Effective Outsourcing and Downsizing NCMJ Chemicals

Nikki Hardin, Clay Koerner, Marita Elliott, James Bates

SEPTEMBER 29, 2024

LEAD 341 TEAM ALPHA

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Main Document

Project Title: Effective Outsourcing and Downsizing NCMJ Chemicals
Team Member Names and MBTI Marita Elliott – ENFJ Nikki Hardin – ISFJ James Bates – INTJ Clay Koerner – INTJ
Mission Statement Our mission is to enhance operational efficiency and reduce overhead costs through strategic project management. By implementing a targeted downsizing plan and developing a comprehensive global outsourcing strategy, we aim to reduce operational costs by 20% within the first year while maintaining the quality of our products and services. Additionally, we will shift 30% of non-core functions to trusted third-party vendors, achieving a 15% reduction in overhead within two years, all while upholding our commitment to excellence and innovation.

Team Organization Chart:
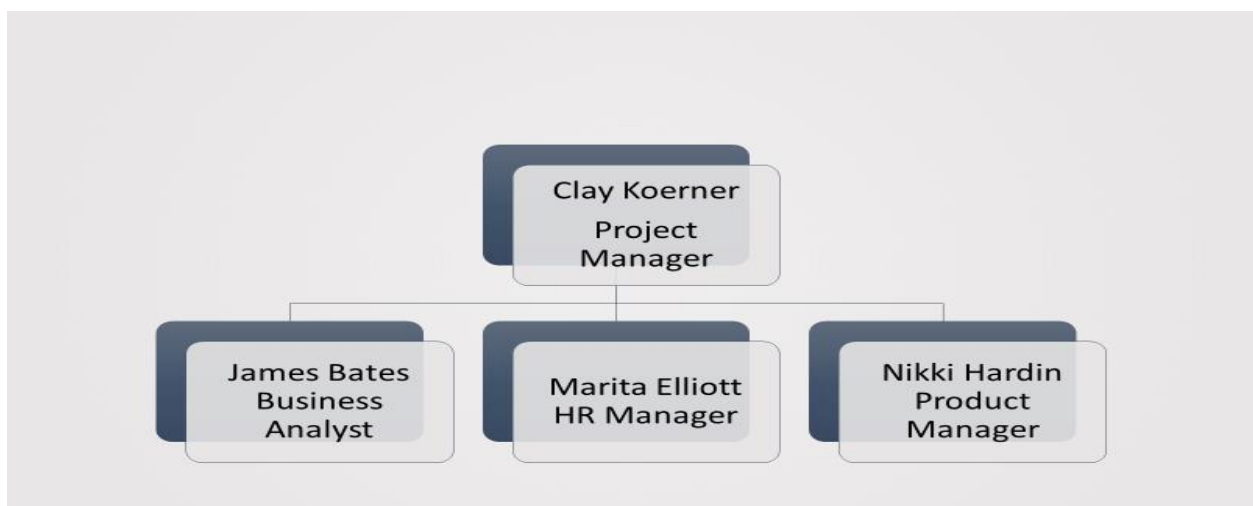
Team Contract for Alpha Team

Date: September 2, 2024

Project Name: Effective Outsourcing and Downsizing NCMJ Chemicals

Project Team Members' Names and Sign-Off:

Name	Dates
Nikki Hardin	9/2/2024
Marita Elliott	9/3/2024
Clay Koerner	9/5/2024
James Bates	9/5/2024

Code of Conduct: As a project team, we will:

- Encourage and support each other's contributions to our project

- We will clearly define the roles and responsibilities of each team member

- Manage our time efficiently and avoid procrastination

- Meet our project deadline

Participation: We will:

- Assign specific tasks and responsibilities to each team member

- Give feedback on documents submitted by other team members

- Ensure everyone is involved in decision making

Communication: We will:

- Use TEAMS to share documents and to meet with the team

- Communicate respectfully

- Provide everyone an opportunity to provide input

- Use active listening to ensure everyone's perspectives are heard and valued

- Respect the opinions and perspectives of each other, even if they differ from your own

Problem Solving: We will:

- Brainstorm solutions

- Attempt to agree on a solution. Everyone will not always agree therefore if someone does not agree with a decision, we should always go with the majority rule.

- Be respectful by trying to understand each person's perspective even if we do not agree

- Be willing to compromise (or meet halfway) to find a solution that satisfies everyone

Meeting Guidelines: We will:

- Meet every Monday at 7:00PM via TEAMS

- Meet to discuss progress, address issues, and make decisions.

- We will all make every effort to be available for team meetings

- Notify all team members when we are unable to attend a meeting

SWOT Analysis Metrix

Pros / Positive	Cons / Negative
Strengths **(Internal)**	**Weaknesses** **(Internal)**
• The company has innovative products and services. • Being a Fortune 500 company, the company has the financial resources to help merge the new foreign entities and make new investments. • The company's infrastructure is already established, which allows them to use their existing resources (what they already have) to improve and support the growth of new acquisitions. • With many employees, the company represents a diverse pool of talent with a wide range of skills and experience. • The company has a positive culture and employee morale.	• Although outsourcing and downsizing can help cut costs, the company may lose valuable employees with skills and knowledge. • Outsourcing can negatively impact employee morale within the company if it is perceived as a threat to employee's job security. • When a company outsources, it can lose control over quality. • Relying on external companies for services can make the company more vulnerable to risks and less flexible. • Layoffs can result in wrongful termination lawsuits. The company could be ordered to pay substantial compensations, including back pay, lost wages, and punitive damages.
Opportunities **(External)**	**Threats** **(External)**
• Hiring outside companies to do less important work can save us money on things like employee pay and office costs. • Outsourcing can give the company access to specific skills and knowledge that the company may not have in-house. • Outsourcing can help the company make fewer mistakes, which can save	• Customers may view downsizing and outsourcing as indications of financial problems and run its reputation. • Outsourcing can result in lower quality of products if the outside company does not meet the company's standards. • Outsourcing can sometimes lead to higher costs in the long run, especially if contracts need to be renegotiated or unexpected expenses arise.

