Policies and Procedures for Contracting and Outsourcing Projects
of the

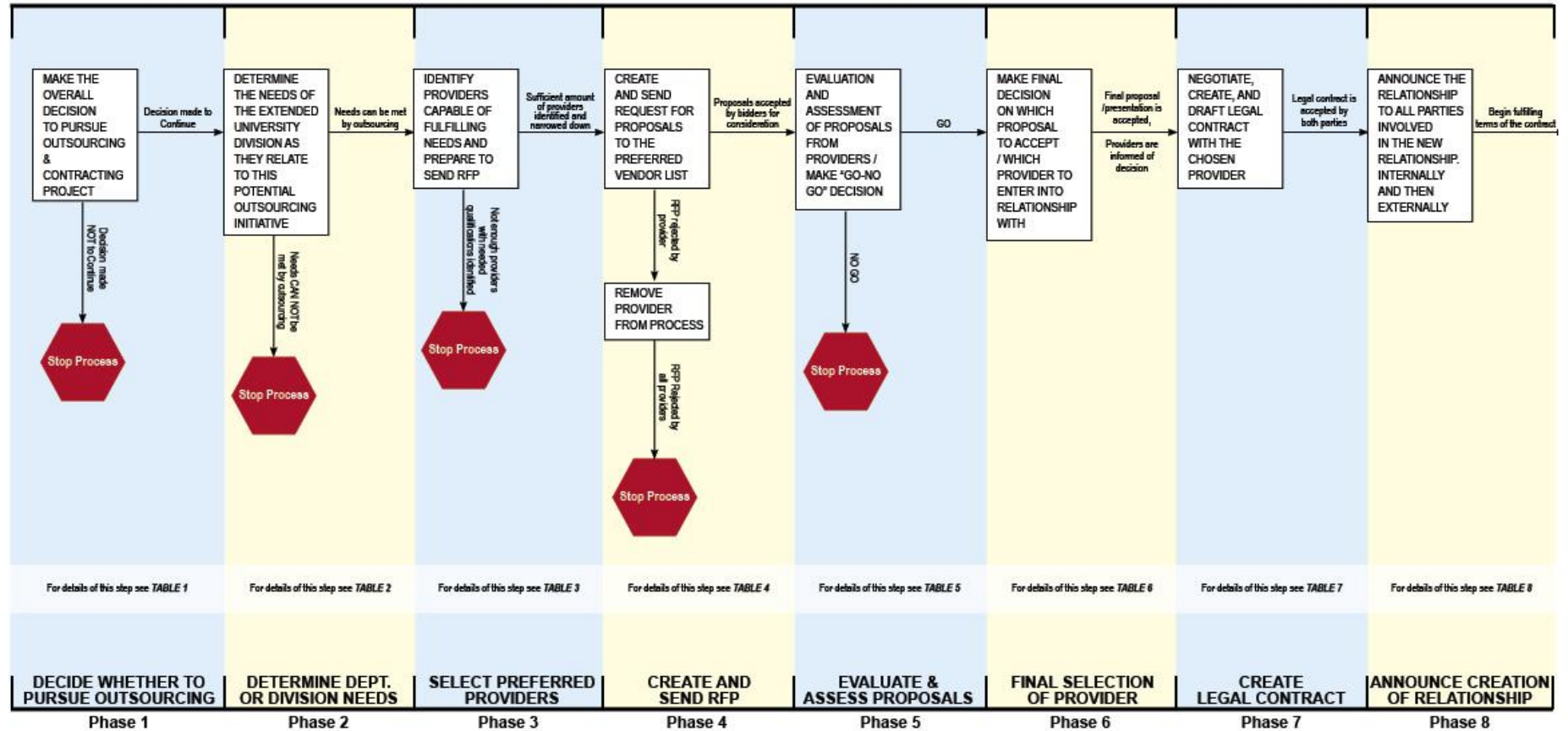# Extended University Division of CSUB

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We have developed the general policies and procedures that are to be used when the Extended University Division (EUD) looks to the possibility of a contracting or outsourcing project. This template will serve as a guideline or general map to be followed in any potential project. It will serve as a tool for going through the procedures to determine whether or not the EUD would benefit from outsourcing, to finding the best provider, and finally through the creation of the final contract with the chosen provider. Details of these policies and procedures may differ from project to project depending on the nature and details of each one, but they should apply at least the generally to all potential outsourcing projects for the EUD.

