

WHAT TO OUTSOURCE AND WHAT TO OWN: YOUR GUIDE TO **EFFICIENCY**

**Strategic guide to outsourcing non-core
processes with a results-oriented approach**

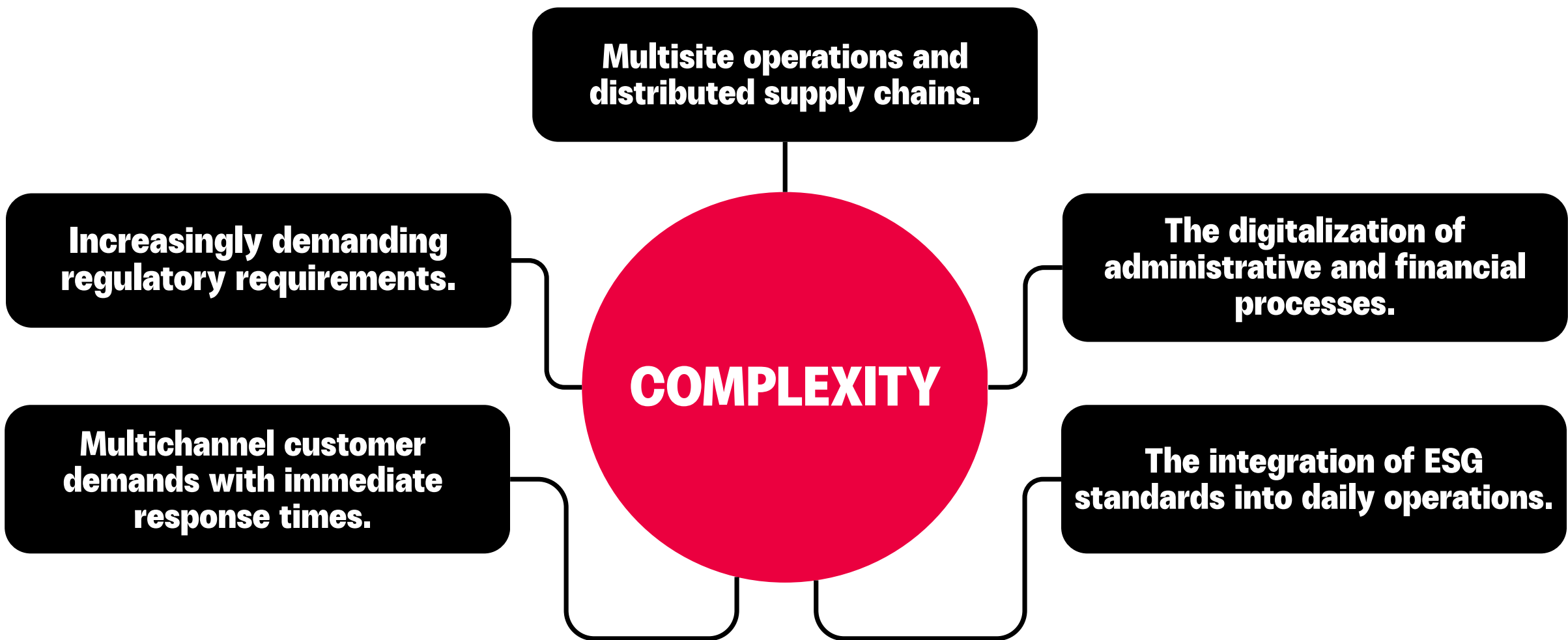


THE STRATEGIC CONTEXT OF **ADVANCED OUTSOURCING**

Operational complexity as the new business normal

Today’s companies operate in environments characterized by a simultaneous combination of margin pressure, a structural shortage of qualified talent, and a sustained increase in operational complexity.

