

# Grow Your CRA the Apple Way.

Delight your end-users and profit by finding your company's 'Why,' focusing on what you do best, and outsourcing the rest.



## How Apple Found It's Why

Becoming a Product-Less Company

What Is Your CRA's 'Why,' and Why Does It Matter?

InformData's 'Why'

Focus Means Not Doing Something

The #1 Rule for Successful Outsourcing: Understand What You're Outsourcing

Key Takeaways

Apple is the most valuable company in the world, known for challenging the status quo to make insanely great products. Apple's phones, watches, headphones, tablets, and computers rank among the most beloved products among consumers and business users alike.

Yet, 25 years ago, Apple seemed destined for the trash heap.

**What changed? And what can CRAs learn from Apple to become more competitive, scalable, and attractive to customers?**

**Let's start from the beginning.**

## How Apple Found Its 'Why'

Apple's founding is the stuff of legend. Steve Wozniak and Steve Jobs worked from their parents' garages to build a computer that anyone could use. But with their success, Jobs saw Apple as a computer company – a different type of computer company but a company that makes computers, nonetheless.

As such, Apple went on to do what every other company that makes great products did at the time. They created a vertical operational structure that allowed the company to control the entire process of making insanely great computers.



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That worked for a while. Jobs came up with increasingly catchy descriptions for what Apple was doing and people bought. But by the late 1980s Apple was in trouble. The next insanely great product didn't just happen as it had in the past. Jobs was fired. Yet the company continued to founder.

It wasn't until Jobs was rehired that he began to understand that it wasn't his great pitching and superior designs that caused Apple's initial success. People bought Apple computers because they believed what Jobs and Woz believed back in the beginning. People who bought believed in challenging the status quo and that's what every Apple computer did

*People bought what Apple believed, not what Apple produced.*

Jobs figured this out from his perch as an outsider and brought the idea back to Apple. He assured his customers that Apple would think differently about everything it does, not just making great computers. Instead of focusing on vertical integration to create insanely great computers, Apple focused on understanding what it meant to challenge the status quo – its "why" – and how to translate that into an array of products.

Once a computer company, Apple became the premier provider of phones, headphones, music services, tablets, watches, laptops, and of course, computers. People bought a phone from a computer company because they were buying Apple's "why," thinking differently about how a phone and a person could relate to one another.

We could say the rest is history, but if we're going to transform CRAs into more valuable, scalable, successful companies, we need to examine how Apple made this remarkable transformation.

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# Becoming a Product-Less Product Company

On its way toward becoming the most valuable company in the world, even mighty Apple couldn't do everything itself. Had it continued to think of itself as an insanely great computer company, we'd never have iTunes, iPads, iPhones, or Apple Watches.

Apple's focus on its "why" required it to find other ways to build its products.

Apple had to be known for its "why" and not for its "what." It had to become a product-less product company.

By understanding its "why" so well and developing clear specifications for how a product could be insanely great by challenging the status quo, Apple could tell others what a product should look like, how it should operate, and so on. In other words, Apple outsourced.

Today Apple doesn't make computers, watches, tablets, laptops or phones. Others make those products for Apple. Most of Apple's revenue and profit from millions of iPhones produced each year, for example, channel through an outsourced partner 6,000 miles away from Cupertino, Calif.

Apple is a productless product company and the most valuable company in the world. **How can CRAs become more attractive and valuable to their customers by learning about focus and outsourcing from Apple's example?**

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Every CRA operates at three levels: "what," "how," and "why."

**What** a CRA does is easy. They are the services on the price list.

**How** a CRA produces the services on its price list is a matter of organizational processes. CRAs might use their own proprietary technology, use a platform like Accio Data or Tazworks, and use them to tie into the network of suppliers (such as credit reports, motor vehicle records, and court researchers,).

