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Outsourcing in Sandy Springs and Other US Cities: Insights for Other Countries

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ABSTRACT

This paper analyses the partnership-based outsourcing model of service transformation in USA local government, focusing on the city of Sandy Springs which became widely known for its large-scale 'turnkey' outsourcing of provision of its services in the mid-2000s. This city has been referred to in the literature as a special case not applicable to other countries, such as the UK, because of their very different contexts. However, there is now a public sector austerity context within which to reassess Sandy Springs' use of turnkey outsourcing to achieve significant cost savings and improve services. The paper reports empirical research which it uses to derive insights for municipalities considering outsourcing. Those insights can help improve both policy and professional practice by outlining key issues for consideration when trying to 'do more with less' money.

Key words: outsourcing, commissioning, turnkey, Sandy Springs

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1 Introduction

The purpose of this paper is to draw insights from cases of large-scale outsourcing of US city governments' service provision, focusing on Sandy Springs which became widely known for its radical 'turnkey' outsourcing in the mid-2000s.

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In its extreme form, local government politicians (councillors) meet only once a year to authorise signing of contracts with external providers of their services. Councillors provide political and strategic oversight so the much reduced number of service managers can prepare and issue contracts with private sector companies to run schools, provide social services, collect household waste and collect council tax payments.

Such transformation involves 'reinventing government' (Osborne & Gaebler, 1992). It challenges the traditional conception of public administration, which emphasises political control in the form of a representative system of government and Weberian principles of bureaucracy and in-house production (Hood, 1991; Bevir, 2007; Song, 2007; Zysman, 2004).

Osborne and Gaebler's reinventing government thesis led to a substantial literature on the transferability of policy and practice, which are often so context-specific that simplistic comparative analyses of them can be highly misleading in trying to draw lessons (James & Lodge, 2003). Hence, this paper focuses on insights to inform consideration of outsourcing rather than draw specific lessons to put into practice in other countries.

Bearing that caveat in mind, reinventing government requires 'enabling government' and 'steering rather than rowing' now referred to in the public sector austerity context as 'transformational change'. Separation of 'steering' and 'rowing' refers to the 'unbundling' of public sector services via a purchaser-provider split and has for some time been one of the fastest-growing business models providing new markets for service companies and to some extent also for non-profit service organisations (Fill & Visser, 2000; Burnes & Anastasiadis, 2003). Such unbundling and outsourcing is the foundation of the UK's Open Public Services White Paper (Cabinet Office, 2012).

Analysis of official documents of the city of Sandy Springs and other publicly available materials including news and feature stories in mass media was complemented by interviews in May 2012 with the Mayor and members of the managerial staff (City Manager, Assistant City Manager, and Community Relations Manager) as well as the Chairman of the Governor's Commission on Sandy Springs.

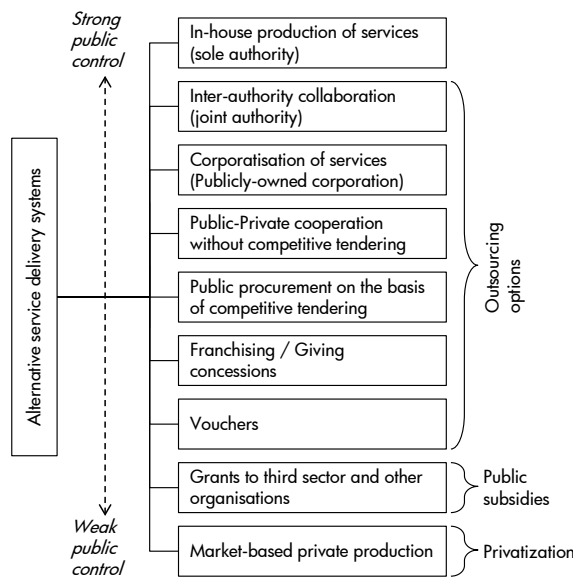
2 Outsourcing: Definition and Scope

Outsourcing involves contracting out to external organisations production of whole services or parts thereof and other value-adding or value-creating activities previously performed by the first organization's own staff (Lei & Hitt, 1995; Perry, 1997). The most common reason for outsourcing public services is a constant search for cost savings (Fill & Visser, 2000; Burnes & Anastasiadis, 2003). Other reasons may include lack of internal expertise, inability to hire new staff, and an unwillingness to invest in new facilities and service infrastructure.

