

# How to start your own offshore team

An informative initiative by IndaPoint Technologies

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# INTRODUCTION TO OUTSOURCING

## What is Outsourcing and How Does it Work?

Outsourcing is a commercial technique in which a corporation contracts a third party to complete work, manage operations, or deliver services on its behalf.

An outside company, also known as a service provider or third-party provider, arranges for its own people or computer systems to conduct the tasks or services on-site at the hiring company's facilities or at off-site locations.

A variety of duties and services can now be outsourced by businesses. They frequently outsource IT services, including programming and application development, as well as technical support. Customer service and call centre tasks are routinely outsourced. Other sorts of work, such as industrial operations, human resources duties, and financial services like bookkeeping and payroll processing, can all be outsourced. Companies can outsource entire divisions or just sections of a department, such as their IT department.

It is critical for a corporation to focus on the business partnership as much as the logistics when outsourcing responsibilities. Outsourcing is a partnership, not a purchase project, and it is more about managing relationships than service-level agreements. Maintaining and securing a trusted connection is more difficult than establishing service levels and partnerships in outsourcing attempts.

Some experts advise putting special emphasis on a service contract's exit provision. It is critical for businesses to understand when a contractual arrangement will inevitably expire, and to guarantee that all parties involved complete their commitments and stay until the contract expires.

### **Reasons for Outsourcing**

Outsourcing is frequently used by businesses to reduce costs, increase efficiency, and increase speed. Companies who choose to outsource rely on the skill of third-party suppliers to perform the outsourced work in order to reap these benefits. The core concept is that because the third-party supplier specialises in that work, it can complete it better, faster, and for less money than the hiring, the firm could.

Given these advantages, firms frequently choose to outsource supporting tasks so that they may concentrate their resources on their core strengths, allowing them to achieve a competitive advantage in the market.

### **Managed outsourcing services**

This service delivery model, often known as the "fully managed" or "conventional end-to-end" stang solution, allows you to outsource an entire function.

The outsourcing service provider will put together a hand-picked team of highly-skilled individuals for the specific company function you need to outsource. You'll be in charge of determining KPIs and SLAs, while their management team will oversee the day-to-day operations of your offshore staff. They'll make sure they're addressing your needs in order to help you reach your objectives.

If your organisation doesn't have the resources to keep a customer support workforce, for example, you might employ a call centre to address your customers' questions.

### **Staff Leasing Services**

StaffLeasing, often known as "co-managed" staffing, is a common choice among organisations these days. It provides you with complete command of your team's operations. Your outsourcing partner will oversee operations and send frequent reports, while you will manage and issue directives. In addition, the outsourced service provider will act as your support arm, handling non-core company functions such as recruitment, HR, IT, payroll, and other processes.

Imagine a remote team or staff who work from home to get a sense of how it operates. This service delivery approach is a good fit if your company is experiencing a talent or specialised skills scarcity. To make outsourcing work, you must treat it as a strategy that necessitates a disciplined approach, extensive planning and study, as well as sound judgement.

### **Staff Augmentation**

Staff augmentation is a valuable tool in every organization's armoury, but few people are aware of the various types of staff augmentation and how to select the best model. This outsourcing technique is for firms who require additional resources temporarily to supplement their in-house team's capabilities. Clients using this service typically only require a presence in the country and some back-end support, such as HR, payroll, and administrative responsibilities.

### **In-House Employees and Outsourced Team**

Software development is a major job, and organisations have been increasingly outsourcing their IT initiatives in recent years. Factors such as a high price-to-quality ratio, fewer hiring headaches, a shorter time to market, and so on the impact this selection. The alternative is to create software in-house.

### **Cost**

#### **In-House Employees**

According to the most recent information from the US Bureau of Labor Statistics, full-time American employees earned \$989 per week in the first quarter of 2021. The amount is still subject to change depending on a number of circumstances.

Men, for example, earn more on a weekly basis than women. The median weekly earnings of employees with at least a bachelor's degree are \$1,426. Race and ethnicity groupings, age, occupational categories, and educational attainment are all taken into account.



### **Outsourced Team**

According to the most recent data, full-time Americans earn a median monthly salary of \$999.17\*. If you split this number by four weeks, you'll get a weekly salary of \$249.79. Based on the amount that has been converted. According to the original data, the average monthly salary is Php48,200. \$1 is equivalent to Php48.24 as of May 1, 2021.

