

Xayce



Point of View

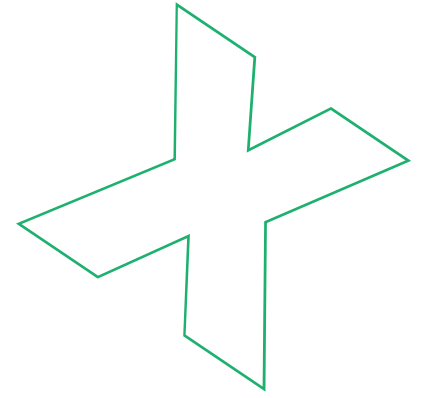
The Road To Transition

How to deliver on your
BPO objectives



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How to deliver on your BPO objectives



Throughout the ongoing trend of cost reduction, performance improvement and focus on core competencies, business process outsourcing (BPO) has emerged as a key tool to fulfill these business objectives.

Outsourcing, whether onshore or offshore, allows organisations to relinquish primary control of non-core processes and focus on strategic activities central to their core business.

The end-to-end BPO process encompasses a number of distinct phases:

- Strategy Definition
- Project Definition and Business Case Development
- Partner Selection
- Negotiation and Setup
- Transition Management
- Operational Stabilisation
- Contract Management and Enhancement

Cost efficiencies, process improvements and enhanced service levels can all be accomplished in outsourcing engagements, but the degree of success is highly dependent on the success of the transition from the legacy state to the future business model.

The complexity of the outsourcing transition process can be off-putting for many companies and it is not an arena where enthusiasm can adequately compensate for inexperience.

The end-to-end BPO process is a complicated one and it is wrong to assume that the majority of the hard work has been completed once a suitable outsourcer has been selected and service contract signed.

This is only the beginning.

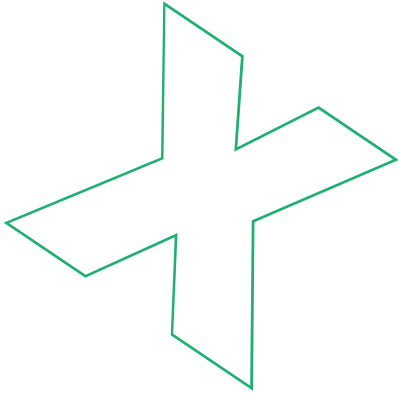




Next comes the tricky problem of moving from where you are today to where you want to be tomorrow and this is where transition management comes to the fore.

Competent, diligent and proven transition management practices are at the core of any successful outsourcing arrangement.

This Point of View highlights important areas for consideration when transitioning business processes to outsourcing providers, and, in suggesting a framework for dealing with the complex issues of transition management, helps de-mystify and clarify the process for those who are either considering or are about to embark upon an outsourcing arrangement.



Transition Framework

The activities within the transition framework can be split according to two main categories:

1. Governance Activities
2. Implementation Activities

Governance Activities

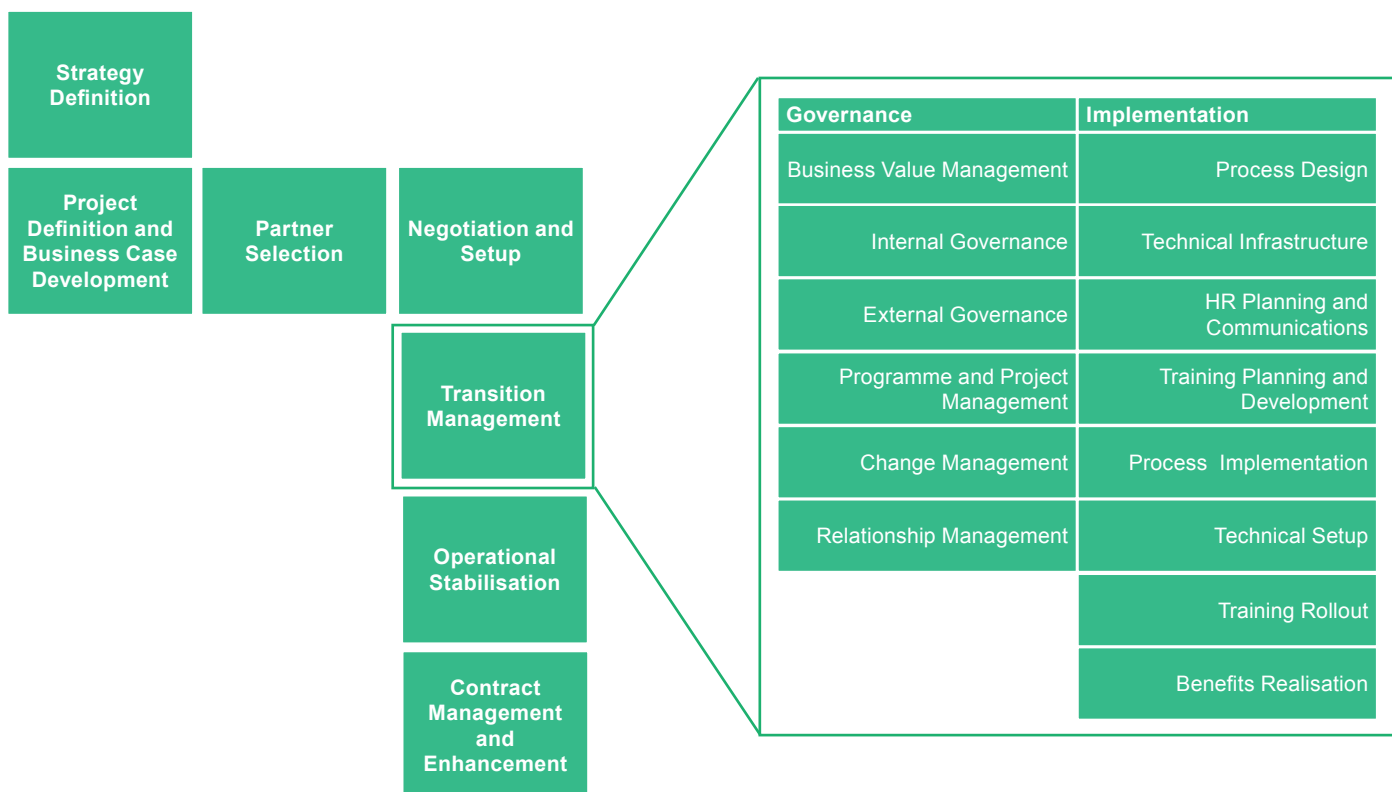
The importance of project control cannot be underestimated. The transition of processes from one area of the business to a third party outsourcer presents many risks to the continued smooth running of business as usual activities.