This is not merely about market volatility. Complexity stems from:



This environment creates a structural tension:

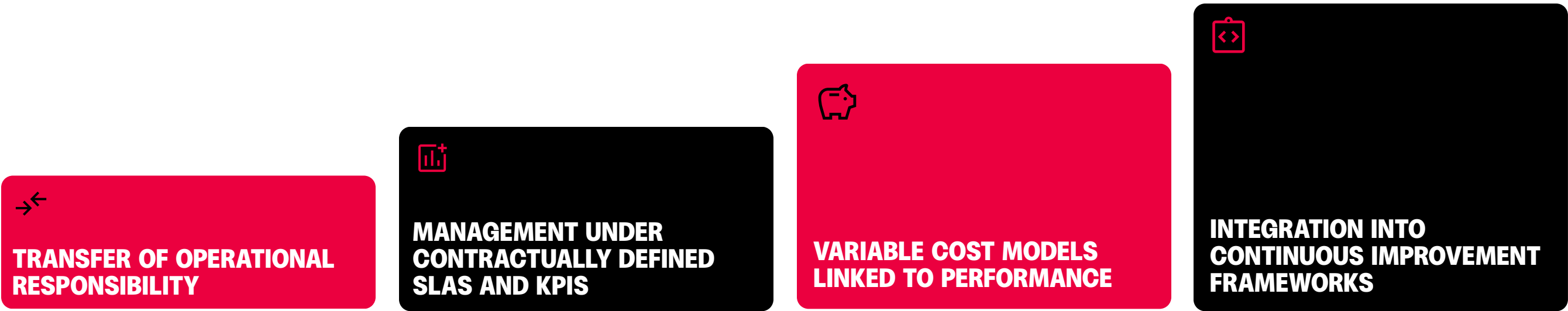
The company must concentrate resources on what constitutes its competitive advantage, while at the same time maintaining control over necessary, though non-strategic, processes.

At this point, the real dilemma arises. It is not a binary decision between doing or outsourcing. It is a matter of organizational architecture.

Many organisations reach a point where operational complexity begins to compete with their core business. Non-core processes expand, consume resources, and introduce inefficiencies that are difficult to manage internally. The challenge is not only execution but also structuring these processes in a way that ensures consistency, control, and scalability without diverting attention from strategic priorities.

From cost reduction to process governance

For years, outsourcing was perceived as a cost optimization tool. That view is insufficient and, in many cases, incorrect. **Advanced outsourcing models evolve toward a different logic:**



This approach aligns with what academic literature refers to as transaction cost economics, developed by Oliver Williamson. When the costs of coordinating a process internally exceed the costs of governing it externally under a robust contractual framework, outsourcing can generate structural efficiency.

Adecco articulates this logic through an outcome-driven model in which productivity, quality, and compliance explicitly form part of the scope of responsibility.

IT IS NOT JUST ABOUT PAYING LESS. IT IS ABOUT GOVERNING BETTER.

Core vs. Non-Core: The Need for conceptual precision

One of the most common mistakes in decision-making is classifying activities as “non-core” solely because of their administrative or support nature.



According to the core competencies theory developed by C. K. Prahalad and Gary Hamel, an activity is strategic when:

- **It directly contributes** to competitive differentiation.
- **It is difficult** to imitate.
- **It enables access** to multiple markets.
- **It delivers** perceived value to the end customer.

An activity may be complex and critical without being strategic.

A TYPICAL EXAMPLE:

Advanced logistics management in an industrial company may be operationally critical, but not necessarily a source of competitive advantage if the market competes on product rather than supply chain. In such cases, outsourcing does not imply losing control. It implies redefining the control structure.

The concept of operational accountability

One of the differentiating elements of mature outsourcing models is the clear transfer of accountability. In full outsourcing models, the provider assumes responsibility for:

**FINAL PRODUCTIVITY +
FINAL QUALITY +
FINANCIAL RISK ASSOCIATED WITH THE PROCESS**

This level of transfer is not equivalent to subcontracting resources. It is a reconfiguration of organizational responsibilities. The distinction between Simple Outsourcing and Full Outsourcing reflects precisely this gradient of responsibility. To better understand this difference, it is useful to visualise how the model evolves based on the level of responsibility transferred:

DIFFERENCES BETWEEN SUBCONTRACTING, SIMPLE OUTSOURCING AND FULL OUTSOURCING				
MODEL	PRIMARY FOCUS	OPERATIONAL MANAGEMENT	RESPONSIBILITY FOR OUTCOMES	LEVEL OF INTEGRATION
Subcontracting	Resources / task execution	Client	Client	Low
Simple outsourcing	Activity externalisation	Shared	Mainly client	Medium
Full outsourcing	End-to-end process management	Provider	Provider	High