In comparison with this narrow contracting-out perspective, the more holistic commissioning approach requires detailed policy formulation before considering how to deliver the desired objectives (Bovaird et al., 2012). It requires municipalities to “rethink the fundamental purpose of public services and the role of the citizen and the state in meeting individual and collective needs” (Bohl, 2012 p. 4). Such strategic-level innovation is of crucial importance in ‘doing more with less’ (Gillinson et al, 2010; Gillinson & Sissoko, 2012; Manning, 2013; Valkama et al., 2013).

Nevertheless, contracting is a core part of the process used to source a service after having undertaken a needs analysis and consultation to inform policy making in respect of intended outcomes. Thus questions of what and how to outsource, as well as consideration of the ramifications of large-scale outsourcing, are critical for decision-makers, public managers, service users, and citizens (Burnes & Anastasiadis, 2003). In the private sector, outsourcing usually means contracting out, but public authorities also use many other methods (Savas, 1987; Warner, 2006). Figure 1 relates sourcing options to the strength of public control.

Figure 1: Main means of sourcing public service delivery



Source: Adapted from Osborne & Gaebler (1992) and Valkama (2005).

Table 1 summarises the pros and cons of outsourcing. Although those claimed benefits and risks are case specific, there is some evidence that it may not be possible immediately to reduce (fixed) costs of in-house resources (Kulmala et al., 2006) and that cost savings arising from competitive tendering may diminish after the first round of tendering (Almqvist & Högberg, 2005; Valkama & Anttiroiko, 2007; Bel & Costas, 2006). Moreover, contracts signed in a rush

to achieve immediate cost savings may simply replicate the *status quo* and so result in an 'innovation deficit' (Koulopoulos & Roloff, 2006; Weidenbaum, 2005).

Table 1: Benefits and risks of outsourcing

	Benefits	Risks
Public organizations	<ul style="list-style-type: none"> - Freedom from constraints of in-house cultures and attitudes. - Enabling focus on core business and setting policy. - Gaining fresh ideas and rethinking outcome objectives. - Obtaining high-level expertise and capacity quickly. - Learning from private sector management theories and practices. - Opportunity to access 'best in class' skills and capabilities. Increasing ability to meet changing market needs. - Gaining a better public image through a modern management style. 	<ul style="list-style-type: none"> - Failure to distinguish between core and non-core functions may lead to inappropriate outsourcing and 'hollowing out' the local state. - Lack of competence needed to design appropriate agreements with service providers. - Lack of managerial and legal skills to monitor and manage external providers. - Reduction of control over specific services. - Fading of competitive markets and in-house competencies in the long run. - Deterioration of service quality and rising costs. - Difficult to return to in-sourcing if outsourcing leads to loss of skills and knowledge. - Reduced flexibility. - Loss of accountability and political reputation. - Privatization by stealth or by default.
Public finance	<ul style="list-style-type: none"> - Cost savings in annual budgets. - Increased flexibility to reconfigure budgets. - Reduced need for public investments. - Converts fixed costs into variable costs. - Gaining economies of scale and scope. - Reduced liabilities. 	<ul style="list-style-type: none"> - Transaction costs for public purchasers. - Increased costs of governance. - Restrictive public procurement regulations. - Prevents innovative buying and free bargaining. - In-house costs may not fall as far as expected. - Hidden costs for society as a whole.

Source: Adapted from Harland et al. (2005).