## **Roles/ Job Functions**

### **In-House Employees**

Certain responsibilities, particularly those that are critical to your core skills, must be preserved in-house at all costs. Executive positions, personnel training and development, strategy planning, and risk management are just a few examples.

### **Outsourced Team**

Hiring an outsourced staff for repetitive and non-core tasks, on the other hand, is more cost-effective in the long run. Aside from lower prices, a specialised organisation can devote more time and attention to these mundane tasks, and you won't have to invest in more technology to keep it running. Customer service, data entry, lead generation, and IT services are all roles that should be considered outsourcing.

## **Management Control**

### **In-House Employees**

As the supervisor, you have complete control over your employees' duties, performance, and outcomes.

### **Outsourced Team**

You'll have to relinquish control over your outsourced workforce to some extent if not all. You can establish KPIs and communicate them to a key individual to ensure good performance. If you want to handle your outsourced workforce directly, you can also choose employee leasing, as previously discussed.

### **Service Quality**

#### **In-House Employees**

The quality of your service or product is determined by the competence of the people you hire, your employee development programmes, and your leadership abilities. It's critical to hire someone who fits not only the job description but also the corporate culture.

#### **Outsourced Team**

You'll need to discover a dependable outsourcing firm that can connect you with the correct skills, just like you'll need to find a reputable in-house organisation.

You may expect high-quality service from your outsourced staff as long as you make the appropriate decision when choosing a service provider.

### **Data Security and Confidentiality**

#### **In-House Employees**

Your IT department will be responsible for ensuring the security and confidentiality of your data.

#### **Outsourced Team**

Outsourcing raises worries about data security and confidentiality. However, you should be aware that many outsourcing organisations adhere to stringent data security standards to avoid data leaking.

### **Talent Availability**

#### **In-House Employees**

Do you have any employees who can fill this position? How simple or difficult is it to fill roles?

#### **Outsourced Team**

Another benefit of outsourcing is that you can find a service provider who provides the exact service you require. They will be in charge of the entire talent acquisition, hiring, and training process.

# WHAT ARE THE TYPES OF OUTSOURCING?

The growth of outsourcing has resulted in a vast range of services now offered. Though outsourcing was once unheard of, it now makes more sense than ever before in today's global economy. It's considerably easier for domestic enterprises to use outsourcing services based in other regions of the world, thanks to speedy lines of communication across borders.

Before you officially begin your outsourcing adventure, you must first decide where you will send the project. Cost is a major differentiator, as offshore outsourcing firms provide lower-cost services than their onshore equivalents. There are, however, additional factors to consider, such as the time zone difference, cultural differences, and talent availability.

If you plan to outsource multiple functions, it's also crucial to know whether you'll work with a single (single-sourced) or multiple (multi-sourced) outsourcing partner. Learn the differences between onshore and offshore outsourcing, as well as single-sourcing vs. multi-sourcing, in the sections below.

## Onshore outsourcing

Onshore outsourcing, sometimes known as "local outsourcing," is contracting out of work to enterprises in the same geographic region. Onshore outsourcing is exemplified by a New York-based firm that outsources its call centre activities to Texas.

## Offshore outsourcing

The activity of exporting jobs to another country is known as offshore outsourcing. A corporation situated in the United States, for example, might hire a data entry crew in the Philippines.



### Single sourcing

When you outsource a set of services to a single service provider for the duration of a contract, this is known as single sourcing. This arrangement facilitates the development and maintenance of a tight relationship with the provider. To reduce hazards, though, it's critical to choose a subcontractor carefully. To be more explicit, the supplier should meet expectations and objectives, supply outsourced services at a competitive price, and save money and innovate.

### Multi-sourcing

When you outsource different services to numerous service contractors, this is known as multi-sourcing. The key benefit of this model is that you can choose from a variety of specialist organisations to provide the specific service you require. Small and medium-sized firms will benefit the most from this structure.

# LIST OF COMMON SERVICES THAT ARE OUTSOURCED

We'll focus on the two types of outsourcing in this e-book:

Information Technology Outsourcing (ITO) and Business Process Outsourcing (BPO) are two different types of outsourcing (BPO).