the company money and improve the quality of their products and services. • Outsourced maintenance logistics can find and fix equipment before they break reducing downtime and allowing equipment to last longer. • By reducing administrative staff, companies can allocate more resources to core business functions such as research and development to create new products. • Selecting good talent by collaborating with organizations that promote diversity in STEM fields, such as universities.	• The company may face recalls that could be costly if defective products are sold. • The company could be subject to legal action with costly fees if the third party fails to comply with environmental regulations

Stakeholder Management Strategy for Effective Outsourcing and Downsizing NCMJ Chemicals

Prepared by: Clay Koerner   **Date: September 29th, 2024**

Name	Level of Interest	Level of Influence	Potential Management Strategies
Clay Koerner	High	High	Clay is a seasoned Project Manager with over 10 years of experience in leading complex projects from inception to completion. Throughout their career, they have consistently demonstrated exceptional skills in team leadership, strategic planning, and risk management, driving successful outcomes for a wide range of initiatives.
James Bates	High	High	James is an accomplished Business Analyst with 15 years of experience in analyzing business needs and implementing solutions that enhance efficiency and drive growth. With a keen eye for detail and strong analytical skills, they excel at bridging the gap between business stakeholders and technical teams, ensuring clear communication and successful project outcomes.
Marita Elliott	High	High	Marita is an experienced Human Resource Manager with 7 years of expertise in talent acquisition, employee relations, and HR strategy development. They have a proven track record of implementing effective HR policies, fostering a positive work environment, and driving initiatives that support employee engagement and organizational growth.
Nikki Hardin	High	High	Nikki is a skilled Product Manager with 9 years of experience in driving product development from concept to launch in fast-paced environments. They excel in defining product vision, conducting market research, and collaborating cross-functionally to

			deliver innovative solutions that meet customer needs and business goals.
Roger Buskill	High	High	As Roger Buskill has accumulated 15 years of experience in program management, he has likely honed many leadership and operational skills.
Conner Mitchell	Moderate	Moderate	With 7 years of experience in operations leadership, a VP in this role has developed deep expertise in streamlining processes, optimizing resource allocation, and driving operational excellence.
Leslie Tayler	Moderate	Moderate	With 8 years of experience in operations project management, a project manager in this role is likely highly skilled at overseeing complex projects, managing resources, and delivering results on time and within budget.
Gary Lark	Moderate	Moderate	As a team leader with one year of experience, Gary's focus will be on building foundational leadership skills, fostering a strong team dynamic, and developing his own management style.
Maci Jasmin	Moderate	Moderate	As a safety officer with 5 years of experience, Maci role likely involves ensuring the health, safety, and well-being of employees, while promoting a culture of safety within the organization
Brad Ogden	Moderate	Moderate	As a quality control manager with 9 years of experience, Brad has developed a keen eye for detail and a deep understanding of processes to ensure products or services meet established quality standards.
Carla Langdon	Moderate	Moderate	As a plant manager with 3 years of experience, Carla has likely developed strong operational skills and a deep understanding of how to manage production processes, resources, and personnel.
Chelsea Jones	Moderate	Moderate	As a VP of Engineering with 12 years of experience, Chelsea has developed a broad and deep expertise in leading engineering teams, overseeing complex projects, and driving technological innovation.
Mark Talley	Moderate	Moderate	As a project engineer with 4 years of experience, Mark is skilled in managing

			engineering projects from conception to completion, ensuring that technical solutions meet both performance and budgetary requirements.
John Tyler	Moderate	Moderate	As the VP of Research and Development with 20 years of experience, John has mastered the art of driving innovation, managing complex projects, and leading cross-functional teams
Devin Artis	Low	Low	As a laboratory technician with 6 months of experience, Devin is in the early stages of their career, focusing on developing fundamental skills and gaining practical knowledge in a laboratory setting.
Chris O'Neal	High	High	As the VP of Human Resources with 17 years of experience, Chris plays a vital role in shaping the organization's workforce strategy, fostering a positive company culture, and ensuring the overall well-being of employees.
Kristin Matthews	Moderate	Moderate	As a recruiter with 2 years of experience, Kristin is in the early stages of her career. Focusing on developing skills in talent acquisition and understanding the nuances of recruiting.
Don Gibson	Moderate	Moderate	As a training specialist with 5 years of experience, Don has developed a solid foundation in designing, implementing, and evaluating training programs.
Joel Clay	Moderate	Moderate	As the VP of Finance with 7 years of experience. Joel oversees the organization's financial health, strategic financial planning, and ensures compliance with financial regulations.
Blair Taylor	Moderate	Moderate	As a finance analyst with 3 years of experience, Blair is developing key skills in financial analysis and reporting.