The technicalities and administrative procedures of outsourcing may increase the power of bureaucrats and technocrats vis-à-vis political leaders and citizens (Noordhoek & Saner, 2005; Bevir, 2007, Niskanen, 1971) but lack of community and stakeholder engagement in governance of outsourced services leads to a relatively high reversion to in-sourcing of local government services (Lamothe & Lamothe, 2006). Moreover, market-based solutions may lead to the fragmentation of public services. Instead, a more sophisticated approach to outsourcing based on networks and partnerships is the essence of 'smartsourcing', akin to commissioning (Bohl, 2012; Bovaird et al., 2012; Koulopoulos & Roloff, 2006).

3 Outsourcing Developments in US City Governments

Contracting out has a long history in the USA. The Federal Government has used private enterprises in the provision of public services since the early 1900s (Savas, 1987; Burnes & Anastasiadis, 2003) and Lakewood (CA) since the early 1950s and some 25% of Californian cities were organised along the Lakewood-type hybrid model in the late 2000s (Barkin, 2012).

However, when the newly incorporated city of Sandy Springs outsourced provision of practically all its services in 2005, this was possibly the largest outsourcing of local government services in US history and it had a direct influence on other cities, including those with small (less than 30,000) and large (100,000 or more) populations, whether affluent or poor (American City & County, 2007; Porter, 2008; Barkin, 2012; Vives et al., 2010; Palmeri, 2010; Streitfeld 2010).

Nevertheless, many other US cities use several of the sourcing options depicted in Figure 1. In principle, adoption of most of those options is a means by which the risks listed in Table 1 can be reduced because local governments will be less likely to make inappropriate use of contracting out whereby cost savings may be achieved at the expense of reduced outcome effectiveness due to loss of core skills.

Compared with an overdependence on contracting out to the private sector (and certainly to a single company), adoption of the more sophisticated smartsourcing approach can, in principle, also increase the benefits of outsourcing listed in Table 1. This seems to have been the reason why many other US cities adopted the multivendor hybrid model: cost savings were not the only requirement.

4 The Sandy Springs Case

Sandy Springs Georgia has some 94,000 inhabitants but commuters increase the daytime population to 200,000 or so. It is a relatively affluent and well-educated community with below average crime rates (Hartstein, 2010; Woolsey, 2009; City-Data.com, 2012).

Until the mid-2000s, it was administered by Fulton County but demands for independence arose from dissatisfaction with the services provided by the County, residents feeling that they subsidized the services of poorer unincorporated communities in the southern part of the County (Sandy Springs, 2011; Freeman, interview 2012). Democrats had repeatedly blocked efforts "to let a largely Republican and white suburb cleave itself from Fulton County" (Segal, 2012) but elections in 2003 and 2004 resulted in the Republicans gaining control over all three key elements of the state government (Governor, Senate and Representatives) and 94% of local residents voted for independent city status in a local referendum in 2005.

Working within a tight timetable to set up the administrative and service machinery, the Sandy Springs Governor's Commission and committees organized for different service sectors came to the unanimous conclusion that services are best to organize by outsourcing them to the private sector (Porter, 2006; Pioneer Institute, 2010; Porter, interview 2012). CH2M Hill was contracted to provide practically all municipal services with the exception of police and fire (services that the Constitution of the State of Georgia requires

be provided by public workers) and some basic administrative and financial functions and contract management. Hence, with the exception of police and fire, the city retained only a few full-time employees in central administration (The Economist 2012). School and library services remained within the responsibility of Fulton County.

Hence, when City Hall opened its doors, most workers were employees of CH2M Hill or its subcontractors. Nevertheless, from the point of view of citizens the service provider was the city government irrespective of who actually hired the staff providing those services. This was in sharp contrast with the view of political leaders and city management who regarded CH2M Hill as the provider, whether directly or indirectly via its subcontractors, for the next five years (Porter, 2008, p. 45).

Adopting a public-private partnership model resulted in the lowest per capita ratio of municipal employees to residents of 1.51 per 1,000 within the state of Georgia. Compared with similar sized local governments in the US, Carl Vinson Institute of Government of the University of Georgia estimated that Sandy Springs would need for about 828 employees (Pioneer Institute, 2010; Sandy Springs, 2011). This compared with the 271 City employees and 200 positions supplied by the private contractor.

