Understanding the process of backsourcing: two cases of process and product backsourcing in Europe

CaselSM.com

Advantages and Disadvantages
Structure
1) Definition
2) What Can Be Outsourced?
3) Advantages
4) Disadvantages
5) Our Personal View
6) Conclusion
7) Questions
8) Sources
Definition

Outsourcing: CaseISM.com

- companies send away portions of work to be done by people outside the company

→ instead of completing their job functions internally
What can be outsourced?

1. Manufacturing (e.g. garment factories)
2. Healthcare Services
3. Technology-driven services (e.g. Computer Programming, Data Entry, Web design)
4. Customer Support (e.g. phone support)
Advantages

Focus on Core
Outsourced activities allow you to:
- focus on your key business activity, just concern about the results of your outsourced activities
- reduce internal problems
- foster in production, better time management

Cost Reduction
- lower labor cost, low-cost workers in other companies/countries
- cheap garment factories

More Jobs
- Outsourcing increases the number of jobs in (e.g.) developing countries (even for the non-educated people)

Access to Expert Support
- Cooperation with experts from the narrow area
- technical expertise in the foreign country
- Risk-sharing: specialists are able to solve the risk factors better

CaseISM.com
Disadvantages

Loss of Control
- no managerial control of outsourced activities
  - control belongs to the other company
- security issues: risk of losing sensitive data, possible loss of confidentiality

Employee Layoffs
- financial insecurity among employees
- general uneasiness, less productivity
- employers could avoid your company

Expectation vs. Reality
Quality problems:
- unskilled, uneducated workers may not realize the expected benefits
- different company means different culture, poor communication, lower productivity

Loss of Customers:
- people could feel disconnected (they expect an inhouse performance of the functions)
- example with the call-center: American customers could prefer talking to American services, not Indian customer services, language barriers

Ethical Issues
Outsourcing manufacturing:
- overworked, physically abused and underpaid workers
- unhealthy conditions
- child labor
- air pollution
Understanding the process of back sourcing: two cases of process and product back sourcing in Europe

CaselSM.com

Advantages and Disadvantages

Structure
1) Definition
2) What Can Be Outsourced?
3) Advantages
4) Disadvantages
5) Our Personal View
6) Conclusion
7) Questions
8) Sources