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Get outsourcing right from the start

How to scope, plan and implement an
outsourcing project successfully



Introduction

The economic forecasts for late 2023 and 2024 look more stable, and predictions that the U.S. will go into recession are starting to crumble. But, U.S. talent shortages remain high. Given the meagre 0.2% prediction for annual labor force growth, employers in the U.S. will continue to face challenges. From the business process side, these workforce shortages will likely substantially impact customer services and back-office operations.

Many companies will consider outsourcing their customer service operations to deliver cost savings and provide access to a broader talent pool – but there will be concerns about maintaining excellent levels of service whilst doing so.

A recent survey by Deloitte suggests that cost reduction is a growing focus for businesses considering outsourcing after years of organizations concentrating on driving customer satisfaction or improved business efficiency. This is supported by the 2021 Global Outsourcing and Insourcing Survey, which suggests that an increasing number of companies will turn to outsourcing to drive down costs and address their continuing talent challenges in 2023.

Businesses could also consider the additional benefits of utilizing outsourced teams in different geographies. Over the years, many large businesses have looked to outsourcing providers to reduce their people costs but have frequently decided to move back in-house when they've not seen the benefits they expected. This is often because they've not done the necessary groundwork before starting the outsourcing process to ensure success.

To achieve a successful transformation, it's important not to underestimate the complexity of outsourcing your customer service, whether on or offshore. Putting the right plans in place upfront will help you select the perfect partner, transition your customer service operations seamlessly, deliver efficiencies for your business and improve service for your customers.

A lack of adequate planning could lead to customer service disasters which can cause lasting brand and financial damage. In this paper, we present the key elements for businesses to consider before starting the outsourcing or offshoring process in order to ensure success.





Putting the right plans in place and making sure your business case stacks up

The common assumption is that outsourcing saves money – but to achieve that aim you need to do your homework. Building the right business case is core to the success of the overall project.

First – are you clear on what you want to achieve? While cost savings are often a core driver for outsourcing or offshoring services, there are numerous other key factors to consider – you may be looking to transform processes or improve technology as part of the implementation, as well as gain access to talent or improve the service quality. It's vital that these are made clear upfront, at the tender stage, and not thrown into the mix later on, after you have completed the procurement process, because that will lead to a mismatch of expectations and, ultimately, project failure.

Once the benefits you want to achieve are outlined, the next step is to understand the costs of the implementation. This will ensure that you have the budget to realize the value in your business case. A project of any significant scale will always incur costs – you need to make sure these are balanced against the benefits and that the resources are allocated accordingly.

Setting up an internal project team is vital – have you got the right people in the right place to manage the transition?

Now is the time to engage existing delivery agents, as well as representatives from finance, IT and internal (and external) comms. This team must work closely with your chosen partner to build the plan to ensure a seamless transition of service.

Being clear on your objectives and Key Performance Indicators (KPI's)

Before you start, the business needs clarity on the expected outcomes and targets of the project – and that key stakeholders are all in agreement. Rank outcomes in order of priority – what is most important for the project to achieve, and which objectives are not so critical to success? Deloitte encourages businesses to constantly assess progress against these objectives over the course of what is often a lengthy implementation – to ensure that the final product meets the original targets.

As well as being clear on what you want the project to achieve, you need to define your current standards to benchmark future performance.

What do you currently measure and why? Evaluate all of your current measures – are they giving you what you need? For example, many companies measure Net Promoter Score (NPS), but for some businesses, this might not be appropriate. Examining your customer satisfaction measures now can deliver additional value further down the line.

There are several basic measures that you will already be managing, for example:

- Call handling times
- Waiting times or speed of call answering
- First contact resolution

Be clear on what your expectations are upfront, and set robust Service Level Agreements (SLAs), as well as document what the penalties are for missing them. But penalties have to be used appropriately – non-critical SLAs should be treated in a different way to those that have a direct impact on the business.

Now that you have your benchmarks set, just how visible are they to your business? It's vital that the right people in the business have sight of relevant metrics in appropriate timeframes so that your teams know that they are delivering against expectations. Have you documented what reporting tools you are using?

All of this information will be vital for your new partner to understand how to set their SLAs and associated structures. They may also be able to suggest improvements or new and innovative tools to improve reporting based on their experiences with other clients.

Having all this documented and benchmarked is particularly important when you are working with outsourcing teams to provide clarity and define expectation.



Setting up an effective governance structure

Once your partner is clear on what your expectations are through SLAs and KPIs, you need to set in place a robust governance structure. It's critical that responsibilities are clearly outlined, that roles are mapped between you and your partner organization, and that transparent escalation processes are in place for issue resolution. Mapping roles ensures peer-to-peer relationships are built at all levels, which allows for easier escalation and faster issue resolution. Importantly, opportunities for improvement can be openly discussed and shared between parties.

Effective governance meeting checklist

- Schedule regular milestones and check-in meetings
- Set agendas and share the reporting ahead of time
- Both parties are aware of the expectations for the meetings
- Senior stakeholders engage in regular updates
- Information exchange pathways are accessible to everyone

At ADEC USA, we recommend scheduling informal individual & smaller group-based operational updates on a weekly basis, then more formal Monthly Reviews where the group can take a deeper dive into KPIs and overall reporting.

For more structured and strategic discussions, we take our clients through Quarterly Business Reviews, which help to set the future direction of the service, ensure alignment on key business goals and also present an opportunity to discuss business improvements. These quarterly reviews should involve senior stakeholders from both parties.



However, this is not a 'one-size-fits-all' approach, some organizations won't require this level of engagement, and more informal communication will suffice. As long as the right structures are in place to manage issue resolution and escalation, it's important that the review approach is tailored to the needs of the business.