Under this operational model the City Manager supervises the private company which takes care of the general administrative and service functions of the city government, including planning, zoning, municipal infrastructure, information systems, personnel administration, financial management, procurement, communications, legal services and investment planning (Porter, 2008). Hence, the City Manager has to work in communications, finance and other services with company employees but without capacity to hire or fire them. However, if necessary, he can communicate any concerns about performance to the private contractor. He also evaluates if there are unfilled vacancies in the departments for which the company is responsible under the contract. Ultimately, the City may even withhold payment to the company if the vacancy remains unfilled too long (Porter, 2008).

5 The Second Round and a New Sandy Springs Multivendor Model

Due to the exceptional situation, the first-time outsourcing process did not follow the standard outsourcing procedure (O'Looney 1998). Instead, a flexible partnership between the city and company was established and so during the first contract period (2005-2011), the city government 'learnt by doing' as it gained first-hand experience of the implementation of this large-scale partnership-based outsourcing model.

The end of the first contract period provided the opportunity to re-evaluate the whole contract but adoption of a conventional in-house production model

was rejected because anti-government sentiment had been strong from the beginning and the perceived success of the partnership model increased belief in its superiority over other sourcing models.

However, the City wanted the second contracting round to be a comprehensive procurement process to guarantee value for money and encourage innovation, looking beyond the lowest bid to also take into account the reliability of performers, transaction costs and similar factors in order to gain best value from the contract (Sandy Springs, 2011).

Unlike in the first round, there was enough time and capacity to strive for innovative procurement during the second round of outsourcing and it became evident that by splitting (unbundling) the contract it was possible to create greater competition and gain cost savings (Galambos, interview 2012). Another clear change in the second round was the drafting of more detailed contracts, which was not possible earlier due to the hectic preparation process of the first round. In 2011 five companies were selected to provide services for the seven main service tasks (see Table 2).

Table 2: Sandy Springs' contract award values in fiscal year 2012

Service category	Vendor	\$ value of contract
Financial Services	Severn Trent Services	1,593,201
Information Services	InterDev	1,040,853
Communications	The Collaborative	594,413
Municipal Court	Jacobs Engineering Group	794,239
Public Works	URS Corporation	3,086,205
Recreation and Parks	Jacobs Engineering Group	790,608
Community Development	The Collaborative	2,226,774
Total		10,126,293

Source: Sandy Springs (2011).

Sandy Springs believes its partnership-based outsourcing has made it possible to invigorate local development, improve infrastructure, and generally meet the needs of citizens in a cost-effective manner. There are also services provided solely by private sector firms, such as refuse collection, for which the city government acts only as regulator setting certain preconditions for service providers (Galambos, interview 2012). The city's risks are mainly restricted to in-house production and budget allocation, the remaining risks being either shared, or the responsibility of each contracted company (Porter 2008).

6 Evidence of Cost Savings and Improved Service Quality

First round cost savings of the partnership-based outsourcing were only a few million dollars compared with typical budgets of cities of similar size to Sandy Springs. Contract values showed no trend between 2007 and 2010 at around \$26 million.

It was the second round contracts that brought the most substantial savings, estimated by the City to be almost 30% (\$7 million), mainly due to increased competition among service providers in comparison with the first single-company five-year contract. Values of awarded contracts fell, from \$26.1 million in 2010 to \$24.2 million and further to \$17.1 million in 2012 (Sandy Springs 2011).

In addition, partnership-based outsourcing has reportedly increased synergy, efficiency and innovativeness in the use of resources and in service provision because the companies involved have incentives to satisfy purchaser's needs, to renew services, and to take care of cost-effectiveness (Porter, interview 2012).

Pensions costs that are driving other cities into bankruptcy are avoided by Sandy Springs which has virtually no long-term liabilities since the very point of outsourcing is to avoid them (The Economist, 2012). All core personnel liabilities are vested in a private company, with the exception of public safety functions (Porter, 2008).