At the point of beginning to follow these procedures, we are assuming that the EUD has already done the background research and due diligence into the separate functions and processes of the EUD. It should have been determined that there is an area or areas of concern that needs to be addressed and that outsourcing may be a possible solution. The EUD should then look to these policies and procedures to determine if outsourcing will be beneficial to the mission and vision of the company.

We have broken down our policies and procedures into several processes to be followed and have included a flow chart for each process to be used as an easy to follow guide as we make our way through the procedures.

Procedures for deciding whether to utilize outsourcing and contracting at the CSUB Extended University:

Overall flow of processes

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	Phase 8

Phase 1: MAKE THE OVERALL DECISION TO PURSUE OUTSOURCING & CONTRACTING PROJECT

— Decision made to Continue →

Decision made NOT to Continue ↓ Stop Process

Phase 2: DETERMINE THE NEEDS OF THE EXTENDED UNIVERSITY DIVISION AS THEY RELATE TO THIS POTENTIAL OUTSOURCING INITIATIVE

— Needs can be met by outsourcing →

Needs CAN NOT be met by outsourcing ↓ Stop Process

Phase 3: IDENTIFY PROVIDERS CAPABLE OF FULFILLING NEEDS AND PREPARE TO SEND RFP

— Sufficient amount of providers identified and narrowed down →

Not enough providers with needed qualifications identified ↓ Stop Process

Phase 4: CREATE AND SEND REQUEST FOR PROPOSALS TO THE PREFERRED VENDOR LIST

— Proposals accepted by bidders for consideration →

RFP rejected by provider ↓ REMOVE PROVIDER FROM PROCESS

RFP Rejected by all providers ↓ Stop Process

Phase 5: EVALUATION AND ASSESSMENT OF PROPOSALS FROM PROVIDERS / MAKE "GO-NO GO" DECISION

— GO →

NO GO ↓ Stop Process

Phase 6: MAKE FINAL DECISION ON WHICH PROPOSAL TO ACCEPT / WHICH PROVIDER TO ENTER INTO RELATIONSHIP WITH

— Final proposal /presentation is accepted, Providers are informed of decision →

Phase 7: NEGOTIATE, CREATE, AND DRAFT LEGAL CONTRACT WITH THE CHOSEN PROVIDER

— Legal contract is accepted by both parties →

Phase 8: ANNOUNCE THE RELATIONSHIP TO ALL PARTIES INVOLVED IN THE NEW RELATIONSHIP. INTERNALLY AND THEN EXTERNALLY

— Begin fulfilling terms of the contract →

For details of this step see *TABLE 1*	For details of this step see *TABLE 2*	For details of this step see *TABLE 3*	For details of this step see *TABLE 4*	For details of this step see *TABLE 5*	For details of this step see *TABLE 6*	For details of this step see *TABLE 7*	For details of this step see *TABLE 8*
DECIDE WHETHER TO PURSUE OUTSOURCING	**DETERMINE DEPT. OR DIVISION NEEDS**	**SELECT PREFERRED PROVIDERS**	**CREATE AND SEND RFP**	**EVALUATE & ASSESS PROPOSALS**	**FINAL SELECTION OF PROVIDER**	**CREATE LEGAL CONTRACT**	**ANNOUNCE CREATION OF RELATIONSHIP**
Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	Phase 8

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Determining Needs *(See Table 2. - Determine Department or Division Needs)*

Once we are sure that the outsourcing initiative keeps us in line with the EUD's overall mission, we can begin to create strategies for managing potential risks that they may be caused by outsourcing, as well as creating financial and performance strategies to help accomplish our goals with the initiative. Once we have a list of our desired financial and performance standards, we can determine whether outsourcing will help us meet these goals.

Preferred Provider Selection *(See Table 3. - Select Preferred Providers)*

Now that we know that our needs may be met by outsourcing, it is time to look for possible providers that can help us meet our goals. We should begin researching to find a list of all potential providers. This research can include speaking to other companies in our industry, asking employees, searching databases, as well as many others. It is important at this point to create a provider qualification list that states the specific things we will be looking for in providers. From this information and the needs that we determined in the previous stage, we can been to establish evaluation criteria. We will then narrow down our list of potential providers to those whom we feel can most closely fulfill these criteria. These are the providers to whom we will send a Request for Proposal (RFP).

