TELEGENISYS
Service Excellence

Outsourcing Fundamentals – How to Get It Done

Table of Contents

Positioning Statement

Outsourcing is usually a tough decision for businesses, because it is akin to the surgical removal of a non-functioning body part and replacing it with a working part received from a donor. However, the decision still needs to be made because the survival or competitiveness of that business may depend on it. When the outsourcing decision is finally made, less-efficient business processes (non-functioning body parts) are identified and the search begins for the most appropriate BPO service provider (donor). Just as finding the right donor is difficult in real life, the same is the basic problem with finding the most appropriate BPO service provider. Outsourcing can certainly work wonders, but for that to happen, businesses will have to first deal with the issue of selecting the right service provider. This white paper will discuss the step-by-step procedure that needs to be followed while a business is involved in that crucial process of making the most appropriate outsourcing decisions.

Introduction

Choosing the right outsourcing service provider is just the first hurdle that businesses need to cross in their efforts to derive the best possible results from their outsourcing decision. If the desired objectives are to be achieved, businesses will have to do a lot more than just selecting an appropriate outsourcing service provider. If left unchecked, complacency can creep in anytime and this is why businesses just cannot afford to rest until and unless all the planned outsourcing goals and objectives have been achieved. Explained in the following paragraphs are some important issues that businesses will have to consider, prior to the actual initialization of the proposed outsourcing project. Each of the issues described below can be addressed randomly, but it would be better if they are addressed one after the other, in the same step-by-step procedure described below.

Issue No: 1 – Identifying Processes That Can Be Outsourced

This is usually difficult, but if the prescribed guidelines are followed, identification of processes that can be outsourced can become a lot easier. This is a crucial step in the decision making process and it would help if businesses followed a logical approach towards addressing this issue. For best results, decisions such as these should be based on factual statistical data, collected from individual business processes that might be under scrutiny for determining their applicability to outsourcing.

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- ✔ Not suitable for outsourcing (core processes).

- ✔ Can be outsourced, but will require highest levels of interaction

- ✔ Possible with top-quality managerial skills

- ✔ Moderately possible, but will require some onshore presence

- ✔ Most suitable for outsourcing (non-core processes)

Excluding the first category, i.e. the core processes, businesses can outsource any of the processes that are in the remaining four categories. However, the best results can be derived if businesses concentrate more on processes listed under the last category, i.e. the non-core processes. This category includes a wide variety such as customer care & support, telemarketing, web promotion, content development, accounting and financial services, tax consultancy, medical records retrieval, market research, database processes, document scanning & sorting, infomercial sales services, insurance claims, and many others.

Issue No: 2 – Ensuring That the Provider Understands the Intricacies of the Businesses

This is necessary because every business has its own set of unique characteristics, work culture, and strengths and weaknesses. Overtime, these generally get codified across the entire organization, and although most of them are unintentional creations, they are still important because they determine how the organization interacts with its employees, customers, and suppliers. Outsourcing service providers too have to deal with the same set of people and that's one of the main reasons as to why providers need to understand the intricacies of the businesses that they are partnering with.

For addressing this issue in the most appropriate manner, both businesses and providers should come together and initiate a Business Learning & Knowledge Acquisition process. This process would include regular inter and intra departmental interactions, onshore collaborations, and sharing of critical data and information related to the outsourcing project. To ensure that the learning & knowledge acquisition process goes on to achieve

the desired objectives, businesses need to track its progress and provide feedback to providers in case things are not going as planned.

This can be done easily by carrying out trial runs of the proposed outsourcing services. A successful trial run will indicate that the provider has in fact understood the intricacies of the business and that it can be relied upon for the proposed outsourcing projects.

Issue No: 3 – Concentrating On the Core Processes

Reducing operational costs may be one of the main objectives of business process outsourcing, but apart from that businesses need to realize that the full potential of outsourcing can only be realized when efforts are made to optimize the core processes. Providers may deliver the desired benefits such as cost reductions and improved efficiencies, but since the full potential can never be realized until and unless those benefits are utilized towards improving core processes, businesses just cannot afford to become complacent. In today's age of intense competition, cost reduction and efficiency improvement exercises have become quite common. This is why businesses need to put in additional efforts, especially if the aim is to create highest levels of core competencies that can provide an extra edge over other competitors in the market.

Concentrating on optimizing the core processes will not be a problem if the right outsourcing service provider is selected. The right provider will make sure that benefits in terms of costs, efforts and time are delivered, which can then be utilized towards addressing critical issues related to the core business processes. In effect, it can be said that concentrating on optimizing the core business processes is just as important of a responsibility as is the act of ensuring that providers deliver the desired benefits associated with business process outsourcing.

Issue No: 4 – Demanding Providers Ensure Scalability

In business process outsourcing contracts, scalability is a critical issue, because business needs and requirements always keep changing. Scalability however cannot be included right from the outset because neither businesses nor providers can accurately predict the potential quantum of changes, both in terms of quality and quantity. As such, demanding that providers ensure scalability can be rightfully termed as an ongoing process rather than a pre-defined business objective framed in the outsourcing contract.

Some of this may sound a bit confusing, but if analyzed properly, we can easily see that such a scenario is beneficial for both businesses and providers. Businesses benefit because they pay only for the existing quantum of outsourced services. On the other hand, providers also benefit because they do not have to invest anything additionally on infrastructure upgrades or resource procurements until and unless a need for that is actually felt.

Businesses however need not worry because when the need is felt, they can not only demand scalability but can also expect to get it delivered by the provider. Offshore outsourcing service providers understand very well the importance of forging longterm

business relations with clients and it's highly unlikely that they will not make efforts to satisfy new client demands. If delivered successfully, it will help in strengthening the bond and pave the way for greater collaborations in the future.

Issue No: 5 – Requesting "Always-online" Tracking Systems

With geographical boundaries having been minimized with technological advancements in Information Technology and Telecommunications, deriving the benefits of outsourcing has already become a lot easier. However, if the aim is to achieve even greater heights of success, businesses will have to request "always-online" process tracking systems and providers will have to ensure that such a system gets up and running as soon as possible. These systems will act as eyes and ears and will help businesses to keep track of ongoing processes. Using these systems, businesses can easily identify shortcomings in the delivery channels, something that can be communicated to the provider for quick address. This will save a lot of trouble because over time, even small problems can band together and become highly unmanageable.

Outsourcing service providers also stand to gain from "always-online" systems because by using them, they can keep an accurate and updated record of each and every activity. The records and logs can be used as evidence to prove good intentions in case there are concerns that the prescribed guidelines are not being implemented upon. In a way, they also help boost security because when it is common knowledge that all activities are being recorded, not many will be willing to try out their nefarious designs. Deterrence is often the best defense and these systems provide just that.

Conclusion

Outsourcing is just like any other business contract and as such it always helps if the finer details are chalked out, discussed and debated prior to the actual initialization of the outsourcing project. Not doing so will most likely create problems and issues in the future, both for clients as well as outsourcing service providers. To ensure a lasting business relationship, both clients and providers need to look beyond their individual interests and instead come together to share a common vision. It is only then that they will be able to realize the full potential of business process outsourcing. Addressing the issues discussed in the above paragraphs can greatly help in achieving the same.