## Information Technology Outsourcing (ITO)

- Technical and Desktop Support
- Help desk / Programming
- Application Development
- Network configuration and management
- Software as a Service (SaaS)
- Cloud computing
- Telecommunications

## Business Process Outsourcing (BPO)

Business process outsourcing is a simplified version of ITO that focuses on transactional procedures. The following are some of the most typically outsourced BPO services:

- Customer service
- Data entry
- Lead generation
- Telesales
- Accounting
- Payroll
- Human resources management
- Content
- Moderation
- Claims processing
- Mortgage processing

# HOW MUCH DOES OUTSOURCING COST?

Outsourcing costs are determined by a variety of factors, with compensation being just one of them. When "shopping around" for different vendors, consider the following points:

## Geographical Location

The labour force rate varies depending on the country or location. This is especially critical if you're outsourcing primarily to save money.

## Job title and skill level

The basic income is heavily influenced by the function (e.g., customer service representative, IT technician, graphic artist) and skill level (i.e., entry-level, experienced, expert).

## Hours of work

The number of hours spent on your project has a significant impact on the price. As a result, it's critical to figure out whether you'll require full-time or part-time personnel.

## Government-mandated employee benefits

Employee perks are usually determined by the laws in your chosen country.

## Size of the team

The bigger the number of people you require, the higher the expense.

### Service fees

This normally includes things like utility payments, taxes, and equipment.

You should also be on the lookout for any hidden fees or expenses so you can minimise or eliminate them. You can make better judgments on your outsourcing journey if you understand the cost structure. This ensures that you get the most out of your investment while minimising risk.

Furthermore, always remember that you get what you pay for. While it may be tempting to outsource to organisations that offer lower pricing, the quality of the service should always come first. Avoid falling for "too good to be true" offers, since they may end up hurting your business more than helping it. Before making any commitments, always examine the fair market price in a certain country.

# OUTSOURCING PRICING MODELS

## Fixed Price (FP) Model

A fee and schedule will be agreed upon by both parties. The regular rate will be billed on a monthly or annual basis and will include tools and workplace charges. It's perfect for small-to-medium-sized projects in public or non-profit organisations.

## Time and Material (T&M) Model

The T&M model is a popular choice among clients. You will only be charged for the time (hourly, daily, weekly, or monthly) spent on labour, supplies, and other costs associated with completing the work.

## Cost-Based Pricing

The pricing in this method is determined by the overall cost of the service being offered, plus a management fee. For large-scale outsourcing projects, this pricing approach is appropriate.

## Production-Based Price

This is for initiatives like article writing and video production that are simple to manage and measure. If you're not looking for long-term commitments, this is a good option because you'll only have to pay for the outputs\* that your selected service provider has created for you. The computation includes Staff's salary, hours worked, and service fees.

For complete transparency, request a price breakdown from your service provider.

### **Incentive-Based Model**

This strategy, which is frequently used in conjunction with standard pricing methods such as T&M and FP, provides bonuses, commissions, or incentives for fulfilling service level agreement goal targets (SLA). The major purpose of employing this strategy is to boost the outsourced team's performance and production. If you're outsourcing services with daily quotas, such as lead generation and sales, you can use this.

### **Shared Risk-Reward Model**

Instead of bonuses, you will share risks and developments with your service provider, as in the incentive-based model.

Note: While the information offered here is intended to assist you in making decisions, it is still preferable to speak directly with the business development officer/s of your shortlisted outsourcing businesses about outsourcing prices and pricing methods.



# SERVICE AND CONTRACT LENGTH

To determine the total cost of an outsourced service, it is necessary to identify both the service and the contract length. Here's a basic overview:

## Service Length

### Dedicated service

Each employee will provide 40 hours of focused service per week. The term "dedicated" refers to a person who will work only on your project. For high-volume projects or complex tasks, this is the best option.

### Shared service

You will receive fewer than 40 hours of service per week per employee, and the employee will be assigned to other tasks as well. If there isn't a lot of work to be done on the project, this is the best option.

If your company receives a modest amount of calls per day, for example, using a shared service strategy helps you to save more and get the most out of your money.

## Contract Length

### Short-term

For projects with short-term objectives that are constrained by budget and timeline (less than six months)

### Seasonal

For projects with seasonal/fluctuating demands.(For example, during the holiday rush, phone help)

### Long-term

Projects with long-term objectives (six to twelve months)

# KEY BENEFITS OF OUTSOURCING

The advantages of outsourcing vary depending on the situation. This is why it's critical to write down your requirements, goals, and objectives at the planning stage. As a result, you can create key performance indicators (KPIs) to use in monitoring the outcomes you want to attain.