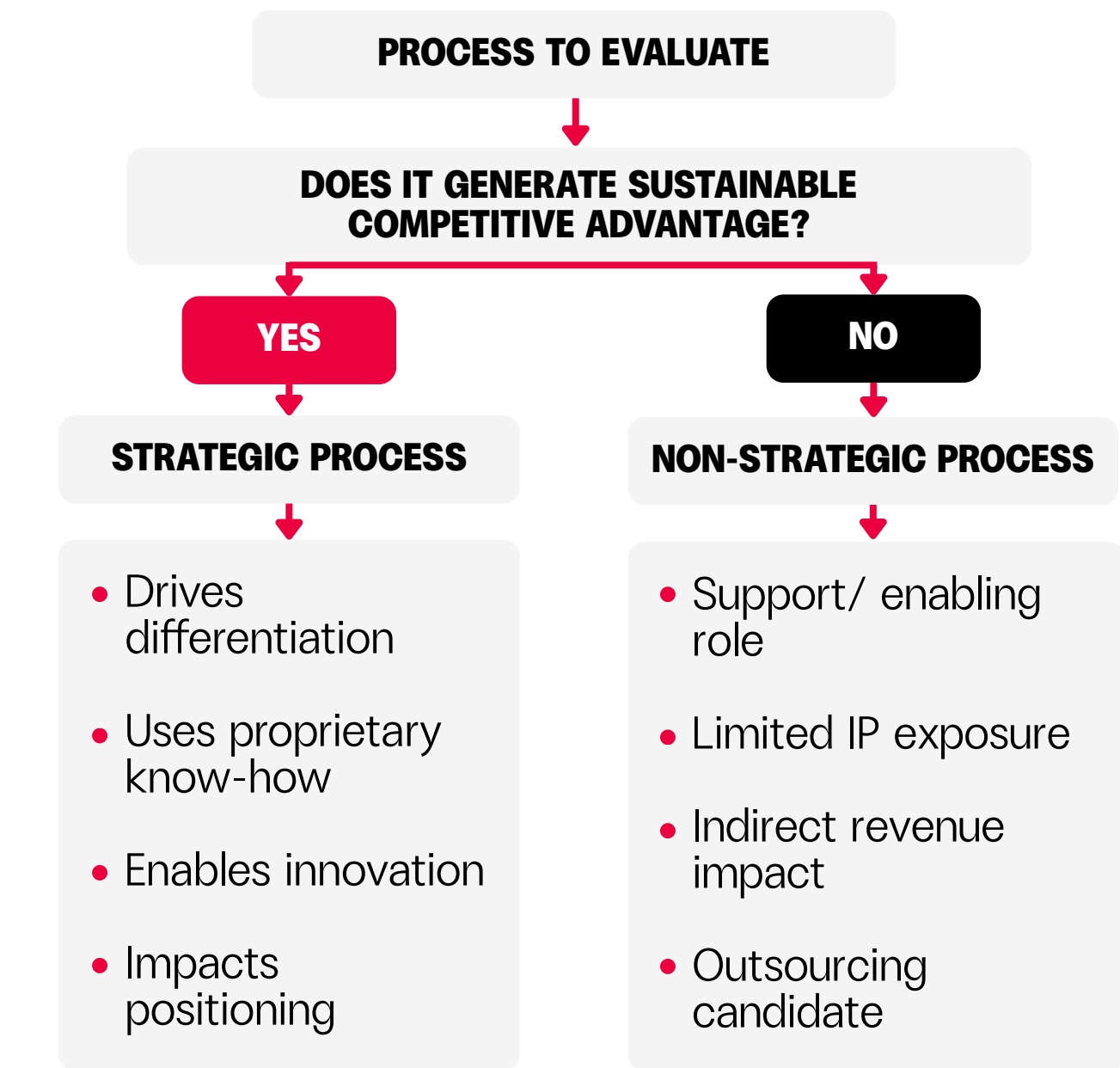
STRUCTURED DECISION FRAMEWORK: THE 6 CRITICAL CRITERIA

Advanced outsourcing should not respond to tactical impulses. It must be evaluated under a multidimensional framework that allows for an integrated analysis of strategic, financial, and operational impact.

The following six criteria form a practical evaluation model designed for complex business environments.

EVALUATION INDICATORS

- ↗ Impact on gross margin.
- ↗ Level of intellectual property exposure.
- ↗ Dependence of revenue generation on the process.
- ↗ Competitive risk if outsourced.



