

Business process outsourcing can yield tremendous benefits, including cost savings and the ability to support company growth, but only if the transition is handled carefully. Experts say companies must consider eight key questions if they want to improve their odds of BPO success.

Business process outsourcing is a large and growing industry. According to [IBISWorld](#), BPO grew at an average rate of 4% between 2010 and 2015, and it now generates approximately \$136 billion in revenue per year.



Many large enterprises in a variety of industries choose to outsource their call centers, help desks, or other business processes because they are

attracted by a number of potential benefits. First and foremost, outsourcing offers the opportunity for cost savings. It can also result in improved scalability, greater efficiency, and improved customer satisfaction.

The stage is set for success or failure long before the contracts are signed.

However, business process outsourcing projects sometimes fall short of their intended goals. In fact, some experts [estimate](#) that one quarter to one half of outsourcing deals are perceived as failures. These projects may not achieve the cost savings targets that organizations had anticipated or may fail to reach other objectives.

How can organizations prevent these sorts of outsourcing missteps?

In most cases, the stage is set for success or

failure long before the contracts are signed. Experts say that organizations should consider eight key questions early in the process of hiring an outsourcing partner if they want to increase their odds for success.

1 Have You Defined Your Current State?

Before companies can establish goals for a business process outsourcing project, they need to have a solid understanding of their strengths and weaknesses. Business leaders should ask themselves what things their companies are doing well and where they have room for improvement.

It isn't enough to go on "gut feel" when answering these questions; you need to have solid data to back up any assertions you make. For example, if you think current wait times at your customer call center are too long, you need to have supporting data about wait times and



the number of dropped calls.

Because so many outsourcing projects have cost savings as a goal, it's particularly important that companies collect comprehensive data about current expenses. This data will give you a baseline that you can later use to judge your business process outsourcing project.

2 Have You Outlined Your Goals?

Once you have identified which processes are candidates for outsourcing, you need to establish clear goals for the project. Everyone involved—at the client firm and the outsourcer—needs to understand whether your goals are to reduce costs, to support growth, to increase efficiency, to improve service, or a combination of those. If one group thinks the primary goal is to reduce costs while another group thinks the primary goal is to improve customer service, they could end up pulling in opposite directions, which could lead to trouble.

In addition to agreeing on goals, you'll need to establish a timeline and metrics for judging progress. Key performance indicators and deadlines should be defined in writing and shared widely among those involved.

3 Are Key Stakeholders Involved?

No business process outsourcing project can succeed without executive support. C-level executives need to be involved early in the process—ideally in the planning stages when you are asking these eight critical questions. If the leaders don't understand why outsourcing is necessary or what you hope to accomplish, they probably won't provide the support and guidance the project will need over time.

No outsourcing project can succeed without C-level executive support.

In addition, any staffers who handle the business process that is being outsourced also need to be involved. Sometimes organizations don't want to discuss their outsourcing plans

with employees because they don't want to create morale problems. However, if existing key staff is not involved in establishing the parameters of the project, it will be difficult for leaders to set realistic project requirements.

4 Have You Anticipated Possible Objections?

Every organization includes people who don't like the idea of outsourcing. The best way to deal with potential objections is to anticipate them and prepare answers. The most common objections to business process outsourcing include concerns about management, accountability, and the quality of services provided. So when you are establishing your project requirements, be sure to build in solid oversight that will address management concerns, as well as establish metrics that will

help with accountability and oversight.

When dealing with objections, emotions may run high. If you find yourself in this situation, use numbers and facts to address concerns. If you don't deal with these feelings in advance, you may find that someone who objects to outsourcing fails to support the project—or even actively works against it—later on.

5 Can Your Vendor Meet Your Technical and Skills Requirements?

As you begin the process of meeting with potential suppliers, make sure that any vendor you consider can meet the requirements that you identified in your meetings with key stakeholders. Some of these requirements may be very technical in nature; for example, you'll want to make sure the vendor can meet any telephony, networking, or IT needs. In addition, make sure it has the geographical coverage you



need and adequate staff who can speak the languages spoken by your customers and/or employees.

In addition, you'll need to choose a vendor whose strengths line up with your goals. Does it frequently work with organizations about your size or in your particular industry? Does it excel at providing low-cost services or providing high-quality service? It can be easy to assume that all

outsourcing providers are the same, but they aren't. A vendor that may be a good fit for one company may not be a good fit for another.

6 Is the Vendor a Good Cultural Fit?

Speaking of a good fit, you'll also need to assess the culture of the outsourcing vendor and whether it aligns well with your organization. This can be more difficult to define and assess, but it is just as important as skills and technology, if not more so.

Ask about the vendor's mission, vision, and corporate values and consider how well they match up to your company's. If possible, meet and talk with the staff members who will be handling your BPO project to see how they work. You're looking for a partner that will be a true extension of your organization, not just a low-cost provider.

A big part of the process of achieving a good

cultural fit occurs during the transition phase. If you can spend time educating the vendor staff about your business, you'll help lay the groundwork for a successful outsourcing relationship.

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7 Have You Established Good Lines of Communication?

Experts say three "C's" are key to outsourcing success: communication, cooperation, and continuity. When you begin having discussions with an outsourcing vendor, you should be able to meet and talk with the individuals who will oversee the project and provide your primary point of contact. As talks move forward, evaluate how well you are able to communicate and



cooperate with these individuals because these lines of communication will be critical later on.

It's also a good idea to schedule regular meetings with your vendor weekly, monthly, and quarterly. These meetings provide an opportunity for both parties to check in and discuss things that are going well and things that need improvement. It's also an opportunity to

establish or modify goals to ensure continuous improvement.

8 Do You Have a Clear and Concise Transition Plan?

You've heard that a first impression can make or break a relationship, and that's particularly true for outsourcing relationships. The impression that the vendor makes during the transition process has a huge impact on the overall success or failure of the project.

As an outsourcing client, there are a few things you can do to help this process go more smoothly. First, make sure your vendor will have key individuals on site during the transition process. You should also create a detailed plan that ensures your customer service levels will not be affected.

Finally, you should involve human resources fairly early on to handle any concerns or issues

regarding your current staff and potential layoffs. Above all, employees need to feel that they are being treated fairly, or you could create morale problems.

Plan for BPO Success

The quality of your planning will have a big impact on whether or not your outsourcing project succeeds. Be sure to ask and answer these eight questions, or you could find that your outsourcing initiative doesn't achieve the levels of success you had hoped.

In addition, your vendor selection will have big consequences for your BPO project. Look for a vendor that is willing to get involved with you early in the process when you are still

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setting the requirements for the project. That offers you the best chance of finding a partner that will help you achieve your business goals. ■