The city has received several awards, including the 2006 National Council for Public Private Partnerships Award for outstanding use of PPPs, runner-up status in the Pioneer Institute's national Better Government Competition 2010, the Keep Georgia Beautiful award in the Community Improvement category in 2010. There is also evidence of a dramatic improvement in service quality, as indicated for example in the National Citizen Survey of 2010 (Sandy Springs, 2011; Isaacs, 2008; Barkin, 2012; Coffer, interview 2012).

7 Are the Contracting Companies Governing Sandy Springs?

The city reportedly remains properly governed by democratically elected politicians and properly organized by the City Manager. Partnership-based outsourcing is not privatization because there is a clear conceptual difference between them for control of services (Porter, interview 2012). Indeed, the outsourcing model gives the city government more control over service provision than may be generally assumed (Barkin, 2012) and the overall picture of daily seamless collaboration is overtly positive (McDonough, interview 2012).

The City Manager stated that he needs to put less time and effort into personnel issues, such as hiring and firing, and the contract period saves time in annual budgeting processes (Barkin, 2012). Instead, the manager's

work is more about 'management by contracts' and this shifts the focus onto overseeing the execution of contracts and organizing related negotiations whenever needed. Consequently, there is more time for strategic management (McDonough, interview 2012; Porter, 2008). Put simply, companies have not taken over the city hall.

8 Insights from Sandy Springs

The adoption of large-scale outsourcing requires some catalyst in the form of exceptional circumstances, whether the need to assert independence or to avoid bankruptcy. Newly incorporated cities such as Sandy Springs are in an advantageous position of starting from a clean slate, without entrenched systems and legacy employees (and their pensions), legacies which have to be addressed if large-scale outsourcing is to be adopted in other countries. Even if the US cities' contracting out has its roots in neo-liberal ideology and anti-government sentiment, it is in most cases approached rationally and based on comparing the costs of insourcing and outsourcing models. Wasting taxpayers' money on unnecessarily expensive services is unacceptable, whatever the political philosophy and whichever the country.

Residents, service users, unions and other stakeholders in local governments must not only be made to appreciate the need for service transformation, but also see the resulting benefits to themselves and their communities. The crucially important favourable public opinion can be secured and maintained by ensuring high visibility of service improvements, most immediately by focusing outsourcing on high profile 'streets and bins' and other such technical services (parks etc.). The chosen companies must already have gained experience in providing a wide range of local infrastructure services and be big enough to take the risk associated with such an endeavour.

Contracts must not be with only one company in a rush to meet financial targets and should not be too long-term so that potential cost savings missed at the first round of contracting are secured sooner at subsequent re-contracting rounds. Competition must be maintained for service contracts to avoid incumbent provider monopoly. Companies providing outsourced services must develop a good working relationship with the local government to create an overtly positive atmosphere in dealing with potential tensions relating to different interpretations of the contract to meet or even exceed councils' expectations in every area, from financial outcome to responsiveness in service delivery.

Municipalities should understand that over successive rounds of sourcing they may move from one method to another within the many alternative means of sourcing public service delivery. This is likely to be the case as a result of learning-by-doing and to the extent that the outsourcing market's capacity or competitiveness changes over time. As well as learning-by-doing, local governments can learn from each other about the best way of outsourcing

(including contracting out) services, just as has been the case in the USA. Together with focusing contracting out on technical services and using other methods to outsource services interacting directly with their users, learning from best practice will enable risks to be better managed and so reduced.

Although there clearly are risks associated with adoption of new models of service provision, it seems that they are more the result of internal procedures rather than caused by external providers themselves. This is also the case in other countries such as the UK where, on average, municipalities outsourced over a quarter of services in 2012 (YouGov, 2012), a third of total government spending on services going to independent providers (Gash et al., 2013).