CRITERION 1: STRATEGIC NATURE OF THE PROCESS

The first question is not whether the process is important. It is whether the process generates sustainable competitive advantage.

A process should be considered strategic when it:

- **Directly contributes to the differentiated value proposition.**
- **Integrates proprietary knowledge.**
- **Is a source of innovation or differentiation.**
- **Its performance impacts market positioning.**

PRACTICAL SCENARIO

A technology company whose differentiation lies in product development. Its payroll and labor administration function is critical, but not strategic.

TECHNICAL CONCLUSION

Operational criticality does not equate to strategic nature.

PRACTICAL SCENARIO

A retail company with seasonal promotional campaigns that triple logistics volume for eight weeks per year.

MAINTAINING A FIXED STRUCTURE IMPLIES

- Idle cost during the rest of the year.
- Risk of saturation during campaigns.

Outsourcing allows the conversion of fixed costs into variable costs aligned with demand.

TECHNICAL INDICATORS

- ↗ Monthly variability coefficient.
- ↗ Fixed cost / volume ratio.
- ↗ Ramp-up time required during peaks.

CRITERION 2: DEMAND VARIABILITY AND OPERATIONAL ELASTICITY

One of the most decisive factors in the decision is the structural volatility of activity volume. Processes with high variability generate:

- **Overcapacity during low periods.**
- **Operational strain during peaks.**
- **Oversized fixed structures.**

Adecco explicitly identifies variable cost management and scalability as central benefits.

CRITERION 3: OPERATIONAL COMPLEXITY AND NEED FOR SPECIALIZATION

When a process requires:

- **Multisite management.**
- **Multichannel coordination.**
- **Complex regulatory compliance.**
- **Technological integration.**
- **Continuous improvement methodologies (Lean, PMO).**

The relevant question is whether the company has that internal structural capacity.

Adecco Outsourcing structures its value proposition around specialized units and proprietary methodology.

PRACTICAL SCENARIO

An industrial company managing internal logistics across 12 production sites with different local regulations. Without a centralized PMO structure, efficiency depends on each site.

OUTSOURCING INTRODUCES

- Homogeneous governance.
- Standardized KPIs.
- Cross-functional continuous improvement.

TECHNICAL INDICATORS

- ↗ Number of operational locations.
- ↗ Incident / volume ratio.
- ↗ Cost per processed unit.
- ↗ Average resolution time.

PRACTICAL SCENARIO

A company directly managing 1,200 operational employees with high turnover and absenteeism rates. Legal and administrative exposure is significant.

OUTSOURCING UNDER A FULL OUTSOURCING MODEL IMPLIES

- Transfer of operational responsibility.
- Management under certified standards.
- Defined contingency plans.

TECHNICAL INDICATORS

- ↗ Number of annual legal incidents.
- ↗ Absenteeism rate.
- ↗ Cost per contingency.
- ↗ Average conflict resolution time.

CRITERION 4: RISK EXPOSURE AND REGULATORY COMPLIANCE

Mature outsourcing does not eliminate risk, but it can redistribute and manage it with greater specialization.

Adecco integrates compliance and safety as key pillars.

Typical risks in non-core processes include:

- **Labor sanctions.**
- **Tax non-compliance.**
- **Failures in occupational risk prevention.**
- **Reputational impact.**



CRITERION 5: FINANCIAL IMPACT AND COST MODEL

Financial evaluation must go beyond the direct cost of the service. It must consider:

- **Total Cost of Ownership (TCO).**
- **Internal supervision costs.**
- **Associated financial risk.**
- **Cost of inefficiencies.**

Adecco incorporates variable cost models and an ROI-oriented approach.

PRACTICAL SCENARIO

A company with an internal back-office department including:

SALARY COSTS + INFRASTRUCTURE COSTS + TECHNOLOGY COSTS + SUPERVISION COSTS

WHEN COMPARED WITH AN OUTSOURCED MODEL

- Part of the cost becomes variable.
- Financial risk is redistributed.
- Performance is contractually linked.

TECHNICAL INDICATORS

- ↗ Cost per transaction.
- ↗ Indirect / direct cost ratio.
- ↗ Impact on operating margin.
- ↗ Adjusted EBITDA post-outsourcing.



PRACTICAL SCENARIO

A company partially outsources without clearly defined SLAs.