Here are some of the most typical advantages of outsourcing:

## Increased cost savings

Outsourcing, particularly to an offshore location, allows you to save money on hiring, staff salaries, equipment, office space, and some tax requirements.

## Competitive Service Delivery

Outsourcing firms can provide high-quality services to clients because of their well-established procedures, exclusive concentration on specialised tasks, and consistent service quality monitoring.

## Easy access to specialist skills

Skills and employee shortages are resolved by outsourcing. All you have to do is set goals and expectations for your staff, as the service provider handles the entire process of recruiting, hiring, training, and talent management.

## High availability of essential resources

The outsourcing firm provides the necessary technology, equipment, office space, and administrative assistance.

## **Data security and confidentiality are ensured**

BPO firms follow strong data security protocols to ensure that your information is safe and secure.

## **Faster development speed**

Instead of establishing an in-house team from the ground up, outsourcing is a faster and more cost-effective way for startups and small enterprises to fill critical tasks.

## **Continuity of operations**

Business continuity plans (BCP) are in place at outsourcing organisations to ensure that your team is functioning even if there are disruptions.

More emphasis on the main business

Allowing non-core operations to go allows you to devote more time and energy to your company's most important initiatives.

# IS NOW THE RIGHT TIME TO HIRE A CONTRACTOR?

There is no "set" date for outsourcing to begin. However, the following are some of the indicators that it's appropriate to try this strategy:

- You need to decrease costs or you don't have enough money to keep an in-house team running.
- In your company, there exist skills or labour shortages.
- You or your workers are being overburdened with monotonous tasks.
- You must redirect your focus to areas that are vital to your business.
- You must scale up quickly due to the company's rapid growth.
- There is an unexpected increase in demand for a service or product (this is common with short-term outsourcing.)
- The quality of the service or product becomes unacceptable, resulting in a slew of client complaints.

On the other hand, you should not outsource your work if you can avoid it.

- Data security or confidentiality is under threat.
- The service is overly pricey, which defeats one of outsourcing's key goals.
- The employment is related to your core business (for example, management positions).
- You're in the midst of a massive reorganisation.

# OUTSOURCING AND ITS RISKS

## Why do businesses fail in outsourcing?

Everyone can outsource, but not everyone can make it a success story.

Even global corporations that outsourced to well-known service providers have suffered significant losses. Regardless of these circumstances, outsourcing has shown to be a viable solution for a variety of corporate demands. In reality, several of today's most successful startups, such as Slack and Alibaba, used outsourcing in their early stages.

Why do some businesses fail if it works? Outsourcing failures are frequently linked to a several issues, including those listed below:

### **Failure to assess real-world business requirements**

You may be unable to realise the full potential of outsourcing due to a lack of understanding of your company's true demands. While jumping on the outsourcing bandwagon may appear to be an appealing prospect, you must first examine your company's strengths and shortcomings. This manner, you'll be able to choose an outsourcing partner based on well-founded goals.

### **Planning that is ineffective**

Project failure is frequently caused by a lack of planning. Even with the best service provider, if there are no clear guidelines, you are less likely to get the outcomes you want. This is the most common reason why outsourcing fails for global corporations. To avoid a repeat of this misfortune, enlist the help of all important stakeholders in developing a good strategy.

### **Wrong choice of a service provider**

Entrusting a service to the wrong hands can lead to financial losses and data security breaches. It might also have an impact on your customers' perceptions of your brand. Make sure that cultural fit is a top priority. At the same time, look for a service provider who shares your values so you can collaborate on a common purpose.

### **Miscommunication**

It is frequently caused by a number of different issues that obstruct the effective transmission of information between the service provider and the client. One of the challenges is the language barrier, especially when both parties speak different languages. Insufficient documentation is another source of confusion. In this example, there are three possibilities:

1. The project's data is not adequately documented by the service provider.
2. The client is unconcerned with the service provider's reports,
3. Both parties are unconcerned about sufficient documentation.

Some clients remove information because it appears obvious, but the outsourcing provider is completely unaware of it. That is why it is critical to write a project brief in as much information as possible.

Lack of trust, openness, feedback, and questioning are all elements that affect communication. Keep in mind that effective communication is a joint obligation of the client and the service provider.



