

Case study

Outsourcing isn't always the answer!

I was recently engaged by the Royal Institution for Chartered Surveyors (RICS) to evaluate their warehouse operation and offer advice as to whether they should outsource or remain as an in-house operation. The lease on the building was due for renewal and this provided an excellent opportunity to evaluate the situation.

The warehouse is relatively small but has a throughput of over 27,000 books and also undertakes a number of mailing services on behalf of its marketing department.

On visiting the warehouse and meeting the staff, there was, understandably, a guardedness about my involvement however all the staff were very helpful and I soon had a comprehensive understanding of the operation and its cost base.

Having gathered the information I contacted two service providers who were experts in the storage and distribution of books and reports and explained the situation to them. Both parties were fully aware that it was a comparison exercise and not a formal tender procedure. Honesty at this stage ensures that there is no ill feeling at the end of the process when they find out it was a benchmark exercise. From a service provider perspective there is the possibility of involvement in a tender process should the decision to outsource be taken.

Having ensured that all parties were quoting on a like for like basis it became clear that the in-house operation was competitive and that with a couple of improvements and an extension of the business offering to include more mailing services, it could hold its own against any third party.

The Board decision was to remain in-house.