Stakeholder Register for Effective Outsourcing and Downsizing NCMJ Chemicals

Prepared by: Clay Koerner   **Date: September 29th, 2024**

Name	Position	Internal/External	Project Role	Contact Information
Clay Koerner	Project Manager	Internal	Project Coordinator	502-235-6269
James Bates	Business Analyst	Internal	Project Analyst	502-751-7996
Marita Elliott	Human Resource Manager	Internal	Risk Manager	502-387-1049
Nikki Hardin	Product Manager	Internal	Project Scheduler	502-417-2949
Roger Buskill	Senior VP of Product Advancement	Internal	Project Administrator	502-359-9118
Conner Mitchell	VP of Operations	Internal	Customer Success Manager	502-359-9117
Leslie Tayler	Operations Project Manager	Internal	Project Auditor	502-359-9116
Gary Lark	Team Leader	Internal	Contract Manager	502-359-9115
Maci Jasmin	Safety Officer	Internal	Safety Manager	502-359-9114
Brad Ogden	Quality Control Manager	Internal	Quality Control Inspector	502-359-9113
Carla Langdon	Plant Manager	Internal	Compliance Officer	502-359-9112
Chelsea Jones	VP of Engineering	Internal	Business Case Developer	502-359-9111
Mark Talley	Project Engineer	Internal	Change Analyst	502-359-9110
John Tyler	VP of Research and Development	Internal	Technical Lead	502-359-9109

Devin Artis	Laboratory Technician	Internal	Project Intern	502-359-9108
Chris O'Neal	VP of Human Recourses	Internal	Implementation Manager	502-359-9107
Kristin Matthews	Recruiter	Internal	Resource Planner	502-359-9106
Don Gibson	Training Specialist	Internal	Training Specialist	502-359-9105
Joel Clay	VP of Finance	Internal	Financial Controller	502-359-9104
Blair Taylor	Finance Analyst	Internal	Financial Analyst	502-359-9103

Business Case for NCMJ

9/01/24

Project Name: NCMJ Downsizing/Outsourcing

1. **Introduction/ Background 2.0**

A Large global Fortune 500 Petrochemical company, NCMJ Chemicals, has 32,000 employees and has purchased three foreign entities that have added 42,500 employees. We are looking to Downsize and Outsource to create an understanding of which departments provide the least value to the company. Our goal is to reorganize and restructure from within. The company's six main facilities are located within the United States. The new acquisitions are in Germany, Mexico, and China. World headquarters are in Louisville, Ky. We plan to come up with new ways of doing business, eliminate unproductive business units and improve the company's profit. With a budget of 128 million, this business transformation initiative seeks to achieve a leaner, more agile operating model by implementing strategic downsizing and outsourcing, alongside investments in automation and technology upgrades. These changes are designed to foster innovation, improve cost efficiency, and increase operational flexibility, ultimately driving sustainable long-term growth.

2.0 Business Objective

This initiative's main objective is to transform the company from a Fortune 500 organization into a Fortune 50 enterprise by optimizing operational efficiency, reducing cost, and enhancing competitiveness. This will be achieved through a strategic downsizing and outsourcing program, aimed at reallocating resources towards high impact areas, improving profitability, and driving sustainable growth.

3.0 Current Situation and Problem/Opportunity Statement

The company has 32,000 employees and has just purchased three foreign entities that have added 42,500 more employees to the company's ranks. This presents the opportunity for Downsizing/Outsourcing to reduce the costs and create efficiency and productivity. The company is currently positioned within the Fortune 500 list, enjoying a stable but slow-growing business environment. However, despite consistent revenues, operational inefficiencies in rising overhead costs have limited profitability and growth potential.

4.0 Critical Assumption and Constraints

Critical Assumptions

- Achieving Cost Savings

- Successful Vendor Transition

- Adequate Employee Retention

- Timely Implementation of Technology Upgrades

- Market and Economic Stability

- Management Support and Leadership Alignment

- Regulatory Compliance

- Availability of skilled Vendors

Constraints

- The budget constraint of $128 Million

- Workforce Downsizing Limitations

- Outsourcing Regulatory and Geopolitical Constraints

- Project Timeline

- Operational Continuity

- Vendor Dependency Risk

- Cultural Resistance to Change

- Technological Integration Challenges

- Talent and Skills Gaps

- External Economic Factors

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5.0 Analysis of Options and Recommendation

The company can make improvements by reducing the workforce and redesigning the work with a systematic strategy, there can be offers of early retirement or voluntary separation through programs created. Layoffs, and by changing the company's culture, values, and attitudes. Evaluation of employee skill set and performance. With minimal disruption and the building of resilience through planning and communication and by supporting departing employees. This project can be successful.

6.0 Preliminary Project Requirements

- Operational Requirements

- Technology Requirements

- Human Resources and Downsizing Requirements

- Outsourcing Requirements

- Change Management Requirements

- Financial and Compliance Requirements

- Risk Management Requirements

- Governance and Oversight Requirements

7.0 Budget Estimate and Financial Analysis

Category	Estimated Cost	% of Total Budget
1.0 Workforce Downsizing	$50 Million	39%
2.0 Outsourcing Strategy	$40 Million	31%
3.0 Technology Upgrades	$20 Million	16%
4.0 Change Management and Retention	$10 Million	8%

5.0 Legal, Compliance, and Governance	$3 Million	2%
6.0 Contingency and Miscellaneous	$5 Million	4%
Total Budget	$128 Million	100%

8.0 Schedule Estimate

This schedule estimate assumes a 36-month timeline for the completion of the Downsizing and Outsourcing Initiative, with key milestones tied to Critical Activities, the timeline may vary depending on the scale of operations. And the speed of execution.

