



Manpower Outsourcing A Double-Edged Sword



Dr. Adel S. Aldosary

Associate Professor of Planning,
King Fahd University of Petroleum and Minerals
Advisor, The Supreme Council on Tourism



الهيئة العليا للسياحة

Why give anybody **a job to do!**

Three reasons Only

- He (or she) is absolutely **the best** at it
- He (or she) **needs** the training
- He (or she) is the **cheapest**

Outsourcing: A functional definition

- Going **outside** your organization to get a **job done**

REASONS FOR OUTSOURCING

- **NEEDED EXPERTISE**
- **NEEDED MANPOWER**
- **TIME REQUIREMENTS**
- **NEEDED ECONOMICS**
- **SHIFT RESPONSIBILITY**
- **REMOVING STUMBLING BLOCKS**

REASONS FOR OUTSOURCING

NEEDED EXPERTISE

No learning curve

Don't re-invent the wheel

NEEDED MANPOWER

Don't have enough staff

REASONS FOR OUTSOURCING

TIME REQUIREMENTS

Running out of time to get a job done

NEEDED ECONOMICS

Overall cost savings

REASONS FOR OUTSOURCING

SHIFT RESPONSIBILITY

Deniability

BYPASSING HURDLES

the work flowing

REASONS FOR NOT OUTSOURCING

- FEAR OF DELEGATION
- ADDITIONAL COSTS
- INCONVENIENT
- TIME CONSUMING
- LOSS OF CONTROL
- CORPORATE CULTURE

REASONS FOR NOT OUTSOURCING

FEAR OF DELEGATION

- Lack of trust in others

ADDITIONAL COSTS

- Unless you cut payroll, it costs more

REASONS FOR NOT OUTSOURCING

INCONVENIENT

- Explaining what you really need on paper

TIME CONSUMING

- Preparing contracts, advertising for contractors and supervising takes time

REASONS FOR NOT OUTSOURCING

LOSS OF CONTROL

- You really want to micro-manage

CORPORATE CULTURE

- Management mind set: "I've hired an OK staff. Why should I pay more to get the job done?"

- So outsourcing is done for *expertise*

- Major clients outsourced to us
@ **KFUPM** for *expertise*

*Examples: Sabic companies, Saudi
Aramco, Rail Road Organization, Ministries*

- We @ **KFUPM** outsourced for
economics and work overload

- We outsourced so we would not have to lay off employees when the boom vanished (**ex. Projects and Maintenance Departments**)

- More outsourcing for expertise and economics (no employee benefits).

- Now that **outsourcing is** truly a **marriage**.
- Outsourcing is also a *double –edged sword*
- *Why? If all go **outside** then locals will have **no jobs***

- But they had previously outsourced Major Construction Work Plans for **Saudi Arabian Development Projects** and Long Range Planning because there was no actual professionals on staff (**again for expertise**).

- They also Outsourced massive Manpower workforce for Development projects in **Saudi Arabia.**

- So Outsourcing is being done for needed manpower.

Now As a Summary:

REASONS FOR OUTSOURCING

- NEEDED EXPERTISE OR TRAINING
- NEEDED MANPOWER
- NEEDED ECONOMICS
(OVERALL COST SAVINGS)
- TIME REQUIREMENTS
- SHIFT RESPONSIBILITY

REASONS FOR **NOT** OUTSOURCING

- FEAR OF DELEGATION
- ADDITIONAL COSTS
- INCONVENIENT
- TIME CONSUMING
- LOSS OF CONTROL
- CORPORATE CULTURE

TYPES OF OUTSOURCING, a partial list

- **ENGINEERING**

- Work overloads
- System Improvements
- Highway relocations
- Long Range Plans
- Coordination studies
- Work Order inspections
- Staking
- Mapping
- Work Plans
- Digital models
- Load flow studies

TYPES OF OUTSOURCING, a partial list

OPERATIONS

- Construction crews
- OCR/Regulator test and repair
- Meter testing and replacement
- Safety training
- Maintenance
- Shared spare equipment
- Technical assistance in:
Distribution Automation
- Tree Clearing
- Pole inspections

TYPES OF OUTSOURCING, a partial list

- **MARKETING**
- Key Accounts
- Large loads
- Industrial development
- Business plans

TYPES OF OUTSOURCING, a partial list

- **BILLING and ACCOUNTING**
- May go overseas or shared

TYPES OF OUTSOURCING, a partial list

- **MANAGEMENT**
- Legal
- Expert witnesses Insurance
- Employee benefits Lobbying
- Rate studies & cases Wage plans
- Cost of Service Studies
- Lobbying Job search

SHARED RESOURCES

- Does every Cooperative really need every part of the business?
- Billing system? Meter test facility?
Mapping system? Infra-red monitoring?
Night dispatching? Cable fault locator? GPS
base station? GIS? SCADA system?
- **Can sharing reduce costs?**
Of course it can. **(DAD, ITC @ KFUPM)**

CONCLUSIONS

Most Cooperatives outsource some things from necessity

- The opportunity is to search out new areas of profitable outsourcing.
- So **Outsourcing** is **NOT** cause for **Unemployment**
- **Outsourcing** is the secret to **success!**

CONCLUSIONS

- Outsourcing enhances your capabilities and gets the bigger job done at reasonable, if not lower costs.
- The bottom line is that it should cost less than hiring all the necessary skills on staff.
- And the quality of the work should be even better when you outsource for needed expertise.



Thank you

*For your
Time*