

Outsourcing has played a vital role in the operations of businesses for centuries. It affords a business the ability to focus resources to their core competencies on which their business can grow and thrive. Peripheral activity can be outsourced without risking a loss of control of core technology and is a key factor in reducing costs. Outsourcing has been on the rise since the early '80s as advanced technology allowed for global communication to be readily available at a low cost. Since then, worldwide adoption of quality innovations has grown outsourcing into a powerful tool used in all sectors from manufacturing to services. Construction, medical device, farm equipment and automotive industries all rely heavily on outsourcing, but in very different capacities. In construction, a ground-breaking new communications integration tool allows for builders to outsource various aspects of design, project planning and material purchasing with an integrated model which is used by suppliers worldwide. Medical device companies are highly regulated and must document and report any changes to the supply chain. This makes outsourcing partners key players in the ability to market a product and maintain quality standards which are typically set out before production even starts. The farm equipment sector changed dramatically when unions in the Indian Mahindra plant triggered a shut down and re-opening of smaller, non-unionized plants in rural areas reliant on outsourcing of most parts to medium-sized shops in low labour cost areas. The automotive industry relies heavily on JIT outsourced parts which they drive to rock-bottom prices due to huge volumes and redundancy in the supply chain. Even this sector, however, relies on specific companies who have cornered the market for high-technology or proprietary parts over which they have little control such as fuel pumps and bevel gears. Comparing the role and impact outsourcing has on these four industries shows how specialized operations managers must be in order to fully understand their business climate and make the right outsourcing decisions. This variability in outsourcing strategy is not only industry-to-industry, but also region-to-region and company-to-company. For this reason, operations managers have very few transferrable technical skills especially at the management level of Chief Operating Officers. In these roles, a highly-developed set of soft skills will serve to be a much more valuable transferrable asset.