Therefore, particular care must be taken with regard to the control and progress measurement elements of the transition. Key governance activities include:

- **Business Value Management**
Defining the framework for measuring and monitoring the outsourcing transition against key financial and other business success metrics.

Ensuring that the Return-On-Investment (ROI) remains worthwhile throughout the transition and the length of the outsourcing arrangement.
- **Internal Governance**
Identification of accountable business executives and formation of the project steering committee.
- **External Governance**
Interaction with regulatory bodies as appropriate
- **Programme & Project Management**
Delivery and control of the project, organisation of resources and schedules and monitoring against the transition strategy and project implementation plan.
- **Change Management**
Alignment of culture and behaviours of the organisation to best adopt new systems, processes and organisational models.
- **Relationship Management**
Ensuring the existence of mutually rewarding relationships between all parties involved in the outsourcing arrangement; end customer, outsourcer and other third party service providers.

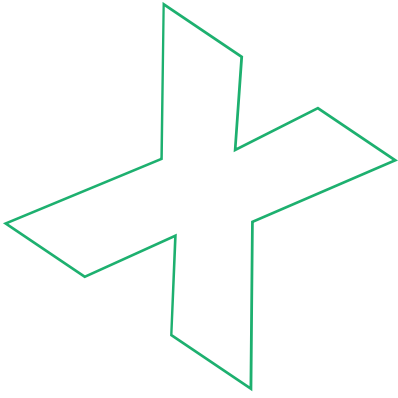




Implementation Activities

These are the activities which focus on the transfer of the relevant business processes to the outsourcer. Key implementation activities include:

- Process Design**
 Documentation of legacy “as is” processes and design of the future state “to be” processes. Central to the “to be” process definition will be the extent to which elements of the process are split according to the onshore/offshore operating model.
- Technical Infrastructure**
 Review and analysis of existing infrastructure as well as definition of how future offshore process elements will be technically underpinned.
- HR Planning and Communications**
 A key activity is understanding staff numbers transferring and the resultant TUPE (Transfer of Undertakings - Protection of Employment), union, recruitment and redundancy impacts. Existing job profiles and skills will also be reviewed along with a definition of the “to be” job roles.
- Training Planning and Development**
 Once the offshore process impacts are understood a training strategy and implementation plan need to be devised. Training delivery materials also need to be developed.
- Process Implementation**
 Building and enhancement of both new and existing systems, processes and organisational structures. Definition and management of business acceptance testing, team training, facilitate migration and final handover to outsourcing provider. Post go-live support and management.
- Technical Setup**
 Implementation and operational switchover to future state technical environment. Will include network connectivity, PC setup and configuration, software setup, etc.
- Training Rollout**
 End user training delivery, evaluation and enhancement.
- Benefits Realisation**
 Operational stabilisation and evaluation using KPIs defined during the business case definition phase.



In Summary

There is no doubting that BPO offers the opportunity for many organisations to reap significant financial and operational performance advantages.

However, the path you need to navigate is not straightforward and should not be entered into without the appropriate support and expert guidance.

With this in mind, there are a number of messages of particular importance that will help ensure a smooth transition.

1. Don't attempt the journey alone unless you have prior experience – seek external help and be comfortable with their credentials i.e. is there evidence that they have actually done this before or have they merely put together strategy papers.
2. Ensure that everyone is heading to the same destination through appropriate change and relationship management activities.
3. Use a robust and proven transition framework.
4. Develop an implementation plan and roadmap.
5. Ensure that everyone has a copy of and understands the roadmap including the part they will play in its delivery.
6. A roadmap is of no use if it is not followed – you need strong, yet pragmatic, project governance.
7. Don't lose sight of the benefits – regularly check and validate otherwise you cannot determine success.



Point of View Series

This white paper is one of a regular series of Points of View on business process outsourcing and other leadership topics. Xayce (www.xayce.com) is a business and technology consultancy that specialises in helping its clients transform their back office operations.

The views and opinions expressed in this article are meant to stimulate thought and discussion. As each business has unique requirements and objectives, these ideas should not be viewed as professional advice with respect to your business.

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