Countries wishing to explore the potential transferability of particular forms of outsourcing and strategic partnering should note the small municipal context in the USA which may not be appropriate for countries with demographically large local governments. Furthermore, it is essential to recognise differing governmental and institutional contexts that must be taken into account, for example the USA's federal structure compared with the unitary state model in another country. There may also be differences in other countries in terms of political structures and cultures, municipal functions, fiscal contexts, legal frameworks within which outsourcing and strategic partnerships would take place, and in market structures and capacity for outsourcing so that they are not analytically equivalent to the Sandy Springs case.

In combination, these differences may substantially qualify the potential for outsourcing Sandy Springs style in other countries. In general, however, cost-effective and responsive services, significant savings, appealing cost structure and improved quality of services all help build confidence in the partnership model.

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POVZETEK

ZUNANJE IZVAJANJE V SANDY SPRINGS IN DRUGIH MESTIH ZDA: SPOZNANJA ZA DRUGE DRŽAVE

Ključne besede: zunanje izvajanje, pogodba na ključ, pogodbena oddaja storitev

Namen članka je iz posameznih primerov omogočiti vpogled v obsežno zunanje izvajanje storitev mestnih občin v ZDA, s poudarkom na mestu Sandy Springs, ki je sredi prvega desetletja 21. stol. zaslovelo zaradi radikalnega zunanjega izvajanja »na ključ«.

V skrajni obliki se občinski možje sestanejo samo enkrat na leto, da odobrijo podpise pogodb z zunanjimi izvajalci njihovih storitev. Svetniki pripravijo politični in strateški pregled, tako da zelo zmanjšano število upravnikov storitev lahko pripravi in izda pogodbe s podjetji zasebnega sektorja za vodenje šol, izvajanje socialnih storitev, zbiranje gospodinjstvih odpadkov in pobiranje občinskih dajatev.

Na novo postavljena teza Osborna in Gaeblerja o vladanju je spodbudila obsežno literaturo o prenosljivosti politike in prakse, ki imata pogosto tako različen kontekst, da so lahko poenostavljene komparativne analize preveč zavajajoče, da bi se lahko iz njih česa naučili. Zato se članek osredotoča na spoznanja, ki naj osvetlijo razmišljanja o zunanjem izvajanju, namesto da bi podajal posebna navodila, ki naj se v drugih državah udejanjijo v praksi.

Ob upoštevanju tega opozorila redefinicija vladanja zahteva »omogočanje vladanja« in »krmarjenje namesto veslanja«, ki se sedaj navaja v kontekstu zmanjševanja stroškov javnega sektorja kot »preobrazbene spremembe«. Ločitev »krmarjenja« in »veslanja« se nanaša na »izločanje« storitev javnega sektorja z ločitvijo kupca-izvajalca in je bila nekaj časa eden od najhitreje rastočih poslovnih modelov, ki je ustvarjal nove trge za storitvena podjetja in do neke mere tudi za neprofitne storitvene organizacije. Takšno izločanje in zunanje izvajanje je temelj za Belo knjigo odprtih javnih storitev Združenega kraljestva.

Pogodbena oddaja storitev ima v ZDA dolgo tradicijo. Ko je na novo osnovana mestna občina Sandy Springs leta 2005 oddala v zunanje izvajanje skoraj vse svoje storitve, je bila to najbrž največja oddaja storitev lokalne oblasti in zunanje izvajanje v zgodovini ZDA in je neposredno vplivala na druge občine. Seveda se lahko v primerjavi s preveliko odvisnostjo pri sklepanju pogodb z zasebnim sektorjem (in zagotovo z enim samim podjetjem) s pristopom bolj izpopolnjenega »pametnega oddajanja v izvajanje« načeloma povečajo prednosti zunanjega izvajanja. Zaradi tega se zdi, da je veliko drugih mest sprejelo hibridni model z več ponudniki: edina zahteva ni bila prihranek pri stroških.

