

Maximizing the Value of Your Outsourcing Engagement: Ten Keys to Achieving Peak BPO Partnership Performance

OUTSOURCING A KEY BUSINESS FUNCTION IS, AT LEAST INITIALLY, A FUNCTION OF TRUST.

Your organization has built its own processes, policies, and procedures, recruited and trained staff, and invested in tools and technologies. Ultimately, you've come to rely on your own solution for that business function – whether it is IT, customer care, finance and accounting, human resources, or another key support task.

Business process outsourcing (BPO) providers can provide a wealth of reference materials that all promise improved performance, lower operating costs, and minimal oversight. But separating the promises from the results is a challenging task for anyone – whether you're a veteran of a dozen outsourcing engagements or beginning to evaluate providers for your first one. Achieving modest success can be easy for experienced BPO service buyers – but are you sure that your engagements are operating at peak efficiency? TeleTech's service delivery professionals bring their experience to the table in this quick checklist, offering ten keys to maximizing the value of your BPO contract.

I. PREPARE YOUR OWN DEFINITION OF SUCCESS FOR AN OUTSOURCING ENGAGEMENT

BPO providers are always glad to provide you with one, usually using simple metrics and easily-obtained performance data to make their case. But outsourcing is a partnership that should lead to success for your entire business – not just a few metrics on a functional dashboard. So don't be afraid to prepare your own definition of success for an outsourcing agreement – or to develop it in your own terms. A success definition will likely include components of cost reduction or workflow optimization, but it can also include other factors, such as improvement in customer loyalty or rapid, error-free launch. At TeleTech, we measure our success as a partner by the progress we make toward your goals – and often, we have ideas we can contribute to give you a clearer picture of that progress.

2. CHOOSE A PARTNER WITH MULTIPLE STRENGTHS – NOT JUST ONE

Even for 'best-of-breed' buyers, identifying a partner who can provide best-of-breed service in several operating areas saves time and consolidates the expense of relationship and contract management. Often, companies with several mature BPO offerings can offer a better value when engaging a package of services, as well as the benefits of economies of scale – like TeleTech

offers with customer management and human capital management services. The key word there, however, is mature. Companies claiming specific BPO services should be able to provide references, case studies, and success stories – not just bullet points in a brochure.

3. BUY LONG-TERM VALUE – NOT JUST COST-CUTTING

Any outsourcing firm can sell expense reduction. Look for a partner who understands how value can be created in an outsourced environment, too. Oftentimes, the ‘hidden costs’ of draconian cost-slashing are more significant than improvements in surface-level metrics. A good example is in TeleTech’s experience with outsourced customer care, where we’ve avoided simply slashing the top-level metric ‘cost-to-serve’ – since this can result in dissatisfied customers and increasing churn. Given that it’s more expensive to acquire a new customer than keep an existing one, churn costs can quickly outstrip perceived savings. TeleTech engagements focus on growing the value of your customer interactions, not just reducing their cost.

4. LOOK FOR AN INTELLIGENT OFFSHORING MODEL

Just five years ago, India was considered the next ‘final destination’ for BPO services related to every business function, and companies large and small were clamoring for India solutions. But India has proved to be less than ideal for voice solutions, and many blue-chip firms have either reduced the scale of their India voice operations or left India entirely. The moral of the story? Top-line labor cost advantages can swiftly become costly organizational problems if offshoring is done haphazardly. Instead, look for BPO partners with an intelligent offshoring model that precisely balances quality, stability, and cost. Our strategy at TeleTech has focused on quality first – cost savings second. That’s why our voice service geographies consistently outperform those of the competition.