RFP Phase *(See Table 4. - Create and Send Request for Proposal)*

An RFP can now be created by the EUD to be sent to our list of potential providers. The RFP should include our reasons for looking to outsource, the scope of services requested of the provider, the required vendor qualifications, terms of delivery of service, desired pricing, criteria for evaluation of the proposals, and EUD contact information in case the provider has questions or needs more information. Once the RFPs are sent out, we will address any vendor's questions and then collect all of the proposals that we receive back.

Evaluation and Assessment of Proposals *(See Table 5. - Evaluate and Assess Proposals)*

All proposals that are received by the EUD must be evaluated according to the same standards. In order to do this; we must interpret all proposals to make sure they are in the same language. We will create a qualification matrix and assign values and weighted scores to the fulfillment of each of the qualifications based on the importance of each one. We will then look closer into each proposal to see what additional qualifications the providers mentioned in their proposals as well as comparison and analyze each of their cost structures. We can then adjust the scores of the providers as needed, due to this final information. From all of this information, we will make a "go, no-go" decision based on whether or not we find that our needs will be met by at least one of the providers.

Final Selection of Provider (See Table 6. - Final Selection of the Provider)

Based on the scores that we have given to each provider during the last process, we can down choose a short list of providers to keep in the process. We will perform due diligence on each of theses providers to include research and interviews, to getting a clearer understanding of each of the companies and what they will be able to provide for us. We will also want to get an overall feel for the atmosphere and culture of the company to make sure it will fit well with the EUD, as this is important if we choose to begin a relationship with them. Based on all information that is gathered we should choose the final few providers that will give presentations. Once we have seen all presentations, we will confirm that all proposals are final and no further information will be added to our research. A final decision on our chosen provider will then be made according to all information we have been given and have gathered.

Contract Phase (See Table 7. - Create Legal Contract)

Now that we have chosen a final provider, we begin the contract phase, which will include negotiations and agreeing upon a final legal contract. Prior to negotiations we need to focus on our desired outcome and review all information we have gathered up until this point. We will decide on our negotiating strategy and set ground rules to be followed during this process. Negotiations can then take place with the other party. During negotiations it is important that both sides are satisfied with the terms and that neither side is holding out for specific terms that may be unnecessary and not agreeable to the other side. Both sides should be happy with the results so that they will be able to start building a good working relationship with one another.

Once all terms have been agreed upon both each party, a term sheet can be created that will be sent to a lawyer or other legal party for the drafting of the legal contract. The legal contract should contain the following items and any others, as needed:

- Scope of services
- Performance standard
- Pricing schedule
- Factors of production
    - People
    - Facilities
    - Equipment
    - Software
    - 3rd party contracts
- Management control
- Billing and payment terms
- Termination provisions

Once both parties have approved the final legal contract, the new relationship can be announced.

Announcing New Relationship (See Table 8. - Announce Creation of Relationship)

The new relationship between the EUD and the chosen provider should be first announced to those employees of the EUD who will be most affected by the outsourcing. These individuals should also be giving further details on the project and how it impacts them. Once they are aware of the situation, then the rest of the EUD should be informed in the same fashion. The remaining providers, who were not chosen, should then be contacted to let them know we have decided to go with another vendor. After this has all taken place, an announcement to the public can be made if needed and we may then more forward with our strategies to begin fulfilling the terms and conditions of the new contract.

PROCESSES:

Decision to Outsource (See Table 1. - Deciding whether to pursue outsourcing)

During this beginning process we need to review the EUD's overall goals and objects to determine if outsourcing fits in with our overall mission and vision. It is important to identify all work flows, processes, and core competencies to see what areas might be improved if it were outsourced. For any such areas that are found, we will perform a risk assessment analysis as well as analyze our current and potential financial and performance standards. From this information, we will decide whether or not to continue with the outsourcing initiative.

