



JBD Consulting International Staffing Model Overview

Purpose

This document is intended as a quick overview of three common staffing models:

1. Internal Resources
2. Staff Augmentation
3. Service Based Provider

It is *not* an in-depth analysis, nor does it intend to imply that the three models discussed are the only models. In fact, most organizations use hybrids that incorporate all three models in whole or in part. Also, the Staff Augmentation model will always be used in conjunction with Internal Resources.

Also, please do not confuse the Service Based Provider with outsourcing. They are not necessarily the same thing. Outsourcing too often is really Staff Augmentation where a provider staffs a specific function – QA or Service Desk or Break/Fix – where you are paying for fulltime equivalent (FTE) hours instead of paying for services. If the provider is not efficient you are overpaying and that is not what service-based staffing is all about. It's about paying a fixed price per service, not a fixed price per person hour.

SWOT Format

SWOT stands for **S**trengths, **W**eaknesses, **O**pportunities, **T**hreats. Strengths and weaknesses are internal to your organization. Opportunities and Threats are external. This format allows you to quickly see the differences between and among the different staffing models discussed in this paper.

There are additional tools and techniques that can drill down and quantify comparisons, but those are more complex to both develop and to use.



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Internal Resources

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Less personnel churn • Provides some control over fixed costs when cost reductions are required • Completely aligned to organization policies, goals and culture 	<ul style="list-style-type: none"> • Stagnant (“We’ve always done it this way”) • Added layers of supervisory and management • Training and professional growth costs • Difficult to transform organization to new models or manage change • Managing resource availability (training, vacation, overtime) 	<ul style="list-style-type: none"> • Internal resources can be both managed and motivated to meet changing business requirements • Promotion from within (promotes organizational loyalty and results in management who truly understand the organization) • Initiatives to build cross-functional teams have better chance of success 	<ul style="list-style-type: none"> • Labor laws • Managing internal resources in multiple states and jurisdictions • Headhunters poaching internal talent



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Staff Augmentation

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Skills matched to organization's technical requirements • On demand resources for special projects and busy workloads • No legal hurdles for eliminating positions • No salary or promotion creep 	<ul style="list-style-type: none"> • Inefficient if there are no process frameworks to govern workflow, service delivery and support • Costs can escalate if the wrong savings or ROI models are based on incomplete or incorrect assumptions • Possible staff churn in customer-facing positions • Difficult to measure value of work, services and support 	<ul style="list-style-type: none"> • Access to resources with skills and experience that are wider and deeper than internal resources have an opportunity to develop • Focus on value-added activities and eliminate non-value adding activities • Develop pull and just-in-time strategies for meeting workload, service delivery and support requirements 	<ul style="list-style-type: none"> • Potential contract or agreement renegotiations or defaults if all requirements are not captured in initial contract or agreement • Gap between perceived value and actual value if performance baselines are not documented prior to using a staff augmentation strategy



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Service Based Provider

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Paying for services instead of resources • Value of each service can be determined by benchmarking (including comparing costs to other companies in your business sector) • Staffing is the concern of the service provider, eliminating pricing models based on resources • Governance of contracts is simplified • Services can be based on industry frameworks such as ITIL • Services can be specified to conform to capability maturity levels as well as incorporating control objectives 	<ul style="list-style-type: none"> • Specifying too high of a service maturity level can add costs with diminishing returns • If there are no benchmarks of services that meet business requirements (or business requirements are not completely known or understood) the value of each service may not reflect the best value to the organization • Incorrect or incomplete assumptions when projecting savings or ROI to explore a services-based contract or agreement can result in significant hidden costs that can make this approach unviable 	<ul style="list-style-type: none"> • Divest organization of resources that are not directly involved in producing value to the core business • Cost savings by paying for only the services that are required to meet business needs and operations • Focus on the business and not the underlying technology 	<ul style="list-style-type: none"> • Viability of the service provider's business • Unforeseen economic factors that can force price increases • Third party issues not covered in contracts or agreements that affect either the service provider, organization or both