RESULT

- Operational dependency without performance metrics.
- Advanced outsourcing requires explicit governance.

TECHNICAL INDICATORS

- ↗ Number of active KPIs.
- ↗ Frequency of operational reviews.
- ↗ Deviation index vs. target.
- ↗ Level of document standardization.

CRITERION 6: INTERNAL GOVERNANCE AND CONTINUOUS IMPROVEMENT CAPACITY

Not all processes fail due to lack of operational talent. Many fail due to lack of governance structure.

KEY QUESTIONS:

- **Is there a structured PMO?**
- **Is productivity measured with formal KPIs?**
- **Is there a Lean culture?**
- **Is performance traceable?**

Adecco Outsourcing integrates structured methodology and continuous improvement into its model.

OUTSOURCING MODELS AND STRUCTURED TRANSFER OF RESPONSIBILITY

Outsourcing is not a binary decision.

It is a decision about the level of operational and financial responsibility the company is willing to transfer.

Outsourcing models evolve from support schemes to fully developed accountability architectures.

Adecco explicitly structures this evolution between simple outsourcing and full outsourcing models.

**IT IS NOT THE PROVISION OF RESOURCES.
IT IS ORGANIZATIONAL REDESIGN.**



COMPARISON: SIMPLE OUTSOURCING VS FULL OUTSOURCING

ASPECT	SIMPLE OUTSOURCING (SHARED OPERATIONAL MODEL)	FULL OUTSOURCING (TOTAL ACCOUNTABILITY)
GOVERNANCE	Shared between client and provider	Fully transferred to provider
SERVICE MANAGEMENT	Coordinated	Managed end-to-end by provider
PRODUCTIVITY	Shared responsibility	Provider fully accountable
QUALITY	Supervised by client	Provider fully accountable
FINANCIAL RISK	Partially distributed	Assumed by provider
INTERNAL INVOLVEMENT	Active supervision required	Minimal, focused on strategic oversight
OPERATIONAL APPROACH	Execution support	Full process ownership
NATURE OF THE MODEL	Externalisation of activities	Organisational redesign

WHEN IS EACH MODEL MORE APPROPRIATE?



SCENARIO	RECOMMENDED MODEL
Strong internal control capabilities	Simple Outsourcing
Need for flexibility without full transfer	Simple Outsourcing
Progressive process transformation	Simple Outsourcing
Focus on core business priorities	Full Outsourcing
Need for scalability and efficiency at scale	Full Outsourcing
Desire to transfer operational and financial risk	Full Outsourcing



ACCOUNTABILITY AS THE DIFFERENTIATING AXIS

The fundamental difference between both models is not operational. It is responsibility.

In mature models:

- **KPIs are not merely informative indicators.**
- **They are contractual clauses.**
- **Productivity is measurable.**
- **Compliance is auditable.**
- **Risk is quantified.**

Adecco structures its solutions as outcome-driven, focusing on final results rather than hours worked or resources deployed. This distinction is critical for finance and operations leadership.

CONTRACTUAL GOVERNANCE AND CONTROL STRUCTURE

Advanced outsourcing requires a formal governance architecture:

- **Definition of SLAs and KPIs.**
- **Periodic reporting model.**
- **Steering committee.**
- **Continuous improvement mechanisms.**
- **Contingency and business continuity clauses.**

The Compliance & Security pillar forms an integral part of this framework.

Without this structure, outsourcing degenerates into traditional subcontracting.

SELECTING THE APPROPRIATE MODEL: DETERMINING FACTORS

The choice between a shared and a full model depends on:

- **Organizational maturity.**
- **Risk tolerance.**
- **Internal supervision capacity.**
- **Expected financial impact.**
- **Level of process standardization.**

Highly standardized and repetitive processes tend to fit better within full outsourcing models.

Processes undergoing transformation may benefit from progressive schemes.

WHEN OUTSOURCING IS NOT THE RIGHT OPTION

An advanced decision-making framework cannot assume that outsourcing always generates advantage. There are scenarios where keeping a process in-house is consistent with the company's strategic and operational architecture.

Identifying these cases does not weaken the outsourcing argument. It strengthens it.

Processes with direct impact on competitive advantage

When an activity constitutes the core of a company's differentiation, outsourcing may erode its strategic capability.