5. SELECT A PARTNER WITH A LONG PARTNERSHIP ‘RUNWAY’

‘Being the ‘big account’ at a small BPO provider can be an enjoyable experience for a short time; you are the primary focus of the provider’s sales and operations unit, and you’re usually very well taken care of. But as your organization grows, globalizes, and diversifies, you’ll often find that the ‘big account’ treatment is not worth the operational headaches involved. Instead, consider a provider who treats every client – not just the ‘big account’ – as a strategic account and has the ‘runway’ to grow with you. At TeleTech, we’ve built the largest, most reliable global network of service delivery capabilities in the industry. You can engage TeleTech with confidence that you won’t outgrow our capacity.

6. WORK WITH COLLABORATORS, NOT JUST SERVICE PROVIDERS

The best BPO firms want to understand more than just your immediate goals for a particular business function; they want to become part of the bigger picture – a collaborative partner. Look for firms who are comfortable discussing your long-term strategy and how their outsourcing capabilities speak to that strategy. In addition, it’s important to gauge each provider’s comfort

level in working within a business process network (BPN) – a group of providers, clients, partners, and subsidiaries within which the provider will be expected to play a complex role. We've made the BPN concept a foundational piece of our engagement strategy. Your TeleTech project team has experience working hand-in-hand with client organizations as well as your other business partners.

7. SHARE RISK – AND GAIN – WITH YOUR BPO PARTNER

Risk-sharing is a common request of BPO/ITO providers, but gain-sharing is a more effective lever for achieving real results. Risk-sharing by itself incentivizes defensive thinking by providers – ‘how can I avoid losing margin?’ Gain-sharing in conjunction with risk-sharing incentivizes offensive thinking – ‘how can I max my goals?’ The best BPO providers will ask to share upside. The worst will refuse to share risk. Choose a provider, such as TeleTech, who is comfortable having these discussions – and investing in your success with risk- and gain-sharing agreements.

8. MANAGE YOUR ENGAGEMENT

BPO and ITO projects aren't ‘hire and forget’ purchases. You aren't buying an outcome; you're buying a project that's managed by a third party. Treat engagements like you would any other major project in your company. If you use a defined project management system, like Cornell or Scrum, discuss that with your provider and ask to use the technique. Define the target metrics and timeline to achieve them. Use this as the basis for your contract and SLA. Appoint the same personnel structure to manage a BPO engagement that you would use for an internal project; ask your partner to mirror it at their end. Your TeleTech engagement team is comfortable with a variety of project management and service delivery models, and we're happy to put your system to work in an outsourcing project.

9. MAKE SURE YOUR INDUSTRY IS A FOCUS INDUSTRY FOR A PROSPECTIVE BPO PARTNER

Being the first healthcare client for a BPO provider, or the first airline client, can be a recipe for disaster. But all too often, outsourcing firms use a generic ‘laundry list’ of industries and vertical markets served in their promotional material and RFP response, despite having a heavy reliance on one or two verticals and no more than token domain knowledge in others. Companies who depend on a single industry for more than half of their revenues are likely to be overspecialized in that sector at the expense of others. TeleTech, on the other hand, has made a point of developing a rich experience base, and deep domain knowledge, in a broad spectrum of industries and markets. Count on us to understand your issues, speak your language, and address your specific needs.

10. LOOK FOR A PROVIDER WHO PRODUCTIZES ITS KNOWLEDGE

The top tier of BPO providers do more than establish leading-edge tools for managing their own operations; they productize those tools and make them available to clients. During your

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factfinding process in assessing different providers, look at the degree to which they use their own expertise and technology to solve problems in relation to their own outsourcing of key functions. Companies involved in large-scale management of human capital, for example, tend to build their own expertise in that area and apply it to gain scale benefits, rather than outsourcing the recruiting and hiring process to a third party. At TeleTech, we build our own tools and make them available for our clients' use – from human capital management to disaster recovery to e-learning to data transport.

TeleTech's engagement professionals use these concepts, and many more, with our clients to achieve peak performance in their projects. At TeleTech, we don't approach BPO from the perspective of selling services; we approach BPO from the perspective of establishing long-term, collaborative business partnerships. That's why we've built a global service delivery platform from the ground up to meet our clients' needs today – and well into the future.