### **Conflicting interests**

Conflicting interests and cultures can also lead to failed outsourcing projects. To avoid this, it's critical to document all critical information in the service level agreement (SLA) so that you can provide concrete proof whenever a process or service request is questioned.

### **Mismatched expectations**

This happens when you and the service provider have different goals in mind, resulting in misplaced expectations. This can be avoided by preparing a comprehensive SLA. Before signing a contract, talk to your supplier about it and make sure you understand the terms and circumstances.

Once the project is up and running, be involved at every stage so you can stay up to date on its progress and fix any issues that arise.

### **Too much focus on cost-cutting**

Focusing solely on cost-cutting without taking into account the impact on employees, customers, and service quality has long-term negative consequences. While it is true that cutting operating expenses is an advantage of outsourcing, this does not mean going overboard. Choosing the cheapest option may not be the cheapest option at all, and it may even end up costing you more in the long run.

*So, what are your options?*

It's critical to investigate the normal labour market rate of your target country if you're going offshore. Too low-cost services are usually a warning sign, as there's no guarantee that the outsourcing firm has highly trained employees. Otherwise, they are denying their workers of fair wages, which could lead to dissatisfaction and poor performance.

# HOW TO AVOID THE MOST COMMON OUTSOURCING MISTAKES

## Creating goals and directions that are ambiguous

Misunderstanding is caused by an inability to articulate clear objectives. You might not notice the impact at first, but as the project proceeds, the misconception can spread to other aspects of your outsourcing job. After that, research your market. What can you do to meet their requirements? Knowing this allows you to set specific goals aimed at solving your clients' difficulties.

## Not conducting adequate research

Lack of research limits your understanding of potential hazards, the best sourcing process, and other critical information needed to succeed in outsourcing. You'll be more prone to errors if you have inadequate information.

Conduct rigorous internal research before going all in. Begin by evaluating your company. You can use the SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats) or other evaluation methods to see if outsourcing is right for you depending on your existing business situation. After that, research your market. What can you do to meet their requirements? Knowing this allows you to set specific goals aimed at solving your clients' difficulties.

Only when you've gathered all of the necessary information should you begin looking for a service provider. Examine their track records, services, security policies, specialisations, pricing models, and client feedback, among other things. This allows you to eliminate any personal biases or unfounded opinions, allowing you to make judgments based on objective facts.

### **Omitting the interviewing procedure**

Schedule a meeting (face-to-face, phone, or videoconferencing) with a business development officer or executive when interviewing candidates to ask questions that aren't answered by the accessible online resources. Use it as an opportunity to explain any ambiguous information you've come across during your study.

### **Accelerating the transition**

If you rush the project transfer to the service provider, you may miss important elements. It's critical to take your time throughout the transition stage to effectively pass on the information and practices. This stage also allows you to gain the provider's confidence, goodwill, and positive momentum. Assist your outsourcing partner in making the correct decisions.

### **Not establishing performance metrics**

Without metrics, you won't know how well your projects are progressing, and you won't have enough data to make informed decisions to determine its efficacy. A decent collection of measurements reveals the relationship's direction and allows you to keep track of it. It has command over its processes. Set up measurements based on your major objectives to see if your outsourcing partner is meeting them whether the targets were struck.

### **Neglecting your offshore team**

Your offshore crew remains a part of your organisation. Even if someone is in charge of managing and overseeing their performance, it's still important to connect with them. This will give them a sense of belonging, which will motivate them to work harder. Make them feel like they're a part of your company by sharing your goals, soliciting input, and staying in touch. You will not only strengthen your relationship with them, but they will also feel more attached to your company.

# OUTSOURCING'S BIGGEST PROBLEMS/RISKS AND HOW TO AVOID THEM

Optimism is when you outsource without taking any risks. It, like other business initiatives, pushes you to step outside of your comfort zone in pursuit of new chances and processes that will help you build your company. The way you deal with and manoeuvre around threats is what makes outsourcing successful. Knowing what dangers you'll face provides you with the advantage of being able to control them before they cause damage to your company.

## Loss of control

Outsourcing is about freeing up internal resources so you can focus more on your core goals, it's only logical that you'll lose some managerial authority over your outsourced staff. When you can no longer receive the results that your team produces, you should be concerned.

It is critical to have a key individual who will report directly to you. There should be a documented agreement at the start of the engagement that outlines the provider's responsibility to report on the project's status and development.