By following these Policies and Procedures, the EUD should have determined if outsourcing was a solution to improving upon its current functions and processed in order to better the fulfillment of the overall mission and vision of the division. As outsourcing was found to be a reasonable solution, an RPF was sent out to potential providers/vendors, containing details on what the EUD was looking to accomplish with a vendor. Proposals received from interested vendors were evaluated and analyzed to determine which providers would best meet our needs. The list of providers was narrowed down as we performed our final due diligence on the last few providers and then choosing the vendor we wish to work with. After negotiations and the creation of a legal contract, we are ready to announce the new relationship and start fulfilling the contract.

Following these policies and procedures will be the beginning of the EUD/vendor relationship. It is important that the factors of production are transferred in a timely and respectable manner, that will let the employees of the EUD see that outsourcing can be a very useful and beneficial change to a company. We will need to make sure that a healthful, professional relationship is maintained on both sides and that all terms in the contract are fulfilled to the best abilities of both the EUD and the vendor. Keeping a strong relationship is one of the keys to making any outsourcing project a successful one.

APPENDIX

Procedures for deciding whether to utilize outsourcing and contracting at the CSUB Extended University:

PHASE 1: Decide Whether to Pursue Outsourcing

Review EUDs organizational goals and objectives as they relate to potential outsourcing initiatives.

Outsourcing is consistent with EUD goals and objectives

Review EUD work flows. Identify possible improvements that can be made by outsourcing.

Outsourcing is not consistent with EUDs goals and objectives

Stop Process

Review EUD processes. Identify possible improvements that can be made by outsourcing.

Review EUD core competencies. Identify processes not central to that core that might be outsourced.

Identify potential areas for outsourcing based on review of processes, work flows, and core competencies.

Potential areas for outsourcing have been identified

Potential areas for outsourcing have NOT been identified

Stop Process

Perform risk assessment analysis to identify potential risks and losses caused by an outsourcing project.

Analyze current financial and performance standards and compare to losses or gains created by an outsourcing initiative.

Make decision whether to continue with outsourcing initiative.

Continue with outsourcing initiative

DO NOT continue with outsourcing initiative

Stop Process

Continue to Phase 2: Determine Department of Division Needs.

SEE TABLE 2

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Table 1 – Deciding whether to pursue outsourcing

PHASE 2: Determine Department or Division Needs

Align the overall needs of the EUD (according to the Mission/Vision/Goals) with the outsourcing initiative.

Create strategies for managing potential risks caused by the outsourcing initiative and identified in phase 1.

Create financial strategies and desired outcomes for the outsourcing initiative.

Develop list of desired performance and financial standards for the outsourcing initiative including strategies for achieving those standards.

Perform analysis to determine whether these needs can feasibly be met by the outsourcing initiative.

Needs CAN be met by outsourcing initiative

Continue to Phase 3: Select Preferred Providers.

SEE TABLE 3

Needs CANOT be met by the outsourcing initiative

Stop Process

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Table 2 – Determining Department or Division Needs

Procedures for deciding whether to utilize outsourcing and contracting at the CSUB Extended University:

PHASE 3: Select Preferred Providers

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┌──────────┐     ┌──────────┐     ┌──────────┐     ┌──────────┐                      ┌──────────┐
│ Conduct  │     │ Create a │     │ Establish│     │ Narrow   │   A sufficient       │ Continue │
│ research │     │ "provider│     │ evaluation│    │ the list │   number             │ to Phase 4:│
│ to find  │ ──► │ qualifica│ ──► │ criteria │ ──► │ of all   │   of providers meet  │ Create and│
│ all      │     │ tions    │     │ based on │     │ potential│   our criteria       │ Send      │
│ providers│     │ list"    │     │ the      │     │ providers│   standards          │ Request   │
│ potentially│   │ specific │     │ department│    │ to a     │ ───────────────────► │ for       │
│ qualified│     │ to the   │     │ needs    │     │ select   │                      │ Proposal  │
│ to fill  │     │ EUDs     │     │ establish│     │ few that │                      │ (RFP).    │
│ our      │     │ needs    │     │ ed       │     │ fit our  │                      └──────────┘
│ outsourcing│   │ regarding│     │ in Phase │     │ specific │
│ needs.   │     │ this     │     │ 2        │     │ needs    │
└──────────┘     │ outsourcing│   │ and the  │     │ criteria.│
                 │ initiative.│   │ list     │     └────┬─────┘
                 └──────────┘     │ of criteria│        │
                                  │ establish│          │ Too few providers are able
                                  │ ed in    │          │ to meet our criteria
                                  │ this phase.│        ▼
                                  └──────────┘      ⬡ Stop Process
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SEE TABLE 4

Table 3 – Select Preferred Providers

PHASE 4: Create and Send Request for Proposal (RFP)

Create the RFP document according to the needs of the EUD outlined in the previous phases. Make sure this document includes: reasons to outsource, the scope of services requested, the required vendor qualifications, terms of delivery of service, desired pricing, criteria for the evaluation of proposals, and contact information for the EUD personnel involved in this project.

