

SPECIAL REPORT:

The 12 Magical Steps for Successful Outsourcing

By Lucky Balaraman
Executive Director,
The Magnum Group, India

All rights reserved. **Permission is granted to reproduce this report for free distribution at any website as long as it is reprinted in its entirety and without modification.** Contact Lucky Balaraman at The Magnum Group, 14/6 Vasu Street, Chennai 600010, India, <http://themagnumgroup.net>

Results Disclaimer

We make every effort to ensure that we accurately represent these methods, products and services and their potential for income or success. There is no guarantee that you will achieve the intended result and you accept the risk that results differ by individual.

As with any business, your results may vary, and will be based on your individual capacity, business experience, expertise, and level of desire. There are no guarantees concerning the level of success you may experience. Each individual's success depends on his or her background, dedication, desire and motivation.

We cannot guarantee your future results and/or success. There are some unknown risks in business and on the internet that we cannot foresee which can reduce results. We are not responsible for your actions.

The use of our information, products and services should be based on your own due diligence and you agree that our company is not liable for any success or failure of your business that is directly or indirectly related to the purchase and use of our information, products and services.

The 12 Magical Steps for Successful Outsourcing

Lucky Balaraman



Hello... and thank you for downloading this information-packed report. I've compiled it based on decades of experience in the subject, often in a harsher environment than you will ever encounter. What I'm going to do is **make you capable of surviving in a jungle** (ever eat a lizard?) so that doing well in a developed environment will be a piece of cake.

This report lists **12 specific steps** you **must** perform in order to obtain products or services from a vendor. The steps are effective **regardless of the specific nature** of the product or service.

Follow these steps **carefully** and your chances of outsourcing (ie., external sourcing) will **soar like a moon rocket**. Also, what I've put down here might even evoke new ideas in you, and if you feel they have the ring of solid logic, by all means fearlessly try them out.

Here's the list of steps. In the interests of being thorough, I have included some that you might feel are obvious. However, I needed the list to cater to a broad spectrum of users, so I felt it was more important to mention everything regardless of how elementary some of the steps may seem:

1. **Determine which product or service you want to outsource.** People have written volumes on this. The basic principle for doing this might surprise you. However, you **must** consider it seriously even though it may be contrary to what you see happening around you. The principle is what the most “successful” marketers have been following for years.

Only five percent of marketers might be termed “successful”, and one reason the fraction is so small is that very few marketers follow this magical guideline:

“Don’t start with a product or service and then hunt for a market; first find out what your customers want, then find that product or service for them.”

If you want to know more about marketing, especially Internet marketing, here are two outstanding free resources (sign up for the free reports):

<http://www.123webmarketing.com>

<http://www.netbreakthroughs.com>

If you are selling a service (architecture or engineering, for instance), this is often a difficult proposition. A particular website sells a **highly evolved strategy for pulling in 6-figure business**. I bought it and am using it... believe me, it’s a freakin’ **miracle!** Find out more about it [here](#).

2. Find possible sources for the product or service. There are fundamentally two places you should search to find these sources: on the Internet and off the Internet.

If the product is heavy or voluminous and available nearby, (like ordinary bricks or cement), it would be a good idea to procure it locally. Likewise a service that requires the frequent on-site presence of the vendor. For this,

- a) Ask **local vendors** whom you already know
- b) **Search on the Internet** mentioning your city or town as a keyword

On the other hand if the product is so **light or small** that freight is negligible, or if the **service is not available locally at a reasonable cost**, you should not try to source it from close by. **Get on the Internet** and search for sources using any popular search engine.

If the product or service has to be **tailor made**, such as a software program, a professional consultation or a custom-written article, use a '**project marketplace**'. Some very good sites for this are:

<http://www.elance.com>

<http://www.freelancecontractors.com>

<http://www.kellysearch.com>

<http://www.offshoreexperts.com>

<http://www.outsourcing.org>

<http://www.Guru.com>

<http://www.technical-outsourcing.com>

<http://zeal.com>

<http://www.worldbid.com>

3. **Describe your requirement including what you are willing to pay.** Interested vendors will quote for your project. Let them know what others have quoted and initiate a **competitive bidding process**, which is good for you!