## Leakage of information

Outsourcing forces you to share sensitive information. However, there is a risk of data leakage, particularly when outsourcing to a country with lax data security rules. Sign a formal document like a non-disclosure agreement (NDA) before revealing confidential information to add another layer of security for your company.

### **Reputational risks**

When a service provider provides poor service to customers, the company's reputation is jeopardised. Finding an outsourcing partner who can give high-quality service at a reasonable cost is the best way to avoid this.

### **Poor service quality**

The choice of the inappropriate service provider is the fundamental cause of poor service quality. Other issues include demotivated or inexperienced employees, excessively low-cost services, a communication silo between the service provider and the client, and a lack of competent leadership.

### **Delays in service delivery**

Time zone differences, language and cultural difficulties, and ineffective communication may cause the service provider to fail or delay in delivering the service. Specify your desired timetable and form of communication in the SLA so that you and the service provider are on the same page.

### **Technology dependency**

Switching to another service provider or bringing the task back in-house becomes difficult, if not impossible, after you become completely reliant on the outsourcing company's technology and operations. To avoid this, insist on recording the development process from the beginning to the end of the engagement. This way, you'll know what techniques to employ, how to move your data effectively, and what tools to invest in.

# FINDING AND CHOOSING A SERVICE PROVIDER

## The Sourcing Methodology

This sourcing technique seeks to make the process of picking a service provider easier for you. Each strategy is based on outsourcing best practises and aims to keep you away from potential hazards. It's broken down into three stages:

- Business analysis and planning
- Sourcing
- Transition process

Your choice of service provider will have a significant impact on the success of your outsourcing project. To make the best decision, use a disciplined method combined with research and common sense to choose the best outsourcing provider for your organisation.

### Stage 1: Business analysis and planning

The first stage of the sourcing process will assist you in determining whether outsourcing is a good idea, the business services you can outsource, and your outsourcing capabilities.

- Assess your firm using a SWOT analysis to see which functions you can outsource.
- List your business demands, budget, and service requirements once you receive the results.
- Make a strategy for outsourcing. Declare your expectations for the project, as well as the issues you need to tackle, the project's timetable, preferred contact methods, and payment options.
- Set targets and goals depending on your company's present needs. What are your goals for outsourcing?



### Stage 2: Sourcing

This step is based on the elimination procedure – you'll begin here provides a comprehensive list of services providers and cut it back till only one is left.

- Make a list of vendors who provide the service you require. Feel free to make a list of any good outsourcing companies you come across during your search.
- Prepare vendor criteria that describe the requirements that an outsourcing firm must meet to be included on your list. Check to see if your criteria are in line with your aims and objectives.
- Expand your investigation into the businesses on your list. Don't forget to read client reviews.
- Trim down your list to those who can meet your requirements. You can use your vendor criteria for this.
- Send a message or make a phone call to your potential service providers. Many outsourcing organisations offer free consultations to assess the demands, requirements, and budgets of their clients. You can use this as an opportunity to check vendor capabilities and eliminate organisations that aren't responsive.
- Compare and contrast your potential candidates' proposals.
- Make an ocular visit if possible to discover more about the organisation, its culture, and the working environment.
- Choose your best bet – the service provider with the finest solution, service quality, and price.

### Stage 3: Transition process

This is when your genuine outsourcing journey begins. At this point, you'll give your outsourced team all of the information they need. It's vital to keep in mind that your direct involvement is required at this stage to ensure that your team can work well after your project is launched.

- To assess performance, establish metrics and benchmarks.
- Prepare the SLA with the vendor you've chosen. Examine the entire document to ensure that you understand all of the words. Before signing, ask the vendor to explain any statements that are confusing.
- Maintain close communication with the company's key person to facilitate a smooth transition. Take your time when transferring critical information and processes, since this will have a long-term impact on many of your everyday encounters with the vendor.
- Keep track of your project's development.

# MANUAL VS EFFICIENT APPROACH OF PROSPECTING FOR SERVICE PROVIDERS

Finding a dependable service provider can be a breeze or a painstaking process, depending on the technique you employ. To see the difference between doing a manual search and using the efficient technique, look at the table below.

## Manual method

Using the old method of manually searching for BPO firms, you must filter through thousands of vendors to discover the correct one. It's a long, difficult, and perplexing path that might leave you paralysed and unsure where to begin. The internet, directories, and company listings, among other things, are common resources for this strategy.

