

# Use these 8 criteria for choosing an outsourcing consultant

The decision to outsource HR functions often means a lot of hard work. Hiring a consultant to sort through outsourcing options—whether for payroll, benefits administration or any of dozens of other functions—can save time and money. But you must choose the right consultant.

An HR outsourcing consultant can steer you through that complex process, relieving you of the need to learn the nuances of outsourcing, screen and select vendors, negotiate contracts and supervise implementation of the new services.

That's an attractive savings of opportunity costs.

It can also save real money. Handle the outsourcing yourself and you may later discover that your vendor was costlier and less efficient than anticipated. You might learn about other vendors with better technology at lower costs. And you might get stuck with a contract you can't get out of because you didn't negotiate the right termination loopholes.

Hiring a consultant to oversee a successful transition to outsourcing can help you cut costs and contribute to the bottom line. That's sure to impress the top brass.

Outsourcing consultants don't guarantee success, but they can help achieve it. Experts say consultants can save more than 25% on the total cost of contracts.

Here are eight things to look for when choosing an outsourcing consultant:

- 1. Specific expertise in HR and your industry.** If that combination is difficult to find, choose a consultant with expertise in HR. Avoid outsourcing consulting generalists with no experience in HR or your company's industry.
- 2. Up-to-date knowledge of HR vendors and services.** Most HR departments have a hard time staying current on such matters. Ask consultants which vendors have the latest technology to address your needs. How familiar are consultants with the HR vendors you may have already considered?
- 3. Willingness to learn your HR needs.** Does the consultant ask probing questions about your HR operation and show eagerness to understand it? How receptive is he or she to discussing HR problems and issues?
- 4. Familiarity with HR RFPs.** Vendors often complain that the requests-for-proposals they receive don't clearly define HR needs, lack specifics and are poorly written.
- 5. Experience managing HR culture change.** The switch to outsourcing represents a dramatic shift in HR culture. Select a consultant that has managed such a change.
- 6. Access to the consultancy's top advisor.** Some outsourcing consultants use less experienced staffers as

point people on projects. Be sure that top consultants are always available to answer your questions.

**7. Ability to include your staff.** Can you put a member of your HR department on the consultant's project team? It provides valuable training for your staff and increases your department's knowledge about outsourcing management.

**8. Good references.** Ask for satisfied and dissatisfied clients in your industry with similar HR outsourcing needs. Ask: What did the consultant do well? What do you wish the consultant had done better? Did the consulting firm go out of its way to understand your HR needs? What would you have done differently to get better results?