

# PRE-STUDY REPORT

## **Aims:**

The main purpose of this study is to investigate influencing factors for outsourcing decision of maintenance work as well as their importance. Most of the efforts will be given to achieve the following objectives.

1. Find the primary influencing factors for maintenance outsourcing decision.
2. Revealing the influencing mechanism of factors over maintenance outsourcing decision.
3. Ranking of these factors to indicate their weigh in the decision making.

## **Description of the topic:**

Organizations around the world are looking for new approaches to maintain or/and increase their competitiveness. Maintenance outsourcing as one of the methods to minimize operating cost is sometimes an alternative. For managers facing hiring freezes, cuts in training budgets, aging maintenance workforces, and hard-to-find skilled labor pools, outsourcing may be the single best choice to go through the tough period. The advantages seem obvious, budget flexibility, optimization of manpower and tools, reduction of expense in hiring specialized staff and training, to mention a few, are all results of maintenance outsourcing. At the same time, outsourcing arrangement can be changed easily in according to your maintenance needs. It's sometimes a key reason making company choose outsourcing as the maintenance strategy. Many companies have experienced great success by adapting outsourcing to gain competitiveness.

As a coin has two sides, outsourcing of maintenance may also bring lots of side-effects and disadvantages. The obvious ones are difficulty to control the quality of the maintenance work, shortage of skilled trades people from contractors, inadequate contractor planning of work to be done, poor relationships between client and contractor employees and etc.

So the decision of contracting maintenance to external organizations is never easy to make. For those companies, maintenance is or is close to the core of their operations, it is even more difficult to decide whether or not to outsource. However, the question "outsource or not?" must be answered. Conventional wisdom regarding the outsourcing decision states that you should outsource your "non-core" business activities. The difficulty with this approach, however, is that it provides no guidance for deciding which activities are "non-core". Instead of defining "core" and "non-core" business activities, this study is an attempt to find these primary factors, which the importance of maintenance to the company is one of them, that the management shall take into consideration

when making the decision whether outsource the maintenance to an external organization or not as well as to evaluate the importance of these factors in terms of influence over the final choice. The result of this project is supposed to be able to assist the decision making process and be used as a reference in practice.

### **Methods:**

In order to determine the primary factors and its importance to the outsourcing decision making, this project will employ following approaches:

1. Information collection of Internet websites
2. Case investigation of company considering maintenance outsourcing
3. Discussion with experts from industry or academic circle (Example: professors in NTNU)
4. Published academic references investigation

### **References:**

- (1). R Francis Consulting Pty Ltd, Lossen the collar, tighten the belt & pull up your socks successful maintenance outsourcing.
- (2). Christer Idhammer, Contrat maintenance or not?
- (3). A. B. Maryland. Outsourcing 101-a primer.
- (4). Sandy Dunn. Maintenance outsourcing -critical issues.
- (5). Mark R.Goldstein. Suppose you had to cons.
- (6). ATS, a plan for success.
- (7). Michael Levery. Outsourcing maintenance-a question of strategy.
- (8). Plant maintenance resource center. Maintenance outsourcing survey results-2001.

### **Project plan:**

10 <sup>th</sup> -20 <sup>th</sup> Sep.	Collecting related information about maintenance outsourcing and browsing and refining these materials
21 <sup>th</sup> Sep. -10 <sup>th</sup> Oct.	Analysis of collected data, case study and discuss with the experts. Finding these factors and preliminary rank
11 <sup>th</sup> -20 <sup>th</sup> Oct.	Refining the findings, produce the draft report
21 <sup>st</sup> -31 <sup>st</sup> Oct.	Revising and discussing to finalize the formal report
1 <sup>st</sup> Nov.	Handing in the formal report