the staff augmentation strategy should have the opportunity to evolve into a service-based approach. By changing the contract from one focused on personnel leasing to a service model, organisations can pay according to the services used – rather than the number of employees.

Any supplier should offer this ability to transition from a staff augmentation model to a complete managed service, looking after IT assets, procurement and logistics related to PCs, servers, routers and switches. A unique 'pay per action' model, delivered by a near or bestshoring team, will optimise personnel costs and keep organisations in control.

“Global sourcing (either in-house or outsourced) for business and IT services is a critical component of an enterprise-wide sourcing strategy. Leveraging the benefits of offshore/nearshore business or IT services has become a “must have,” given the on-going quest for talent and the business dynamics for specific skills, such as core systems (for example, SAP, Oracle or a large base of package and custom applications) or newer disruptive systems for differentiation and innovation demanding newer, scarcer skills (for example, user experience design, digital, IoT, cloud and smart machines).”

Conclusion

Anyone that has worked on a project under a tight schedule and budget knows the value of having the right amount of the right staff to get the job done. Without the right people, the most simple of jobs can become fraught with complexities. Of course this can be extended to a more permanent arrangement in order to maximise the use of internal resources and bring in new ways of thinking and specialist skills for longer-term benefits.

By maximising the potential of all staff resources, measuring their progress and finding the right cultural fit in a supplier, organisations will be best placed to meet both short and long-term business objectives.

“ While existing model was suitable for the early stage of the relationship it shortly showed to be suboptimal to meet HP needs, as it did not stimulate the environment of continuous productivity and quality improvements, neither it provided scalability and all that was critical for the overall success. As Soitron gained the deeper knowledge of the HP environment, tools and processes, and became knowledgeable of true HP needs we have decided to move out of the staff augmentation model towards service based delivery. ”

Miloš Horvát, Enterprise Services Manager at HP

Hewlett Packard (HP):

In 2003 HP decided to build a new European IT Operations Centre for infrastructure and applications management in Slovakia. Rather than hire and train thousands of IT staff to oversee and manage the project, the company chose Soitron as one of their partners. Soitron recruited staff, and subsequently leased them to HP. After the initial phase, when the centre was employing several hundred people, HP and Soitron began streamlining their business and employing other outsourcing strategies to deliver further efficiencies. The result was increase of productivity for HP staff who were relieved from overseeing local operations.

HP Enterprise Services (HPE):

HPE, the largest global business unit of HP, needed a pan-European outsourcing partner to deliver a highly-critical managed services project to improve efficiency and generate cost savings for 50 of its key European clients within 18 months. The UK-initiated IT-SMART programme involved the standardisation of legacy workflow suites for each of the 50 client businesses, all of which needed either upgrading, re-evaluating or closing down, as well as the archiving of transactional data. Soitron was responsible for delivering a programme to introduce a more cost effective operations model, and simplify HP's new customer on-boarding process. Fifty major and complex accounts across Europe were delivered by Soitron's team based across the UK, Czech Republic, Slovakia, Germany and Bulgaria.

The project was delivered on time, \$3 million under-budget and with an estimated saving of \$18.3 million.