9.0 Potential Risks

- Employee Morale Risk
- Increased Workloads Risk
- Legal fallout
- Employee Knowledge Loss Risk
- Brand reputation damage Risk
- Customer satisfaction Risk
- Trust in the company Risk
- Bankruptcy Risk
- Company failure Risk

10.0 Exhibits

Exhibit A: Financial Analysis

Financial Analysis for NCMJ Chemicals Downsizing and outsourcing	
Created by: Marita Elliott NCMJ Chemicals	9/19/24

		0	1	2	3	
Discount rate	8%					
Project completion year 3						
	0	1	2	3		
Costs	15	25	25	25		
Discount factor	1	0.93	0.86	0.79		
Discounted costs	100	93	86	79	358	
Benefits	0	35	35	35		
Discount factor	1	0.93	0.86	0.79		
Discounted benefits	0	185	171	159	515	
Discounted benefits-costs	-100	93	86	79	158	
cumulative benefits-costs	-100	-7	78	158		
ROI	44%					
	Payback in year X					
Assumptions						

Project Charter

Date

Project Title: Effective Outsourcing and Downsizing NCMJ Chemicals
Project Start Date: 8/11/2024   **Projected Finish Date:** 9/29/2024
Budget Information: 128 million
Project Manager: Clay Koerner 502-235-6269 C0koer01@louisville.edu
Project Objectives: Optimize Operational Efficiency through Strategic Downsizing: Identify and implement a strategic downsizing plan that reduces operational costs by 20% within the first year, without compromising the quality of products or services.   Develop a Global Outsourcing Strategy to Reduce Overhead Costs: Create a comprehensive outsourcing strategy that shifts 30% of non-core functions to third-party vendors, achieving a 15% reduction in overhead costs within two years.
Success Criteria: Optimize Operational Efficiency through Strategic Downsizing: • Minimize the impact on employee morale by providing support, such as severance packages and outplacement services, and keeping voluntary turnover of remaining staff below 5%. • Achieve a 20% reduction in operational costs within the first year of implementation. • Complete the downsizing process within the agreed timeline, without extending beyond the first year. Develop a Global Outsourcing Strategy to Reduce Overhead Costs: • Successfully transition 30% of identified non-core functions to third-party vendors within 12 months. • Ensure all selected vendors meet performance metrics, including quality, timeliness, and compliance with industry standards, with at least 95% of service level agreements met.

- Maintain or improve service quality and internal stakeholder satisfaction with outsourced functions, with a satisfaction score of at least 85%

Approach: To ensure that the downsizing and outsourcing project is handled methodically with attention to communication risk and performance monitoring.

Stakeholder Engagement and Communication: Engage with key stakeholders, including employees, managers, and union representatives, to communicate the reasons for downsizing and the support available.

Provide regular updates and opportunities for feedback to address concerns and maintain morale.

Performance Monitoring and Optimization: Establish key performance indicators (KPIs) to monitor the impact of downsizing on operational efficiency and cost reduction.

Adjust the downsizing plan as needed to ensure cost savings targets are met without compromising quality.

Change Management and Training: Implement a change management plan to support employees through the downsizing process.

Offer outplacement services and career counseling to affected employees to ease their transition.

Roles and Responsibilities

Name and Signature	Role	Position	Contact Information
Marita Elliott	Risk Manager	Human Resource Manager	Mlperr01@louisville.edu
Clay Koerner	Project coordinator	Project Manager	C0koer01@louisville.edu
James Bates	Project Analyst	Business Analyst	J0bate03@louisville.edu
Nikki Hardin	Project Stakeholder	Product Manager	Nikki.hardin@louisville.edu

Comments: (Handwritten or typed comments from above stakeholders, if applicable)

Kick-Off Meeting

Date: September 9th, 2024

Project Name: Effective Outsourcing and Downsizing NCMJ Chemicals

Meeting Objective: Get the project off to an effective start by introducing key stakeholders, reviewing project goals, and discussing future plans

Agenda:

- Introductions of attendees

- Review of project background

- Review of project-related documents (i.e. business case, project charter)

- Discussion of project organizational structure

- Discussion of project scope, time, and cost goals

- Discussion of other important topics

- List of action items from meeting

Action Item	Assigned To	Due Date
Business Case	Marita Elliot	9/9/24
SWOT Analysis	Nikki Hardin	9/15/24
Main Document	Marita Elliott Nikki Hardin	9/9/24
Project Charter	Clay Koerner	9/16/24
Stakeholder Analysis	Clay Koerner	9/16/24
Stakeholder Register	Clay Koerner	9/16/24

Kick-Off Meeting	Clay Koerner	9/9/24
Team Contract	Nikki Hardin	9/9/24
Scope	James Bates	9/16/24
WBS Diagram	Marita Elliot	9/16/24
Critical Path Diagram OR Gantt Chart	James Bates	9/16/24
Communication Plan	Marita Elliot	9/16/24
Quality Management Plan	Nikki Hardin	9/22/24
Project Organization Chart	Nikki Hardin	9/16/24
Risk Assessment	Marita Elliot	9/16/14

Date and time of next meeting: September 16, 2024

Scope Statement (Version 01)

Project Title: Effective Outsourcing and Downsizing   **Date:09/06/2024**　　　　　　**Prepared by:** James Bates
Project Justification: Recent acquisitions of 3 additional entities, including 42,500 employees spread across 3 different countries, allow for restructuring in a way that maximizes profit while reducing business related expenses through downsizing of departments and outsourcing administrative functions.   .
Product Characteristics and Requirements: 1. Cost no more than $128 million dollars US   2. Be complete in no longer than 60 months   3. Workforce reduction   4. Outsourcing of some historical work i.e. administrative functions
Product User Acceptance Criteria: We agree that product is delivered when we have eliminated overlapping work areas by downsizing the work force and also contracted out sufficient administrative functions as to better position the company in the market place.
Summary of Project Deliverables   **Project management-related deliverables:** business case, charter, team contract, scope statement, WBS, schedule, cost baseline, status reports, final project presentation, final project report, lessons-learned report, and any other documents required to manage the project.   **Product-related deliverables:** research reports   1. Reduced expenses   2. Increased revenue   3. Adjusted business ranking