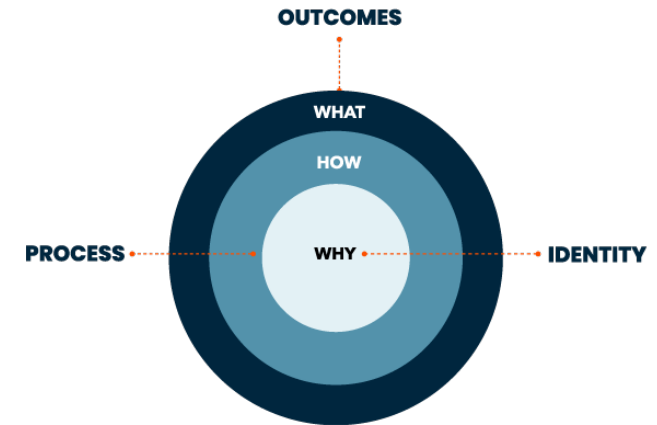
But most CRAs don't give much thought to **why** they do what they do.

For example, why does your CRA conduct resume verifications in-house? Is this activity consistent with what you have decided is most important for the value your CRA provides its end-users? This sounds like a simple question, but it's actually quite revealing.

Initially, Apple didn't think much about its "why," and that's why the company almost went out of business. Apple believed it was a computer company. It vertically integrated like every other computer company. But by developing the internal expertise to manufacture insanely great computers, Apple limited its ability to fulfill its customer's expectations. (You can't make a Mac on the same assembly line as an iPhone.)

Discovering its "why" enabled Apple to make decisions that allowed it to become the most valuable company ever, specifically by outsourcing product manufacturing.

## THE GOLDEN CIRCLE Simon Sinek



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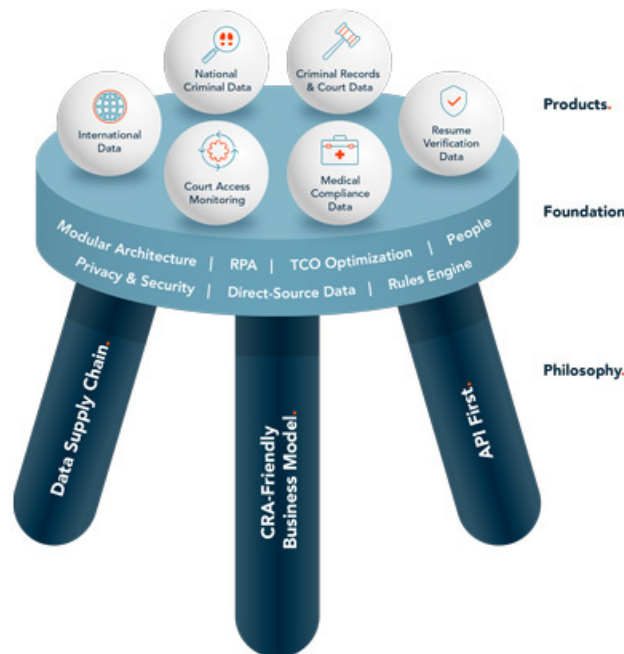
# InformData's 'Why'

At InformData, we invested heavily in understanding our "why" earlier this year. We learned that our "why" is **"making direct-source people data equitably accessible to all."** That's our purpose. That's why we do what we do.

Remember, prospects and customers buy why you do what you do, not what you do. CRAs choose InformData verification services and data because our "why" tells them who we are as a company, and they want to be part of that vision.

What is your CRA's "why"? Why do you do what you do? (Making a profit isn't a "why." It's a result of your "why.")

Identifying your CRA's "why" will provide a focus that enables your CRA to become more valuable to your prospects and customers. But focus has a cost.



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When Apple found its "why" (thinking differently and challenging the status quo), it also realized that manufacturing products was necessary for its business but was not something Apple needed to do itself.

It's hard to allow ourselves not to do something so that we can be the best at what we know is necessary for achieving our goals. Imagine how difficult the decision to outsource manufacturing was for Apple! Every dollar of revenue depends on an outsourced partner. But by deciding to outsource manufacturing, Apple put itself on the path toward becoming the most valuable company in history.

**Focus wins** – and focus means doing one thing at the expense of others.

A business that is the best at one thing is far more attractive to customers than one that is decent at many things. But while focus means not doing something, not doing something does not mean not offering that something to your customers!

In the process of discovering your "why," your CRA will identify services that you must provide to compete but that are not consistent with being the best at your "why." You will find that there are services that support your brand and create value and others that you may not have the scale, expertise, or technology to be the best at.

Services that fall into the latter category are good outsourcing candidates. Outsourcing these services will allow your business to focus on your "why."