Raziskava, ki jo članek predstavlja, je vključevala zbiranje tako sekundarnih kot primarnih podatkov. Analiza uradnih dokumentov mesta Sandy Springs in drugega javno dostopnega gradiva, vključno z novicami in reportažami v množičnih občilih, je bila dopolnjena še z intervjuji maja 2012 z županom in člani upravnega osebja (mestnim upravnikom, pomočnikom mestnega upravnika in upravnikom za odnose skupnosti), kakor tudi s predsednikom guvernerjeve komisije v Sandy Springs.

V prvem krogu je bil prihranek pri stroških za zunanje izvajanje na osnovi partnerstva le nekaj milijonov dolarjev v primerjavi s tipičnim proračunom mest podobne velikosti kot Sandy Springs. Drugi krog pogodb pa je prinesel največje prihranke, ki jih je mesto ocenilo skoraj na 30% (7 milijonov dolarjev), predvsem zaradi povečane konkurence med ponudniki storitev glede na prvo petletno pogodbo z enim samim podjetjem. Poleg tega je zunanje izvajanje na osnovi partnerstva domnevno tudi povečalo sinergijo, učinkovitost in inovativnost pri uporabi virov in oskrbi s storitvami, ker so bila udeležena podjetja motivirana za zadovoljitev naročnika, obnovo storitev in skrb za cenovno učinkovitost.

Na splošno v Sandy Springs verjamejo, da je njihovo zunanje izvajanje na osnovi partnerstva omogočilo okrepitev lokalnega razvoja, izboljšave infrastrukture in na splošno zadovoljilo potrebe občanov na cenovno učinkovit način. Nekatere storitve, kakor zbiranje odpadkov, izvajajo samo podjetja zasebnega sektorja, pri čemer mestna oblast deluje le kot regulator, ki določa posebne predpogoje za izvajalce storitev. Tveganje mesta je v glavnem omejeno na lastno proizvodnjo in razporejanje proračuna, druga tveganja pa se bodisi delijo, bodisi so odgovornost vsakega pogodbenega podjetja.

Stroškom za pokojnine, ki vodijo druge občine v stečaj, se je mesto Sandy Springs, ki praktično nima dolgoročnih obveznosti, saj je prav to smisel zunanjega izvajanja, izognilo. Z izjemo zaposlenih v javni varnosti, so bile vse osnovne obveznosti do osebja prenesene na zasebno podjetje.

Zunanje izvajanje na osnovi partnerstva ni privatizacija, saj je zaradi nadzora storitev med njima jasna konceptualna razlika. V resnici model zunanjega izvajanja omogoča mestni oblasti nad izvajanjem storitev več nadzora, kakor se na splošno misli, in celotna podoba tekočega skladnega sodelovanja je očitno pozitivna.

Mestni upravnik je pojasnil, da mora vlagati manj časa in truda v kadrovska vprašanja, kot so zaposlovanje in odpuščanje, in delo upravnika je bolj »upravljanje s pogodbami«, s tem pa se usmerja glavna pozornost na nadzor izvajanja pogodb in organizacijo s tem povezanih pogajanj, kadar so potrebna. Posledično je tudi več časa za strateško upravljanje.

Iz primera Sandy Springs izhaja več spoznanj. Najprej, za uvedbo obsežnega zunanjega izvajanja je potreben katalizator v obliki izjemnih okoliščin, kot je na primer potreba po uveljavitvi neodvisnosti ali nujnost, da se izogne stečaju.

Na novo ustanovljene mestne občine, kot je Sandy Springs, so v prednostnem položaju, ker začenjajo s čisto preteklostjo brez ukoreninjenih sistemov in njihovih zaposlenih (in pokojnin), brez dediščine, s katero bi se bilo treba spopasti, če naj bi se sprejelo obsežno zunanje izvajanje drugje. Čeprav ima pogodbeni oddaja storitev v občinah ZDA svoje korenine v neoliberalni ideologiji in protivladni naravnosti, se k njej v večini primerov pristopa racionalno in na osnovi primerjave stroškov pri modelih zunanjega izvajanja in notranjega izvajanja. Zapravljanje davkoplačevalskega denarja za nepotrebno drage storitve ni sprejemljivo, ne glede na politično filozofijo in državo.