EXAMPLES

- Proprietary technology development in a SaaS company.
- Product design in a premium fashion company.
- Commercial strategy in a specialized consulting firm.

IN THESE CASES

- Knowledge is a strategic asset.
- Organizational culture is differentiating.
- Informal coordination adds value.

OUTSOURCING MAY GENERATE

- Loss of accumulated learning.
- Structural dependency.
- Reduced strategic agility.

The criterion is not complexity, but competitive relevance.

Processes highly integrated into organizational culture

Some activities are not strategic from a market perspective yet are deeply embedded in the organization’s operational identity.

REAL SCENARIO

A family-owned industrial company where internal logistics has evolved over decades with tacit, undocumented knowledge.

IN SUCH CASES, BEFORE OUTSOURCING IT MAY BE NECESSARY TO

- ✓ Document processes.
- ✓ Standardize procedures.
- ✓ Define clear KPIs.

WITHOUT PRIOR STANDARDIZATION

- ! Outsourcing may create friction.
- ! The transition may affect initial productivity.
- ! The transfer cost may exceed the expected benefit.

Advanced outsourcing requires formalized processes.

WHEN THE ORGANIZATION ALREADY HAS MATURE INTERNAL CAPABILITIES



If the company has:

- A structured PMO.
- An established Lean culture.
- Stable performance indicators.
- Competitive unit costs.
- Low exposure to regulatory risk.

Outsourcing may not deliver substantial improvement.

In this scenario, the advantage of outsourcing lies not in operational efficiency, but in future scalability. The decision should be based on an objective performance comparison.

Environments of high strategic uncertainty

During phases of deep transformation or business model redefinition, outsourcing may limit flexibility if the scope of the process has not yet been clearly defined.

EXAMPLE

A company redesigning its distribution network without having defined the final model.

Outsourcing at an early stage may involve:

- Contractual redesigns.
- Adaptation costs.
- Additional complexity.

In such cases, it may be more prudent to stabilize the model before transferring it.

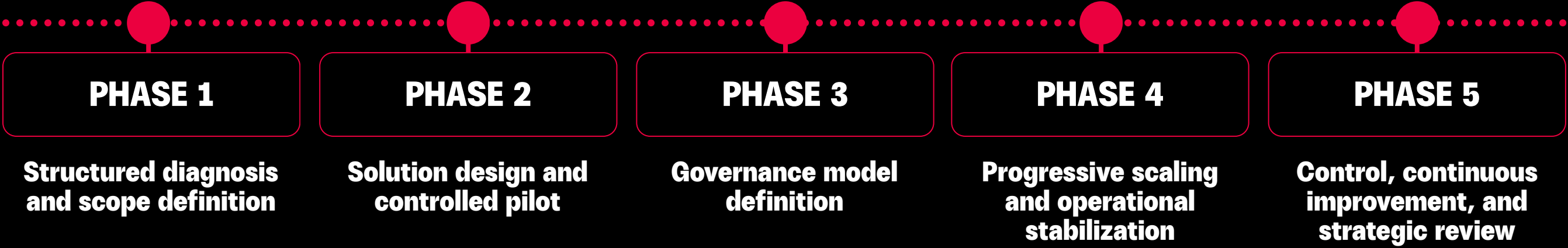
FROM DECISION TO OPERATING MODEL: STRUCTURED IMPLEMENTATION WITHOUT FRICTION

A well-founded decision loses value if it is not executed under a clear transition architecture.

Advanced outsourcing does not begin with a contract.

It begins with a structured operating model design.

Adecco structures this process under a sequential approach combining diagnosis, pilot, and progressive scaling.



PHASE 1 STRUCTURED DIAGNOSIS AND SCOPE DEFINITION

Before transferring any responsibility, it is essential to precisely define:

- **Process scope.**
- **Current operational flows.**
- **Historical performance indicators.**
- **Associated risks.**
- **Direct and indirect costs.**

Frequent mistakes at this stage:

- **Outsourcing activities without mapping dependencies.**
- **Failing to document tacit processes.**
- **Underestimating transition costs.**

PHASE 2 SOLUTION DESIGN AND CONTROLLED PILOT

The most robust transition models incorporate a **pilot phase within a controlled environment**. Rather than committing to full-scale deployment from the outset, this approach allows organizations to validate assumptions, test execution, and reduce uncertainty before scaling.