Work Breakdown Structure

Team Alpha (Downsizing and Outsourcing)

1.**Strategic Planning and Analysis**

1.1 **Conduct Current State Analysis**

1.1 .1Assess current business operations and financials

1.1.2 Identify cost-saving opportunities

1.1.3 evaluate non-core functions for outsourcing potential

1.2 **Develop Target State Vision**

1.2.1 Define business objectives to move from fortune 500 to Fortune 50

1.2.2 set performance improvement goals (e.g., revenue growth, cost reduction)

1.2.3 Align downsizing and outsourcing with long term strategy

1.3 **Risk and Opportunity Assessment**

1.3.1 Identify risks associated with downsizing

1.3.2 Identify risk and benefits of outsourcing functions

1.3.3 Plan for change management and talent retention

2.0 **Workforce Downsizing Plan**

2.1 **Employee Analysis and Selection**

2.1.1 Identify roles for downsizing

2.1.2 Conduct performance reviews and role relevance analysis

2.1.3 Prepare legal and HR compliance strategy

2.2 **Severance and Transition Plans**

2.2.1 Budget allocation for severance packages 9$50M allocation)

2.2.2 Plan for voluntary buyouts and early retirements

2.2.3 Coordinate with outplacement services for departing employees

2.3 **Communication and Stakeholder management**

2.3.1 Develop internal communication plan for employees

2.3.2 Announce downsizing to key stakeholders

2.3.3 Manage public relations and external messaging

3.0 **Outsourcing Strategy**

3.1 **Identify Outsourcing Opportunities**

3.1.1 Review business processes that can be outsourced

3.1.2 Shortlist functions (e.g., IT, HR, Customer Support) for outsourcing

3.1.3 Perform cost-benefit analysis of outsourcing (target 25% cost reaction)

3.2 **Vendor Selection and Contracting**

3.2.1 Conduct RFP the process and vendors ($40M outsourcing budget)

3.2.2 Negotiate contracts with outsourcing vendors

3.2.3 Establish SLAs and KPIs for outsourced services

3.3 **Transition to Outsourced Operations**

3.3.1 Develop transition plan for outsourced services

3.3.2 Train and transfer knowledge to outsourcing vendors

3.3.3 Ensure business continuity during transition

4.0 **Operational efficiency improvement**

4.1 **Process Reengineering**

4.1.1 Conduct Lean 6 Sigma or similar process improvement initiative

4.1.2 Automate repetitive tasks (focus on technology integration)

4.1.3 Implement agile frameworks to increase productivity

4.2 **Technology Upgrades**

4.2.1 Upgrade IT infrastructure to support downsized workforce

4.2.2 Invest in AI and machine learning for efficiency ($20M budget)

4.2.3 Implement cloud-based systems to reduce overhead

4.3 **Cost Management Initiatives**

4.3.1 Reduce fixed costs (office space, facilities)

4.3.2 Optimize supply chain operations and vendor management

4.3.3 Implement energy and resource efficiency programs

5.0 **Financial and Performance Monitoring**

5.1 **Budget Allocation and Management**

5.1.1 Track budget spend and resource allocation across downsizing and outsourcing

5.1.2 Reallocate budget as needed based on progress

5.1.3 Provide quarterly financial performance reports.

5.2 **Performance Metrics**

5.2.1 Define key performance indicators (KPIs) to track success (e.g., cost savings,

Revenue growth

5.2.2 Monitor vendor performance against SLAs and KPIs

5.2.3 Report on progress toward Fortune 50 target benchmarks

5.3 **Continuous Improvement and Adjustments**

5.3.1 Conduct regular assessments of downsizing outcomes

5.3.2 Adjust outsourcing agreements and processes as necessary

5.3.3 Reassess business objectives based on performance

6.0 **Change Management and Talent Retention**

6.1 **Leadership Alignment**

  6.1.1 Align leadership team on downsizing and outsourcing vision

6.1.2 Develop executive communication strategy

6.1.3 Assign change leaders to key departments

6.2 **Employee Engagement and Retention**

6.2.1 Offer retraining and upskilling for retained employees

6.2.2 Implement retention bonuses for key personnel

6.2.3 Focus on building a positive work environment post- downsizing

6.3 **Cultural Shift Management**

6.3.1 Define and communicate new organizational culture

6.3.2 Conduct workshops and training on new ways of working

6.3.3 Foster a culture of innovation and adaptability

7.0 **Legal, Compliance, and Governance**

7.1 **Legal and Regulatory Compliance**

7.1.1 Ensure compliance with labor laws during downsizing

7.1.2 Address regulatory concerns in outsourcing contracts

7.1.3 Handle intellectual property protection for outsourced services

7.2 **Governance Structure**

7.2.1 Establish a governance team to oversee downsizing and outsourcing

7.2.2 Define roles and responsibilities for the oversight team

7.2.3 Ensure transparency and accountability in decision-making

8.0 **Post-Implementation Review and Optimization**

8.1 **Review Downsizing Impact**

8.1.1 Conduct a comprehensive review of the downsizing outcomes

8.1.2 Analyze employee turnover and morale post-downsizing

8.1.3 Make recommendations for future optimization

8.2 **Evaluate Outsourcing Success**

8.2.1 Assess the performance of outsourcing partners

8.2.2 Monitor cost savings achieved through outsourcing

8.2.3 Consider insourcing or additional outsourcing based on performance

8.3 **Continuous Strategy Review**

8.3.1 Review strategy annually to track progress towards Fortune 50 goal

8.3.2 Revisit KPIs and financial performance metrics

8.3.3 Adjust business strategy as needed based on market conditions

NCMJ Chemicals Reorganization Critical Path

Total : 60 months (5 years)