Drugič, prebivalci, uporabniki storitev, sindikati in drugi deležniki lokalnih uprav morajo ne samo razumeti potrebo po preoblikovanju storitev, ampak tudi videti njihove morebitne prednosti zase in svojo skupnost. Odločilno naklonjeno javno mnenje se lahko doseže in vzdržuje z zagotavljanjem očitnih izboljšav storitev, najprej na primer z uvajanjem zunanjega izvajanja na opazne komunalne in druge tehnične storitve. Izbrana podjetja morajo že imeti izkušnje pri zagotavljanju širokega razpona lokalnih infrastrukturnih storitev in biti dovolj velika, da lahko prevzamejo tveganje, povezano z nalogami.

Tretjič, pogodbe se ne smejo sklepati samo z enim podjetjem v pehanju za doseganjem finančnih ciljev in ne smejo biti preveč dolgoročne, tako da se morebitni premajhni prihranki stroškov v prvem krogu sklepanja pogodb lahko dosežejo kasneje, pri ponovnem sklepanju pogodb. Za storitvene pogodbe se mora ohranjati konkurenca, da se prepreči monopol trenutnega izvajalca. Podjetja, ki opravljajo zunanje izvajanje storitev, morajo razviti dobre delovne odnose z lokalno oblastjo, tako da se ustvari pozitivno vzdušje pri obravnavanju morebitnih nesoglasij zaradi različnih interpretacij pogodbe in da zadovoljijo ali celo presežejo pričakovanja občinskega sveta na vseh področjih, od finančnega izida do odzivnosti pri opravljanju storitev.

Četrtrič, občine morajo razumeti, da lahko pri procesu zagotavljanja storitev prehajajo od ene metode k drugi metodi izmed mnogih različnih načinov zagotavljanja javnih storitev. To se bo zelo verjetno zgodilo kot rezultat učenja s prakso, kakor se bosta zmogljivost in konkurenčnost trga zunanjega izvajanja spreminjala s časom. Poleg učenja s prakso se lokalne oblasti lahko učijo o najboljših načinih zunanjega izvajanja (vključno s pogodbenim oddajanjem) storitev tudi od drugih, kakor se je to dogajalo v ZDA. Z usmerjanjem pogodbenega oddajanja tehničnih storitev in uporabo drugih metod zunanjega izvajanja storitev ter sodelovanjem z uporabniki lahko učenje iz najboljših praks omogoča boljše upravljanje in zmanjševanje tveganja. Čeprav tveganje, povezano s sprejemom novih modelov zagotavljanja storitev očitno obstaja, se zdi, da je bolj posledica notranjih postopkov, kot da bi ga povzročali zunanji izvajalci.

Petič, države, ki želijo raziskovati možnosti prenašanja posameznih oblik zunanjega izvajanja in strateškega partnerstva, morajo upoštevati pogoje upravljanja v majhnih občinah v ZDA, ki morda niso primerni za države

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z demografsko obsežnejšimi lokalnimi upravami. Poleg tega je pomembno prepoznati različnost upravnih in institucionalnih pogojev, ki jih je treba upoštevati, na primer federalno strukturo ZDA v primerjavi z modelom unitarne države v drugi državi. V drugih državah lahko obstajajo tudi razlike glede politične strukture in kulture, funkcij občin, fiskalnega sistema, pravnih okvirov, v katerih bo potekalo zunanje izvajanje in strateško partnerstvo, in v strukturah ter zmogljivosti trga zunanjega izvajanja, ki v marsičem niso identične s primerom Sandy Springs.

Vse te razlike lahko bistveno določajo potencial zunanjega izvajanja po modelu Sandy Springs v drugih državah. Na splošno seveda cenovno učinkovite in odzivne storitve, občutni prihranki, privlačna cenovna struktura in izboljšana kakovost storitev prispevajo k oblikovanju zaupanja v model partnerstva.