RFPs are sent to preferred provider list.

Providers have no questions

Provider receives & understands RFP.

providers develop proposals

Continue to Phase 5: Evaluate and Assess Proposals.

SEE TABLE 5

Revise RFP to address Questions

Provider has questions about RFP

Address Vendor Questions.

Provider declines to participate

Provider removed from process.

RFP rejected by all providers

Stop Process

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Table 4 – Create and Send Request for Proposal

PHASE 5: Evaluate and Assess Proposals

EVALUATION (QUANTITATIVE)

ASSESSMENT (QUALITATIVE)

EUD receives provider proposals.

All proposals contain similar language and content

Create qualifications matrix for evaluation.

Assign values for the fulfillment of each qualification outlined in the RFP by every provider.

Look at underlying reasons for each pricing structure and assign a score based on "achievability".

Reassess price and cost structure as it relates to the "make or buy decision".

Make a "go, no-go" decision.

Continue to Phase 6: Final Selection of Provider.

SEE TABLE 6

Proposals contain varied content & language

Interpret proposals into similar language for inclusion into matrix for evaluation.

Give weighted scores according to the importance of each qualification as outlined in the RFP.

Look at additional info provided in each proposal that was not included in the list of qualifications.

Assess merits of added information for each proposal and assign a qualitative score for inclusion in the overall score of each provider.

Go

No Go

Stop Process

Table 5 – **Evaluate and Assess Proposals**

PHASE 6: Final Selection of Provider

Based on quantitative ratings assigned in Phase 5, choose short list of providers.

Perform due diligence including research, interviews and other methods.

Based on due diligence, decide on which providers will be invited to give final presentation.

Schedule and receive final presentation from chosen providers.

Confirm with providers that proposals are final.

Make Final Decision on choice of provider.

Continue to Phase 7: Create Legal Contract.

SEE TABLE 7

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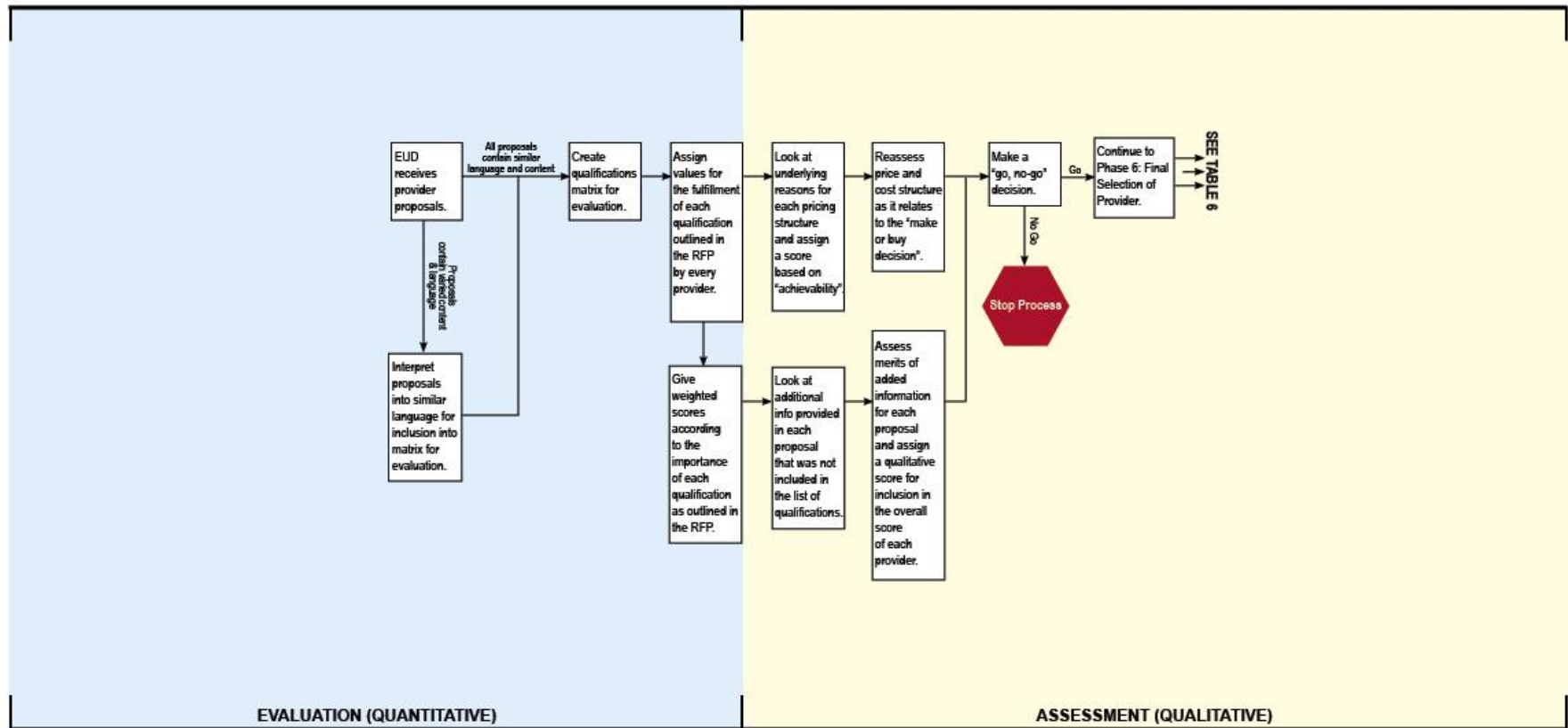
Table 6 – Final Selection of Provider