- Research to explore cost of downsizing and outsourcing (12 months)

- Planning of Implementation (12 months)

- Implementation of reorganization (24 months)

- Workforce reduction and workload transfer (12 months)
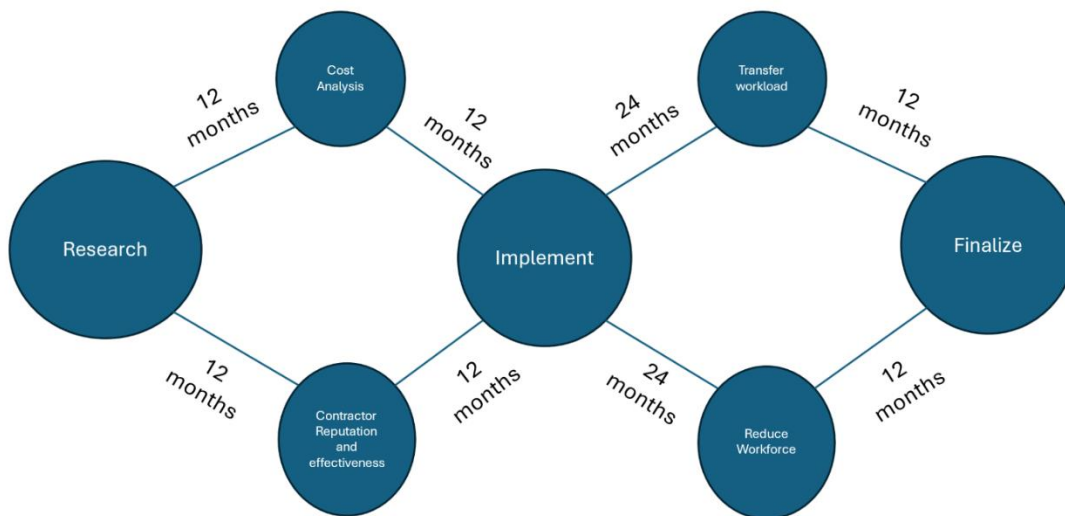
Communication Management Plan Version 1.0

9/01/24

Project Name: NCMJ Downsizing/Outsourcing

1. **Stakeholder communications requirements:**

All stakeholders must communicate through meetings, emails, and Hard copies.

2. **Communications summary:**

The company will communicate with honesty. External stakeholders will engage in communication and provide support to the exiting employees, and communication will continue throughout the process with remaining employees. The impact for both employees and the organization will be described. The rationale for the decision-making will be explained. All employees will be informed of every step of the process. Resources and support will be provided.

Stakeholders	Communications Name	Delivery Method/Format	Producer	Due/Frequency
Project Downsize/Outsource committee	Weekly status report	Hard copy and short meeting	Marita Elliott	Wed. mornings at 9 AM
Customers	Monthly status report	Hard copy and short meeting	John Smith	First Thursday of month at 10 AM
Affected employees	Project announcement	Memo, e-mail, intranet site, and announcement at department meetings	Stacy Armstrong Jerry Anderson David Jones	October 2024
Remaining Employees	Weekly Status report	Short meeting	All team members	Tues. afternoons at 2:00pm

3. **Comments/Guidelines:** Establish clear communication that defines expectations. Include explanations of methods that are being used. The issue will be verified, prioritized and logged. The Downsize/Outsource committee will handle

4. **Escalation procedures for resolving issues:**

There needs to be timely issue resolution. The Downsize/Outsource committee will handle escalation issues that arise by investigation and diagnosis. The solution will be tested, implemented and monitored. Update documentation related to the issue.

5. **Revision procedures for this document:**

- Ensure the objectives remain relevant

- Access Stakeholders

- Evaluate communication

- Update schedule

- Monitor metrics

- Solicit feedback

- Prioritize feedback

- Incorporate a backup plan

6. **Glossary of common terminology:**

- Affected Employees – Displaced or sur**v**iving employees

- Remaining Employees – currently employed in connection with the company

- Outsourcing-Reducing or replacing staff

- Downsizing – Permanent reduction of the company's workforce

- Customers – person or organization that buys goods or services

Quality Introduction and Policy:

NCMJ Chemicals is committed to maintaining excellent products and service quality, even in the face of organizational changes. We will achieve this by prioritizing critical quality metrics and building strong partnerships with our suppliers. We will maintain our quality standards through efficient resource management, even during organizational changes.

This quality management plan outlines the strategies and processes that will ensure the successful implementation of our project management initiatives, specifically downsizing and global outsourcing. The primary objective is to reduce operational costs by 20% within the first year and 15% in overhead within two years while maintaining or improving the quality of our products and services

Quality Objectives:

By achieving these objectives, the company can mitigate the potential risks associated with downsizing and outsourcing, maintain its reputation, and continue to provide value to its customers.

- Ensure that the quality of products and services remains consistent, even during and following the downsizing and outsourcing process
- Deliver products and services that consistently meet or exceed customer expectations.
- Establish and maintain strong relationships with suppliers and third parties to ensure their commitment to providing quality products
- Foster a culture of continuous improvement to proactively address quality issues.
- Ensure compliance with all relevant industry standards, regulations, and legal requirements.
- Maintain or exceed current customer satisfaction levels.
- Achieve targeted cost reduction goals through downsizing and outsourcing.

