



CONSULTATIVE BUSINESS PROCESS OUTSOURCING (BPO)

Outsourcing = Global Momentum

The global business landscape has changed dramatically in the last couple of years thanks to growth of outsourcing. Outsourcing has gained strength as a management strategy for sustaining global growth as well competitive advantage to overcome the challenges of ever growing business complexities. So whether it's a Fortune 100 transnationals or even a small enterprise, everyone is looking at outsourcing as a key growth engine thanks to the increased levels of process specialization and sophistication. Domain specialization and not just economies of scale are key to the success of any outsourcing relationship. Outsourcing has been recognized to save companies and not just costs.

Evolving Outsourcing Relationships

Organisations now regard outsourcing as a key initiative for overall growth and not just as mere cost saving exercise. Hence organizations are increasingly seeking best-in-class outsourcing specialists and not just large best of breed outsourcing service providers. This is especially true in the IT & engineering verticals as organizations even outsource new product development tasks to specialized offshore vendors. Research intensive, customer focused outsourcing relationships now have to include the following to remain competitive:

- **Innovation Update.** Quarterly, bi-annual, or annual innovation reviews (also known as innovation boards) focus typically on state of the market, industry trends and relevant information, technology updates, solution demonstrations, site visits, etc. Leverage other industry peer groups to understand what is happening in your industry, the outsourcing industry, and other sectors.
- **Benchmarking.** Clients should always activate their benchmarking clauses and focus on best practice as comparators of innovation—not just cost comparisons. Benchmark both functional excellence and outsourced environments.
- **Stakeholder Satisfaction Surveys.** Perform monthly, quarterly, and annual customer satisfaction surveys. They should be “360 degrees”—covering multiple dimensions and all internal and external stakeholders.
- **Deliver on Partnering Promise.** Hold regular collaborative planning sessions. Where people are briefed on the strategic and business objectives. Service providers need to come up with implantable strategies on how best they can meet their clients' business challenges. This makes the outsourcing vendors to think and act above simple tactical delivery.
- **Value sharing framework.** A transparent value-from-outsourcing sharing mechanism on a case-by-case basis should be harnessed to pay for business services delivered. Inclusion of regular mutual rewards for both your organization and that of the service provider boosts people motivation at all levels.
- **Service Excellence.** All SLAs must be tied to process excellence or customer delight will not happen. Project milestones, “go-live” events, and pilots are tangible means of tracking process maturity & excellence. Other measures include customer satisfaction, productivity, Six Sigma (defects), work elimination, etc.
- **Outsourcing Management.** The internal governance team should have a transformation or innovation owner, sufficient staff & budget to help drive innovation and must hold the provider accountable for innovation. Reassure and demonstrate to the provider that the relationship is long-term; otherwise they will be inclined to disinvest in innovation and the relationship. Your organization must retain process management expertise at a level at which you can clearly articulate future state requirements, evaluate proposals brought forward by the service provider, and work with your organization to get the business case for change.
- **Executive Visibility / Support.** Senior executives from the service provider side must have high visibility and access. This includes steering committees, reciprocal headquarter visits, joint speaking engagements, regularly scheduled calls, quarterly and annual briefings.
- **Behaviour / Communication / Culture.** Be prepared to invest in and encourage business process transformations that are aligned to business goals - rather early in any outsourcing relationship. Transformation requires a partnership mindset, not a transactional orientation. Innovation is often not brought to bear because clients do not ask for it, define what they mean by it, and motivate the provider to deliver it, or put restrictions around it. Clients rarely help the provider to understand what is important to them.

Consultative BPO

Outsourcing has now scaled the maturity milestone globally and hence is increasingly consultative in nature rather than being mere business vendors. Outsourcing relationships now proactively meet business challenges as specialist BPO vendors invest to stay ahead of the learning curve.

Outsourcing is often regarded as a change catalyst and hence clients are increasing using outsourcing initiatives in their growth strategies/ employee career planning initiatives. Joint client-service provider partnering is key to this new consultative approach where both invest in transformations and not just fund reactive process management.

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