4. **Choose bidders who look good.** What makes them look good, you may ask. Well, here are some criteria:
 - a. A good **track record**
 - b. Many **testimonials**
 - c. A quality, **paid website** with a good description of capabilities, a postal address, a telephone number, and the names of the promoters
 - d. A **non-free email** address (preferably a web form)
 - e. A good **price**

- f. **A good communications infrastructure** (email, phone, fax, SKYPE, instant messengers, ICQ and ftp are possible facilities)

5. **Evaluate the bidders you've chosen.** An extensive subject on which I've written plentifully myself. The key methods are:

- a. **Communicate** with them by email, fax or phone and ask for more information

- b. **Analyze** their response. Was their reply:

1. Prompt?
2. Relevant?
3. Informative about their products, capabilities and prices?
4. Solicitous and expressing eagerness?
5. Suggesting the next step?
6. Inclusive of free bonus and satisfaction guarantee?

Make a list of vendors in the order of how they scored on the above criteria.

6. **Ask them for a quote.** Choose the vendor at the top of your list and ask them to quote for a small product or service.

Evaluate the quotation thus:

- a. Was it prompt?
- b. Did it contain information on delivery schedule, price, guarantee and payment terms?

Make sure you're satisfied with the quote. If you are, order from them pronto. Otherwise, move on to the next vendor on your list. Repeat the procedure until you get a good quote and **place your order.**

7. Evaluate the product or service that they delivered. When you get the product or service, evaluate it as follows:

- a. Did it come on time?
- b. Were there any problems in the delivery mechanism?
- c. Was it as per your specification and of acceptable quality?
- d. If it was not according to your specifications, could the vendor have avoided this problem had they asked you about it before shipment?
- e. Was it in good condition?
- f. Did it function properly?
- g. Did the vendor have convenient payment channels (like a credit card payment facility)?
- h. Did payment processing go smoothly?

8. Send follow-up questions about the product or service.

Send three questions in total, spaced apart by three days.

Evaluate the responses using the same criteria as in paragraph 5b above.

Make sure the vendor **scores well** in all the criteria. If not, go to the next vendor on your list and start at step 6.

9. Once you've landed on a good vendor, send an order that's 25% larger (if you need to). Since the order is bigger, try and bring down the price if possible.

Do not increase the size of your order by more than 25%. This **minimizes your risk** since they might not be able to ramp up.

If you are trying to set up a long-term relationship, you **must mention it**. Remember, **every vendor** is on the lookout for customers who can provide them a **continuous stream** of business over at least one year.

If you can provide this stream, most vendors will be **very flexible** on pricing. If they are not at first, **ask them again** after two or three orders.

10. Build up to larger orders gradually. Don't assume that the vendor has capacity for infinite growth. Increase the size of your orders a bit at a time.

If you start pushing the limits of vendor capability, one of two things will happen. Either

- a. the vendor will say they will not be able to fulfil your order (that's a good vendor!) or
- b. you'll notice problems in the delivery.

In the second case, cancel the order and **develop another vendor**.

In either case, **retain the vendor** for things which they can **deliver** (as you can see, it's **not easy to find good vendors!**).

11. In the case of a long-term relationship, consider the vendor a partner. Tell them what your business goals are. Ask for their suggestions. They will be very happy to give their comments and might even contribute valuable ideas. Realize that in effect you have more people thinking for you.

Communicate, communicate, COMMUNICATE!! You have to stay in touch with your vendor. That means at least **once every two days** while they are doing something for you.

If the project takes several weeks, you **need to know** about progress **every week**. Ask for a **weekly photograph or download** (depending on whether it's a "physical" or "informational" product) on a fixed day (**Friday's** good).

12. Take responsibility for the outsourcing exercise. You, the client, **MUST** assume moral responsibility for the success of the process. Outsourcing fails quite often, and the single major cause for this is **abdication of the outsourcing project by the client** (this observation is based on studies by one of the world's leading management consultants).

You **MUST NOT** "outsource it and forget it" unless you want to **"forget it and lose it"!**

A **senior executive** of your company should be the official **champion** of the project, and it's up to him/her to steer the ship of outsourcing safely to its destination.

CONCLUSION

Like I said before, if you follow these steps, the chances of your outsourcing project's success will be remarkably high.

Why? Well, for that you have to solve two small puzzles.

Each puzzle is a crossword clue (don't worry, there's no crossword). Solve each one of the clues and place the solutions on either side of the word "to", as indicated in the "Final Answer" below.

Clue (a): "Worked-up landlords have a scheme"

Clue (b): "There is triumph in very few incidents"

Final Answer: "(a) **to** (b)"

If you want the solution, click [here](#).

I hope this report has been helpful. Take care and have a great day!

Your friend,

Lucky Balaraman

Executive Director

The Magnum Group

PS: Get reports like this, courses, free resources and other goodies by joining our newsletter at <http://themagnumgroup.net/subscribe1.htm>
