Cellulus
Delivering Operational Innovation

Defining the Scope to RFP

By Steve Hobday

What is the scope?

When approaching any area of Function within the commercial enterprise, it is important to define it in such a way that anyone involved in the project can understand it in the same way. By spending enough time in defining exactly what it is that we are addressing, we can communicate it within the Company and outside and gain consensus that we are doing the right thing.

In the case of an Operations environment there are many components that we can include within or exclude from the scope we are dealing with. Listed below for indicative purposes are some, but by no means all of the Functions:

- ★ Monitoring
- ★ First Line Support
- ★ Second Level Support
- ★ Planning
- ★ Roll-Out
- ★ Spare Parts Management

The scope will include the associated Resources, Assets, Processes, Tools, Information Technology, and possibly the Workplace, and Support Functions that are required to complete the tasks within the selected Operations components.

Although it is possible, and in many cases desirable to exclude certain Functions from the scope, it is of prime importance that this be given plenty of thought as will become clear in the next section.

Defining the scope

When defining the scope of an Outsourcing project, there are many things to take into consideration. In some cases, a review of the Core and Context activities of the company will identify an Operations environment as Contextual. This may lead the Company to plan the Outsourcing of the activity in order to allow it to concentrate fully on its' Core scope.

In some cases such as the Outsourcing of Call-Centres, the drive is to reduce the cost of the operation. These are labour-intensive activities, even with the assistance of automated systems, so the Offshore Outsourcing to areas where labour costs are much reduced is seen as a useful way to reduce costs, even in such a customer-facing activity.

In any scope there will be a need to include all of the feature that allow it to function correctly in the future, thus it is not uncommon for the original scope to appear to 'creep' as the Management realise that there other items that are needed.

Exclusions from the scope

Whenever considering the exclusion of a Function from the scope of a project, it is important to assess how the interfaces will work and how information will pass around the organisation. In the case of an Outsourcing project, this becomes even more important as there will be a commercial agreement defining the way in which the interfaces will work.

When defining a scope which a Company plans to Outsource, it is important to be

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clear about the reasoning for the exclusion of any of the associated Functions.

An example is the Network Planning department. This team has the responsibility to define where there is a need to increase capacity. It may be the consideration of the Operator that this department is a part of its Core Operation and will keep it.

It is not possible to over-emphasise the need for caution when selecting the dividing line between the in-scope environment and the rest of the company, but even more critical are the choices about individual employees who one might be tempted to exclude from the scope.

There are many good reasons for exclusion of individuals from scope, such as the need to create a Partner Management team that is knowledgeable about the Outsourced scope. However, it is of the utmost importance that the in-scope environment is still fully functional and that it will continue to be capable to performing its tasks.

All scope exclusions should be considered and planned at the same time as the scope separation mentioned in the next section.

Scope Separation

In any Outsourcing case it becomes necessary to separate the in-scope environment from the rest of the Company in some ways. Clearly it is important that the separation is carefully planned and implemented so that the correct interfaces are kept in place.

Balancing Efficiency and Quality

The drive for efficiency, while maintaining a suitable level of quality is a challenge faced by all established enterprises.

Having established a place in the market at which a defined level of quality is expected, it is critical that this is at least maintained during any cost-cutting. Therefore it is important to review the desired effects of Outsourcing and to be absolutely clear in establishing the goals of such an exercise. This requires a good knowledge of the Outsourcing market-place accompanied by a detailed understanding of the current operation, thus allowing for informed and objective decisions to be made.

Next Steps

In order to enter the world of Outsourcing there are a number of steps that Cellulus would recommend to the Management of any enterprise:

- ★ Careful selection of the in-scope environment, following a review of efficiency.
- ★ Development of metrics for the quality and performance, and measurement against those metrics for at least 6 months, using a balanced scorecard.
- ★ Definition of the requirements of an Outsourced service and inclusion in a Request for Proposal document, followed by a supplier selection process.
- ★ Preparation for the Due Diligence phase where documentation relating to the service will be shared.
- ★ Management of a Due Diligence phase, with a single supplier in order to gain the best agreement (it is always possible to use the other suppliers as an incentive to the selected one).
- ★ Negotiation of a legal agreement.
- ★ Preparation of the in-scope environment, including communication with the employees.
- ★ Preparation of the Functions that will remain within the company and their interfaces to the Outsourced service.
- ★ Agreement of the governance model by which the service will be controlled.
- ★ Transition to the new Outsourced service.
- ★ Transfer of the people, assets, and 3rd-party agreements.

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- ★ Monitoring of the service, and management of the contract through the agreed governance process.

How can Cellulus help?

At Cellulus we specialise in Operational Efficiency and Outsourcing, working with companies to identify the best way of delivering benefits through process improvements, tool introduction and enhancement, and the optimisation of the Human capital of the company.

We have gained a great deal of experience working for both Suppliers of services and their customers in both sides of the Outsourcing contract and through involvement at all levels and in all phases of the process. This provides us with a unique insight to this complex environment.

Cellulus can perform in a number of roles, from Advisor and Mentor during all phases of Efficiency and Outsourcing projects, to directly managing some or all phases, and contributing to the others.

Our aim is to provide the best possible outcome from any project and to deliver value far above our fees to the Client organisation.

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