

WHEN BPO GIVES YOU MORE THAN YOU BARGAINED FOR!

By Mark Atterby. Don't focus purely on cost when evaluating different outsourcing and BPO (Business Process Outsourcing) providers. In the long term it will turn out to be a false economy. It's far more beneficial to work with a provider who can offer additional value added services and contribute real strategic value to your organisation.



When evaluating the services of an outsourcing or BPO provider, you are looking for an organisation that will perform a function or manage a business process better, faster and less expensively than yourself.

So your first step is to determine how well you can do it yourself and at what cost. This, however, is easier said than done. It's a significant challenge to combine the costs of the process (ie the costs of hiring people to perform the business activity and the infrastructure needed to support them) with evaluating the addition true process benefits of having a third part provide do the work.[\[1\]](#)

Avoiding common mistakes

The choice of a wrong or inappropriate BPO provider has the potential to ruin your business and drive your customers to your competitors[\[2\]](#). The wrong provider may fail to decrease your Total Cost of Ownership. They may even increase your costs by asking for more and more money every time you want something outside the scope of work. Having a true partnership with the provider where you are working seamlessly together to reach common goals and objectives will increase the depth of the relationship and deliver better value for money.

Joe Tawfik, CEO for Kinetic – a specialist BPO provider for the Telecommunications industry, advises, “There are three major mistakes people make when assessing potential BPO providers, including:

1. They are too focused on the brand of the BPO provider rather than the actual people delivering the service.
2. Selection focused on the lowest price provided.
3. Selection of a provider by a procurement department as opposed to business stake holders.”



It's understandable for people to choose trusted well recognised brands. But that doesn't necessarily guarantee the desired outcome. Tawfik adds, “Outsourcing relationships that survive the test of time do so because of the people leading the BPO are a good match to the client. They need to examine the character of the top people, their integrity, and track record in the marketplace. Having a close look at the individuals behind the company is the key to making the

right selection.”

An outsourcer needs to have a very strong management team, since the strength of this team could mean the difference between successful assimilation and a poorly run project. Alan Graham, from Contact Centre outsourcer, [Mindpearl](#), comments, “A solid Management team will protect your brand by taking the time to work closely with you to understand your culture and vision and maintain open lines of communications”[\[3\]](#).

A decision based on price and without the involvement of business stake holders can easily lead to selecting a provider that does not fit the culture of the way you do business and does not understand your core values and objectives. According a study from KPMG 60 per cent of organisations said that poor fit was the main issue with their outsourcing relationship[4].

Value added BPO Services

These days, it is pretty hard to tell one BPO or outsourcing provider from another. Most of the services look the same. The only difference appears to be price. The best chance a provider has from standing out of the pack is by offering value added services.

Getting the most out of an outsourcing relationship is about getting more than just what a client needs at the right price.

Organisations change over time and its business needs are likely change throughout the duration of the outsourcing and BPO contract[5]. A truly flexible provider can adapt to continue delivering a quality service. Value-added services will enable the right provider to help in additional areas should a client need it in the future.

Tawfik asserts, “Value-added services can become more important to a client than the actual delivery of a service. What do I mean? For example, a BPO provider giving a client high quality insights into their customers as a value-add can be more valuable than the service delivered.”

“Providers that can prove to clients they have know-how that can help differentiate a client in the marketplace should be highly considered since this type of value-add has the potential to increase overall profitability and market share”, adds Tawfik.

They must be profitable

According to Gartner BPO providers are carrying unprofitable contract portfolios, largely stemming from too-much, too-soon pursuit of deals, without much thought as to how to transition them to a profitable state of ongoing operations[6].

Selection and evaluation teams should gain insight into the profitability of prospective providers and the sort of deals they are handling. Most vendors will be reluctant to share this information. However, those vendors who will stand-the-test-of-time understand that being open about profitability can limit long-term risk to both parties.

Can they adequately cope with the workload?

Handling multiple deals at once is a necessity in outsourcing. Buyers need to know that a vendor can successfully cater to the needs of more than one customer. A lack of recent new business activity can indicate that a vendor is choking on a backlog of business.

The loss of a major customer can be a leading indicator of trouble, especially if the remaining portfolio of business is small. Make sure you do your due diligence on potential providers, speak to current clients to understand how committed they are to the vendor and their experiences in dealing with them.

Joe Tawfik advises, “due diligence needs to go beyond the quantifiable and ensure the people leading it are properly evaluated. During the due diligence companies should speak to low level staff to understand how they are treated and how they feel working for the company”.

“A proper evaluation of the employee engagement levels will help identify whether the BPO provide is capable of delivering the service levels promised in the proposal”.

When evaluating the people you are dealing with assess their leadership capability. The vendor’s leadership capability is needed to identify, communicate, and deliver the performance required to achieve future and present success – for both the client and the provider.

[1] <http://www.thechiefexecutive.com/features/featurebpo-strategy-cio-sourcing-business-managers-market-kpo-intelligence-cloud-solutions>

[2] <http://techsource.datacom.com.au/TechKnowledge/bid/133681/5-Pitfalls-of-Outsourcing-to-the-Wrong-BPO-Provider>

[3] <http://www.theoutsourcing-guide.com/wp-content/themes/directorypress/thumbs/Whitepaper-8-Key-Factors-to-consider-when-choosing-a-Contact-Centre-Outsourcer.pdf>.

[4] http://www.kpmg.com.au/Portals/0/rasita_strategic-evolution200701.pdf

[5] <http://techsource.datacom.com.au/TechKnowledge/bid/133681/5-Pitfalls-of-Outsourcing-to-the-Wrong-BPO-Provider>

[6] <http://www.slideshare.net/stevesugulas/analysts-identifies-six-key-warning-signs-when-evaluating-bpo-vendors>