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Background screening data supply chain leaders like InformData have optimized the components of a background check better than CRAs can do it themselves. Therefore, many background screening companies have concluded that their "why" has very little to do with the products they sell but rather the efficiencies and workflows they create to optimize the hiring process for their clients.

The question, then, remains: How to outsource safely and effectively?

Fortunately, this is not a new frontier. Outsourcing is nearly as old as business itself, and there are many lessons we can learn from other organizations' successes and failures

### **The Biggest Mistake Companies Make When Outsourcing**

Too many companies mistakenly believe that outsourcing means they don't need to understand and clearly specify the services they are hiring others to perform. Not understanding what you are outsourcing leads to selecting the wrong partner and, ultimately, to stress and poor experiences for end-users.

Counterintuitively, outsourcing can improve the quality of your service and your profitability! When you successfully outsource, you will learn more about your business because metrics you ignored when you performed the service yourself suddenly become visible and vital.

Again, Apple provides a model for success.

Before Apple could outsource iPhone manufacturing, it had to understand the specifications for making an iPhone. Only then could Apple solicit bids, evaluate proposals, and select a partner that could reliably build not just one iPhone but millions per year, on schedule, with acceptable failure rates



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**Key Metrics for Specifying Employment Verifications**

In the case of CRA services, let's consider some key performance indicators (KPIs) that a CRA should know before outsourcing employment verifications:

<b>First-order metrics</b>	<b>Second-tier metrics contributing to the first order metrics:</b>	<b>Low-level metrics (useful for optimizing performance):</b>
<ul style="list-style-type: none"> <li>• Turnaround time (TAT)</li> <li>• Unable to verify (UTV) rate*</li> <li>• Overall cost per unit</li> </ul> <p>*How this is calculated varies from company to company.</p>	<ul style="list-style-type: none"> <li>• Percent of manual orders (e.g. phone, fax, email) vs. percent of orders that leverage an automated/online source (e.g. TALX, NSC, etc.)</li> <li>• Cost per manual order</li> <li>• Cost per automated order</li> <li>• Overall productivity per paid hour</li> <li>• TAT by method (e.g. fax, email, automated, phone, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Attempts per order (APO)</li> <li>• Contact success by time of day</li> <li>• Touches per order</li> <li>• UTV by phone number sourcing method</li> <li>• UTV by call pattern</li> </ul>

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That's a lot of information to track. But if your goal is to be the best, these metrics are the keys to your success.

Many CRAs will have a sense of the first-order metrics. Some may even keep an eye on the second-tier metrics, but often these are not tracked continuously over a long period. As a result, it can be difficult to compare your in-house operation with potential outsourced partners (and to compare potential partners with each other).

Tracking all the KPIs listed above will help you outsource profitably and with confidence that your volumes can be met with promised service level agreements for turnaround time and completion rates.

When you outsource resume verification, you'll want to receive bi-monthly reports on these KPIs to spot trouble before it becomes a full-blown problem for end-users.

### **Outsourcing Doesn't Have to Be All or Nothing**

So far, we've discussed outsourcing 100% of your CRA's resume verification orders. That type of outsourcing may be consistent with your CRA's "why" and priorities, but the outsourcing model works just as well if your CRA elects to retain some verification services in-house and outsource peak volumes.

Alternately, you might consider outsourcing domestic resume verification while handling international resume verification in-house with a small, dedicated staff. Again, the choice depends on your CRA's "why" and what you choose to focus on to maximize value to end-users.

The outsourcing model can be used with any CRA services. Technology platforms such as Tazworks or Accio can help facilitate some aspects of the outsourcing process.

(Your CRA may already outsource criminal background checks. If so, why? How did you get comfortable giving up control? And why stop with only outsourcing criminal background checks?)

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In summary, we see that outsourcing does not mean giving up control or increasing risk. Outsourcing isn't only possible with simple tasks. In fact, if performed correctly, outsourcing can be used with your most complex tasks.

Discovering your CRA's "why" and using that to define your focus is the first step toward understanding which other services can be outsourced. Focus means doing one thing better than anyone else and not doing things that are not directly related to your focus.

Once you've identified services that can be outsourced, clearly defining the KPIs and benchmarking your own organization's performance gives you a good starting point from which to evaluate proposals from potential partners and monitor outsourced performance.

Outsourcing done correctly can increase your CRA's value and its profitability, just as it did for Apple.