Reporting forms a key part of these updates. During the onboarding process, share your existing internal reporting arrangements with your partner and discuss how they can continue or add improvements.

Many service providers will have structured dashboards to monitor service levels – you should work together to develop a solution that delivers the information you need in the timeframe your business requires. This will develop an effective feedback loop for operations and helps to keep governance on track, as well as allowing any issues to be quickly corrected through a root cause analysis.

Regulatory assurance

Often, the biggest stumbling block to successful offshoring is the requirements of regulations from different regions. Be clear about the standards your partner is required to achieve from the outset.

You should ensure that internal Compliance and Information Security teams are fully engaged from the start and ensure critical standards are unambiguous, which minimum standards are essential from go-live, and which standards can be achieved as part of the implementation process.

In the US, organizations need to be mindful of the financial reporting requirements of the Sarbanes-Oxley Act, as well as the requirements of the Health Insurance Portability and Accountability Act (HIPAA) which impacts how Protected Health Information (PHI) is shared. As part of the procurement process, you could also consider whether you need standards such as ISO 270001 certification for information security are needed.

Ensuring compliance shouldn't be left to the outsourcer – both businesses need to work together to ensure that data is protected, available and secure. Organizations need to collaboratively build and maintain systems and processes that are fully compliant with the relevant legislation and the different regional reporting requirements. A key part of this includes documenting the roles of the Data Controller and Data Processor, defining the data that will be shared, and mapping out how it will be processed.

Developing a training plan

Training must not be left to chance. This applies equally to any outsourced arrangement – whether off or onshore and you should work together with your outsource partner to agree on a detailed Instructional Design Document (IDD) which gives clear instructions on how the training will be delivered, in line with your own Standard Operation Procedures (SOP's). Regular 'Train the Trainer' courses can be implemented to check that trainers are clear on the training they are delivering and that they themselves should be frequently evaluated to ensure the quality of the program they are delivering is maintained.

Here at ADEC USA, all training material is reviewed every 6 months to ensure accuracy and that it meets the requirements of the client - and new trainers shadow experienced instructors before delivering sessions to ensure that they have the necessary skills. Trainers are reviewed every 6 months and offered feedback to ensure that they are meeting the required standards, with coaching provided if necessary. When programs are updated in any significant way, training delivery partners undertake upskilling to ensure they are up to date with the latest requirements.

When training offshore teams, having someone from your organization onsite offshore during the training process can bridge the cultural gap. Whilst most offshoring organizations are familiar with cultural expectations from a wide range of different countries, having a representative within the team from the start will flag any gaps and ensure training is tailored to the offshore team.

Training is also an opportunity for the outsource partner to understand the culture of your organization which is vital for delivering continuity of service for your customers. Ensuring that company culture awareness is integrated into training will help your new partners become a seamless part of the team.

Giving your learning and development function visibility of operations provides a clear understanding of how training is implemented and whether other cultural nuances need to be incorporated – for example, around hierarchies within teams and how they work. Understanding how team members might seek help or support on issues – whether customer, training or personal – can help you build the right training structures.

And it's vital that training is not a 'once and done' approach – there needs to be regular quality sampling as well as calibration sessions to ensure alignment. Do this alongside the reporting and KPI process to ensure that service levels are not dropping, that new team members are receiving the same level of onboarding and that training remains consistent. Coaching and regular briefings will contribute towards ensuring an engaged team and a continuous learning environment.



Communication is key

There are widely documented examples of outsourcing programs facing challenges. Often, the primary cause is a lack of communication or, more frequently, the wrong type of communication. Often verbal communication is needed. This is particularly important for programs that involve offshoring. Here cultural differences need to be considered, as well as the impacts of different time zones. All of this needs to be reflected in the communications programme design, which is why bringing communications professionals into the project team at an early stage is important.

An outsourcing journey should be treated like any major change management program – both within the organization and with the outsourcing partner. Change is challenging, but ensuring everyone involved in the project is communicated openly, honestly and in a timely manner can make the transition much more straightforward and avoid issues that may impact the company's reputation. By defining the outsourcing project as a strategic initiative from the outset, your team will recognize the importance you are placing on its successful delivery.

Conclusion

There are many common factors between an onshore or offshore outsourcing project to be considered before you begin the procurement process.

Top factors to consider before onshoring and offshoring:

- Put in place the right transition team
- Be clear on expectations
- Document processes, procedures, and operating models
- Define SLAs and KPIs



When offshoring, alongside differences in culture and communication styles, there is the added complexity of different time zones and physical distance between teams to consider.

You need to ensure your processes are move ready and may need to start small and build upon initial successes to help you to bring key stakeholders with you on the journey.

Put in the groundwork upfront, ensure that you are clear on your objectives around the project and have assessed the risks. Make sure your team, both inside your organization and within your partner outsourcer, are fully engaged. With all of this in place – your project will be set for success.



About ADEC USA

ADEC USA delivers services and solutions as part of ADEC Workforce. Leveraging over 30 years of group experience, we deliver industry-leading business process outsourcing (BPO), data processing, document management and data assurance solutions.

We help organizations across industries – education, healthcare, manufacturing, logistics, legal, mortgage, banking & finance and more – streamline operations and manage costs effectively.

Whether you are looking for back-office solutions, customer care, finance and accounting support or to outsource a specific process, ADEC USA can deliver personalized solution you need onshore and offshore.

Our services are underpinned by impact sourcing initiatives, creating employment for disadvantaged individuals in the USA and globally.

Explore how our outsourcing solutions can help you achieve operational efficiencies. Contact us:



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