

Designing a Comprehensive Model to Evaluate Outsourcing of DOTD Functions and Activities

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Principal Investigator:
Dr. Chester Wilmot, P.E.
Louisiana State University

LTRC Contacts:
Administrative:
Harold "Skip" Paul
Assoc. Director, Research
(225)767-9102

Technical:
Art Rogers, P.E.
Research Manager
(225)767-9166

Problem

A key issue in public policy today involves the consideration of outsourcing of functions and activities. While political climates may drive this trend, decisions to outsource must be based on a logical, systematic process that considers costs, need to expedite, peak work volumes, unique skills, training and retraining, human resource aspects, and the retention of strategic core competencies within the public agency.

Comparing costs of in-house services to those of outside suppliers can produce important information even when the decision is to not outsource the services in question. The information might indicate areas where the agency can improve its efficiency.

Of course, the analysis can also identify areas suitable for outsourcing. The outsourcing decision should be made with consideration given to five factors: economic impact, vendor service reliability and service quality, legal



The information from this study will be used by DOTD and the state legislature in formulating policy on appropriate workforce policies for the department in the future.



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4101 Gourrier Avenue
Baton Rouge, LA 70808-4443

ramifications, impact on strategic core competencies, and sociological factors. To consider these factors adequately, a comprehensive approach to outsourcing is preferable to a piecemeal one.

The purpose of this project is to develop a comprehensive model that addresses the warrants of outsourcing any function within DOTD and to apply that model to one or more targeted functions for which outsourcing potential is envisioned by the department.

Objectives

Objectives of the proposed research included the following:

1. Identify DOTD strategic functions representing core activities that are vital to the organization,
2. Develop a decision model of analysis of outsourcing opportunities and alternatives,
3. Consider qualitative factors that are relevant to the outsourcing decision, and
4. Apply the decision model to one or more DOTD functions for which outsourcing potential is envisioned by the administration.

Description

The study will involve gathering information in five areas: (1) identification of all activities performed by DOTD, (2) the strategic core competencies that must be maintained within DOTD to be an effective agency, (3) determination of the set of activities that potentially can be outsourced, (4) development of a model to identify comparative costs of in-house versus contracted out services, and (5) identification and assessment of qualitative aspects should outsourcing occur.

The approach will be to work with DOTD officials in identifying core activities (and closely related support services) that are vital to day-to-day operations of DOTD. A “generic” model will be developed to identify activities that should be considered for outsourcing or targeted for efforts to improve in-house efficiency.

Implementation Potential

This research will contribute to achieving a proper balance between public and private accommodation of transportation functions thereby increasing effectiveness and efficiency while maintaining the optimal core competencies within DOTD.

Moreover, the product of this research will be a tool that can be used on an on-going basis to pinpoint DOTD functions where efficiency needs improvement or else outsourcing will take place.

The information from this study will be used by DOTD in formulating appropriate workforce policies for the department in the future.