



Due to financial pressures that many hospitals face, the Deaconess Clinic in Billings, Montana, decided to outsource a number of services, although in somewhat different ways.

First, the hospital outsourced its cafeteria food service. Although the food service employees were hired by the outside firm, they still felt a sense of ownership of their jobs, and still felt connected to the hospital because of the family atmosphere in the kitchen and the cafeteria.

When the hospital tried the same thing with housekeeping, employee turnover became a problem. An investigation revealed that because the housekeeping employees were more isolated in their work, they lost what little feeling of being connected to the hospital they had. The problem was solved by hiring the employees back but using the outsource company to manage housekeeping.

The hospital also decided to outsource its laundry service. This time the hospital approached a rival hospital about joining it in outsourcing laundry service.

Questions

1. In some instances the outsourced service occurs in a different location, while in others it takes place inside the organization doing the outsourcing, as the food service did in this case. What advantages were there in having the outsourced work performed within the hospital? Suppose a different hospital outsourced its food service but decided not to have the work performed in-house. What might its rationale be?
2. In the housekeeping situation, why not just forget about outsourcing, especially since the hospital ended up rehiring its employees anyway?
3. For laundry service, what might have been the rationale for asking another hospital to join it?

Source: Based on Norm Friedman, "Is Outsourcing the Solution?" www.hpnonline.com/inside/June04/outsourcing.htm.