Procedures for deciding whether to utilize outsourcing and contracting at the CSUB Extended University:

PHASE 7: Create Legal Contract

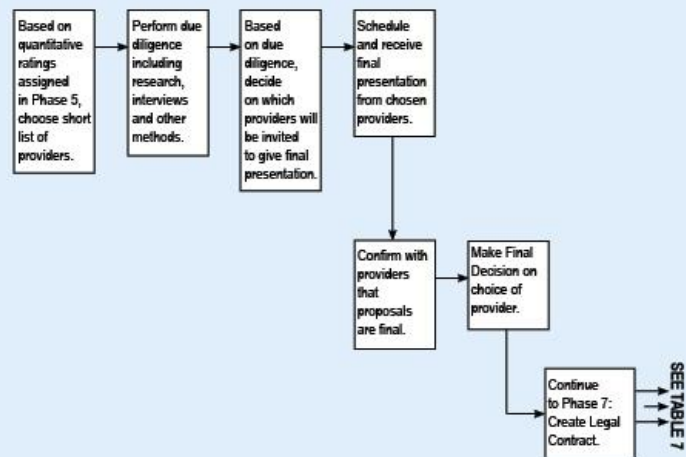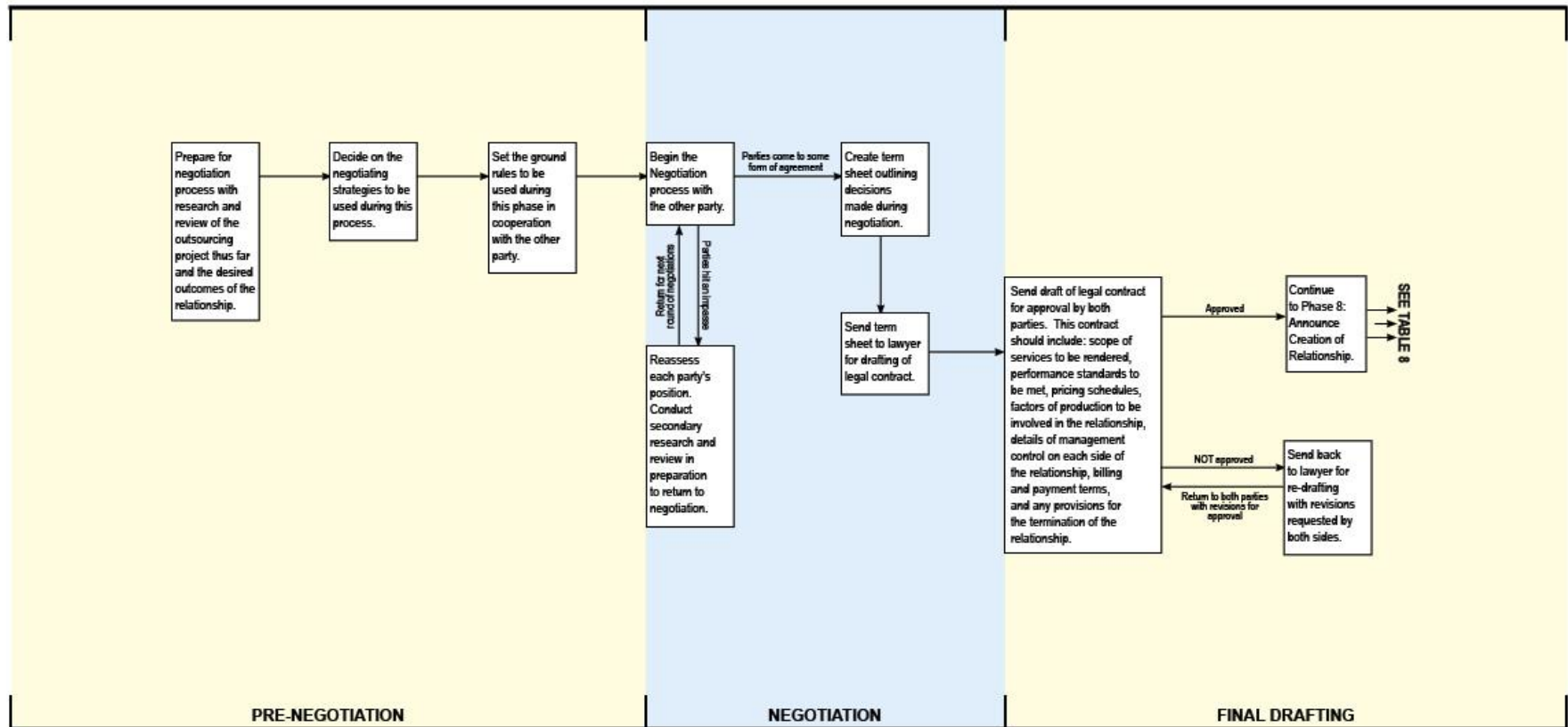**PRE-NEGOTIATION**

Prepare for negotiation process with research and review of the outsourcing project thus far and the desired outcomes of the relationship.

Decide on the negotiating strategies to be used during this process.

Set the ground rules to be used during this phase in cooperation with the other party.

NEGOTIATION

Begin the Negotiation process with the other party.

Parties come to some form of agreement

Create term sheet outlining decisions made during negotiation.

Return for next round of negotiations

Parties hit an impasse

Reassess each party's position. Conduct secondary research and review in preparation to return to negotiation.

Send term sheet to lawyer for drafting of legal contract.

FINAL DRAFTING

Send draft of legal contract for approval by both parties. This contract should include: scope of services to be rendered, performance standards to be met, pricing schedules, factors of production to be involved in the relationship, details of management control on each side of the relationship, billing and payment terms, and any provisions for the termination of the relationship.

Approved

Continue to Phase 8: Announce Creation of Relationship.

SEE TABLE 8

NOT approved

Send back to lawyer for re-drafting with revisions requested by both sides.

Return to both parties with revisions for approval

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Table 7 – Create Legal Contract

PHASE 8: Announce Creation of Relationship

Announce the creation of the new relationship to those employees most directly affected by the outsourcing project, including both those involved in the upcoming initiative and those that may be displaced or reassigned due to it. Describe the impact it will have on each of them.	Announce the creation of the new relationship to the remaining employees within the EUD. Be sure and explain the reasons for outsourcing and any impact it may have on them.	Announce the creation of the new relationship to the remaining providers that did not receive the outsourcing contract in Phase 6.	Announce the creation of the new relationship to the public. Begin developing and implementing marketing strategies.	Begin fulfilling the terms and conditions of the new relationship.

BEGIN RELATIONSHIP

Table 8 – Announce Creation of Relationship