Quality Assurance:

- Implement an evaluation process that assesses their quality management systems, certifications, and references.
- Establish a system for ongoing supplier performance monitoring and audits to verify compliance with quality standards.
- Conduct a risk assessment to identify potential challenges associated with downsizing and outsourcing, including supply chain disruptions, quality issues, and data security breaches. Develop strategies to mitigate these risks.

- Offer comprehensive training to employees and suppliers on quality standards, procedures, and the use of quality management tools.

Quality Control:

- Implement a system for monitoring and auditing supplier quality control processes to ensure they meet our company's standards.

- Conduct regular supplier audits to verify compliance and identify areas for improvement.

- Use SPC charts to ensure consistency in product quality.

- Implement a final inspection process to ensure that finished products meet all quality requirements before shipment.

- Use software tools to regularly monitor vendors' products and services

- Use the Lean Six Sigma methodologies to reduce waste and improve efficiency.

By implementing this quality control framework and addressing the challenges of downsizing and outsourcing, our company can ensure consistent quality, customer satisfaction, and risk mitigation.

Quality Tools and Techniques:

- Use the Statistical Processing Chart (SPC) chart to monitor processes and identify trends.

- Create detailed process maps to identify issues and find ways to improve efficiency.

- Creat(e standardized checklists and inspection forms to ensure consistent quality checks.

- Audit third parties to ensure they meet our company's quality requirements.

- Use tools like supplier scorecards and performance metrics to evaluate and monitor supplier quality.

- Use risk assessment tools to identify and address potential issues related to downsizing and outsourcing.

Create New Roles and Responsibilities:

Quality Manager:

- Overall responsibility for the company's quality management system.

- Develops and implements quality policies and procedures.

- Responsible for managing relationships with suppliers and ensuring their compliance with quality standards.

Quality Engineer:

- Responsible for developing and implementing quality engineering techniques.

- Conducts quality audits and inspections.

- Analyzes quality data and identifies areas for improvement.

- Supports process improvement initiatives.

- Leads process improvement initiatives, such as Lean Six Sigma or Kaizen.

Quality Inspector:

- Conducts inspections of products, processes, and services to ensure compliance with quality standards.

- Records inspection results and reports findings to the Quality Manager.

- May specialize in specific areas, such as incoming inspection, process inspection, or final inspection.

Metrics:

- Use the Net Promoter Score (NPS) metric to gauge customer loyalty and willingness to recommend our products or services.

- Offer surveys through email, phone, in-person, or online forms

- Conduct regular audits of products, services, and processes to identify defects quality issues.

- Monitor the frequency of defects in products or services before and after the outsourcing and downsizing

- Review vendor contracts to ensure accurate tracking of outsourcing costs.

- Analyze cost differences to determine the specific areas where savings were achieved.

- Conduct a cost-benefit analysis to assess the overall financial impact of downsizing and outsourcing.

- Evaluate the quality of products or services provided by outsourced vendors.

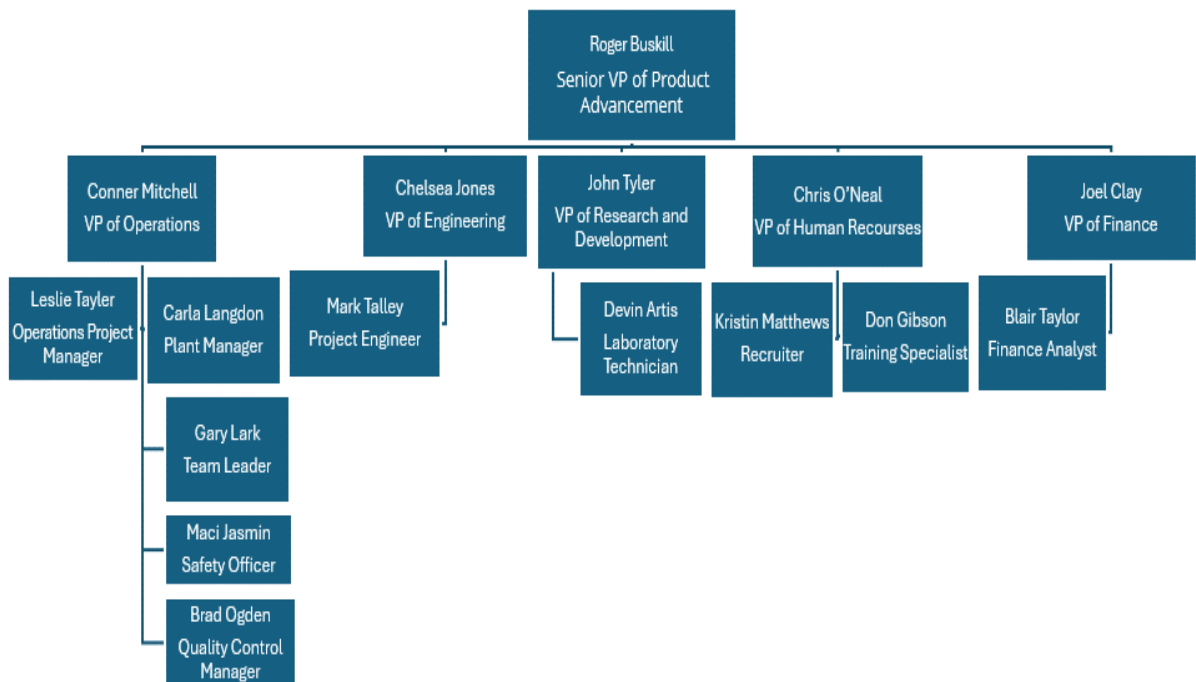**Problem Reporting and Corrective Action Plan**

- Create a confidential online portal for problem reporting accessible to employees and customers. Users should be able to attach files, such as photos or documents, to support their report.

