

How to Outsource Business Processes

Cutting hair is a tricky thing. I know many people who wouldn't trust just anybody to take a pair of scissors to their head.

If that's true for you, it could explain why you probably frequent the same stylist. You built a relationship with that person and you know you'll always get the look you want. Initially price may have been a factor, but results based on experience are likely the key to your long-term selection.

When it comes to business process outsourcing (BPO), the same applies. You need to be careful to pick your partners based on their track record of performance and your needs.

Let me explain by drawing a parallel to the electronics manufacturing services (EMS) business. I've been in this business a long time, and the BPO industry today looks very similar to where EMS was 10 years ago.

In the early days of EMS, the model was rather innovative—allowing OEMs to outsource non-core functions like volume production to firms dedicated to manufacturing. The success of the model attracted a lot of competitors—many of them with little expertise. If an EMS provider claimed to perform a feat once, suddenly they were advertising themselves as an expert in the service.

Fortunately, in the mid-1990s the EMS industry began to alter its value proposition focused on business outcomes, and BPO firms are beginning to do the same.

Before you hire a BPO provider, you need to determine your readiness for outsourcing.

- Will a certain function currently in-sourced better serve my customers, shareholders and employees if it's outsourced? If so, outsource it.
- Is my business ready to outsource? If the infrastructure (people, processes, procedures) is not in place to support an outsourcing model, get your house in order before outsourcing.
- Is the executive team on board? Moving forward with an outsourcing relationship without the full support from senior executives won't succeed.

If you have these pieces figured out, the next step requires creating a strategic roadmap for success supported with clear goals and responsibilities. Once you've mapped out the business strategy for outsourcing you will be in a position to identify the right partner to achieve your goals—one with proven expertise to deliver results.

When looking for a BPO partner, think of it like hiring an employee. You hire based on competence, not price. Certainly price—or salary—is a consideration but a candidate's ability to generate such results and who has the ability to grow and develop are paramount. Three other suggestions:

- Hire based on a long-term commitment. You don't hire with the intent of firing.

- Hire those with the right attributes and potential. With mutual investment from both parties, their value will only increase.
- Have a roadmap with a long term view of how to develop over time.

Apply the same filter in choosing a BPO partner as you do when choosing a hair stylist. Know your particular needs and the result you want in your new 'do' and find someone with the ability to deliver. Next, establish metrics for achievement and make adjustments needed. Stay involved, and by all means let the stylist do the job. In the end, you'll both be happier.

By Perry Mulligan