1. **Identification of pilot site or process.**
2. **On-site operational analysis.**
3. **Preliminary solution design.**
4. **Implementation under a time & materials or simple outsourcing scheme.**
5. **Structured evaluation of results.**
6. **Scaling decision.**

Pilot advantages:

- ✓ Minimizes transition risk.
- ✓ Allows SLA adjustments.
- ✓ Generates quantitative evidence prior to expansion.
- ✓ Reduces internal resistance.

Key pilot indicators:

- ↗ Comparative productivity.
- ↗ Incident rate.
- ↗ Cost per unit.
- ↗ SLA compliance.
- ↗ Impact on final quality.

PHASE 3 GOVERNANCE MODEL DEFINITION

Once the pilot is validated, the governance architecture must formalize:

- **Measurable SLAs.**
- **Performance-linked KPIs.**
- **Reporting frequency.**
- **Steering committee.**
- **Periodic review clauses.**
- **Contingency plans.**

The difference between traditional and advanced outsourcing lies precisely here. Governance transforms the service into a structured accountability model.

PHASE 4
PROGRESSIVE SCALING AND OPERATIONAL STABILIZATION

Scaling should not be abrupt. It should include:

- **Gradual transfer of responsibilities.**
- **Cross-training.**
- **Structured internal communication.**
- **Periodic performance evaluation.**

Frequent mistakes:

- × Scaling before KPIs are stabilized.
- × Failing to integrate teams into a continuous improvement culture.
- × Underestimating change management.

PHASE 5
CONTROL, CONTINUOUS IMPROVEMENT, AND STRATEGIC REVIEW

Outsourcing is not static. It requires:

- **Periodic SLA review.**
- **Indicator adjustments.**
- **Accumulated efficiency analysis.**
- **Evaluation of real financial impact.**

Structural maturity indicators:

- ✓ Annual average deviation vs. SLA.
- ✓ Evolution of unit cost.
- ✓ Regulatory compliance rate.
- ✓ End-customer satisfaction level.

The model must incorporate continuous improvement and adaptation to regulatory changes.



STRATEGIC CONCLUSION

The decision to outsource should not be approached as a tactical measure focused exclusively on cost reduction, nor as a reactive response to temporary operational pressures.

When evaluated under a structured framework – strategic nature of the process, demand variability, operational complexity, risk exposure, financial impact, and internal governance capacity – outsourcing ceases to be an instrumental option and becomes a tool of organizational architecture.

Outsourcing is not delegating.

Delegating implies transferring tasks while maintaining diffuse responsibility.

Strategic outsourcing implies redesigning the distribution of responsibilities under an explicit governance and performance model.



In advanced models, the focus is not operational execution, but accountability:

- **Contractually defined productivity.**
- **Quality linked to measurable indicators.**
- **Identified and managed risk.**
- **Structured regulatory compliance.**
- **Continuous improvement embedded in the relationship.**

Governance becomes the central element of the model. Without a clear architecture of SLAs, KPIs, reporting, and periodic review, outsourcing does not transcend traditional subcontracting.

From a financial perspective, the decision impacts cost structure, the conversion of CAPEX into OPEX, budget elasticity, and cash flow predictability. However, the true impact lies not only in expense optimization, but in the ability to align the operational structure with strategic growth objectives.

Return on investment must be analysed not only in terms of direct savings, but also in terms of:

- **Reduced risk exposure.**
- **Increased structural efficiency.**
- **Scalability in response to demand fluctuations.**
- **Release of executive resources toward differentiating activities.**

When a process is non-core, presents high variability, significant complexity, or substantial risk exposure, structured outsourcing enables the reconfiguration of the operational architecture to adapt more agilely to dynamic environments.

When these conditions are not present, maintaining the process internally may be coherent and strategic.

The key is not to outsource more. The key is to outsource better.

A company that adopts this approach does not lose control. It redefines where control resides and under which mechanisms it is exercised.

Ultimately, advanced outsourcing is not an operational issue. It is an organizational design decision oriented toward sustainable results.

If you would like to evaluate which of your processes meet the criteria for advanced outsourcing, our team can facilitate a short diagnostic based on the six-factor framework presented in this guide. This analysis makes it possible to identify high-impact opportunities, estimate efficiency improvements, and define a governance model aligned with the organisation's strategic objectives.

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