- Implement a system to classify problems based on severity or urgency (critical, major, minor).

- Routinely investigate by interviewing stakeholders to determine the underlying cause of any problem.

- Measure performance indicators such as financial and customer service metrics to determine the effectiveness of downsizing and outsourcing to improve operations.

Questions to Consider:

- Have there been any changes in product or service quality since downsizing or outsourcing?

- Are customers reporting more quality issues?

- Have there been any increases in defects or errors?

- Are there any issues with third party performance or quality?

- Has employee morale or engagement impacted our products or service quality?

Organizational Chart

NCMJ Chemical Organizational Chart

Roger Buskill — Senior VP of Product Advancement

- **Conner Mitchell** — VP of Operations
  - **Leslie Tayler** — Operations Project Manager
  - **Carla Langdon** — Plant Manager
  - **Gary Lark** — Team Leader
  - **Maci Jasmin** — Safety Officer
  - **Brad Ogden** — Quality Control Manager
- **Chelsea Jones** — VP of Engineering
  - **Mark Talley** — Project Engineer
- **John Tyler** — VP of Research and Development
  - **Devin Artis** — Laboratory Technician
- **Chris O'Neal** — VP of Human Recourses
  - **Kristin Matthews** — Recruiter
  - **Don Gibson** — Training Specialist
- **Joel Clay** — VP of Finance
  - **Blair Taylor** — Finance Analyst

Risk Management Plan

9/01/24

Project Name: NCMJ Chemical Downsizing/Outsourcing

Methodology:

Given the substantial changes NCJM Chemical is experiencing, including accruing three new acquisitions, outsourcing, and downsizing, it is essential to proactively identify and manage potential risks. We will employ the Project Management Framework (PMF) to guide our risk management process. This framework involves identifying the potential risk or threats to our goals, evaluate the likelihood and impact of those risks, develop strategies to avoid risks, and put plans into action and monitoring their effectiveness.

By following these PMF steps, NCJM Chemical can effectively manage the risks associated with outsourcing and downsizing, ensuring a smooth transition, and minimizing negative impacts on the business. NCJM will conduct a thorough risk assessment to identify potential risks related to employee morale, vendor performance, quality control, financial implications, and operational disruptions by utilizing techniques like the SWOT analysis, and risk checklists. NCJM will evaluate the potential consequences of each risk and prioritize them based on their likelihood and severity. In order to put a plan in place to handle the risk, NCJM will develop strategies such as conducting thorough vendor due diligence and including performance metrics in third-party contracts. To ensure ongoing risk management, NCJM will continuously monitor, and track identified risks and conduct periodic assessments of the effectiveness of the risk management plan.

Roles and Responsibilities

Risk Identification-Marita Elliott

Risk assessment and prioritization- Nikki Hardin

Risk register-Clay Koerner

Risk response Plans-James Bates

Budget and Schedule

$ 128 Million/Budget Eight project

Year one-$43 million

Year two-$43 million

Year three-$43 million

4. Risk Categories

Risk categories in an organization can be broadly classified into strategic, financial, operational, people, regulatory, and reputational risk. **Strategic Risk** arises from decisions that affect the company's direction and long-term goals, such as market competition, changing customer preferences, or failed mergers. **Financial Risk** involves threats to the company's financial health, Including cash flow problems, credit risks, liquidity issues, or market volatility. **Operational Risks** focuses on disruptions to the daily activities, such as supply chain failures, IT breakdowns, or process inefficiencies. **People Risk** pertains to challenges related to employees, including high turnover, low morale, skill gaps, or health and safety concerns. **Regulatory Risks** result from non-compliance with laws and industry regulations, which could lead to fines, legal penalties, or operational restrictions. **Reputational Risks** affect the company's brand and public image, often stemming from customer dissatisfaction, scandals, or poor crisis management. Each of these categories needs to be managed carefully to protect the organization from potential harm.

5. Risk Probability and Impact

Probability				
	high		Employee Morale Risk	Employee Knowledge Loss Risk
	medium		Increased Workloads Risk	Brand reputation damage Risk Customer satisfaction Risk Trust in the company Risk
	low		Legal fallout Risk	Bankruptcy Risk Company failure Risk
		low	medium	high
Impact				

6. Risk Documentation

This is a critical part of the risk management process, ensuring that all identified risks are systematically tracked and addressed. It begins with **Risk Identification** where potential risks to the project or organization are recognized and recorded. Each identified risk is then formulated into a Risk Statement, clearly outlining the nature of the risk, its cause and potential impact. This is followed by the creation of a **Risk Management Plan**, which serves as a strategic framework for handling risks, detailing how they will be monitored and mitigated. The Risk Response Plan outlines actions to minimize the risk's impact or likelihood, whether through avoidance, mitigation, transfer, or acceptance strategies. **Risk Ownership** assigns responsibility to individuals or teams who will be accountable for managing each risk and ensuring that response actions are executed effectively. Finally, a **Record of Findings** is maintained, which documents the risk's status, the results of mitigation efforts, and any lessons learned. This complete documentation allows for a structured and transparent approach to managing risks throughout the lifecycle of the project or business process.