## Efficient method

It entails approaching people in your network who have been or are now working on outsourcing projects for referrals. Their insights can help you narrow down possible candidates, resulting in a more efficient and quick provider search.

Obtaining estimates from outsourcing consultancy organisations is another example of a cost-effective sourcing approach. You may use this to locate the greatest bargains that are tailored to your needs and budget.

Attending networking events to meet executives from outsourcing firms is also a smart idea, though it will take more time and effort on your part.

# TIPS ON CHOOSING A SERVICE PROVIDER

Consider the following suggestions as you begin to establish your outsourcing team:

Outsource the appropriate service to the appropriate company.

You should also be on the lookout for any hidden fees or expenses so you can minimise or eliminate them. You can make better judgments on your outsourcing journey if you understand the cost structure.

This ensures that you get the most out of your investment while minimising risk.

Furthermore, always remember that you get what you pay for. While it may be tempting to outsource to organisations that offer lower pricing, the quality of the service should always come first. Avoid falling for "too good to be true" offers, since they may end up hurting your business more than helping it. Always do your homework on the fair market pricing in a certain country before entering into any agreements.

## **Read client testimonials, feedback, and reviews.**

Client feedback will provide you with additional information about the company that is not available on the website. If there are more negative reviews than favourable reviews. It's a warning sign that you should keep away. Positive reviews, on the other hand, might reveal important details about a company's culture, work ethics, talent pool, and more.

## **When interviewing potential partners, ask the correct questions.**

By asking the appropriate questions, you can improve your chances of forming a successful alliance. It enables you to extract critical facts that you may not have discovered through study.

## **Learn more about their training and development initiatives for employees.**

Your offshore crew will be under the direct control of the outsourced business. They can perform better at work if they can keep your staff happy and engaged. Remember that high-quality service equals outstanding work performance.

## **Remove the lowest bidders from the equation.**

Clients frequently receive subpar services from companies that charge less than the regular amount. Never put quality ahead of cost because it may end up doing more harm than good to your organisation in the long term, resulting in bigger financial losses than gains.

# STOP, LOOK, AND LISTEN: RED FLAGS TO LOOK OUT FOR

Consider the following suggestions as you begin to establish your outsourcing team:

## Substandard work samples

At the very least, the outsourcing firm should make an effort to organise their work samples. Consider deleting them from your list if they send you a shoddy one, as it may reflect poorly on the service they give. How much more so with the function you plan to outsource if you can't trust them with simple duties like this?

## Upfront pricing

A good organisation collaborates with customers to identify their concerns. They ask enough inquiries and devote themselves to fully comprehending your project's intricacies. Only once they have a complete understanding of your needs can they provide you with an estimate. Companies that provide you quotes without even trying to explore your needs should be avoided. It's a symptom that you're disinterested and uninvested in your endeavour.

## High attrition rates

Avoid organisations with high turnover rates because they are more likely to have ineffective employee programmes, ineffective policies, low market compensation schemes, and internal conflicts. When employees don't remain long, the company's learning and development suffers as well — there's no full mastery; you'll be stuck with a staff that requires constant training.

Avoid engaging with others at all costs, even if they are attractive. Don't put your company's long-term goals on hold in order to save money in the short term.

### **Lack of transparency**

Looks for a different vendor if a provider refuses to share crucial information for no valid or reasonable reason. Do you wish to collaborate with a shady partner?

### **Bad financial standing**

A good business collaborates with customers to identify their issues. They commit to understanding the nuances of your project by asking enough questions. They can only give you an estimate once they have a complete understanding of your needs. Companies that provide you quotes without even trying to talk about your needs should be avoided. It's a sign that you're uninterested in your project and haven't put much effort into it.

# THE OUTSOURCING JOURNEY BEGINS

## Outsourcing Due Diligence

You and your chosen vendor should do due diligence after selecting a service provider and signing a non-disclosure agreement.

Due diligence is a legal inquiry conducted by both parties (buyer and seller) before to the signing of a contract to ensure that the outsourcing plans will go as intended. It's a two-way process in which you review the vendor's competence and credentials to provide the service and satisfy your objectives, and the vendor evaluates your proposed project.

Here are some best practices to keep in mind when completing due diligence:

- Putting together a team of specialists to assess the proposed relationship's justification.
- Performing an ocular inspection to determine if the service provider's office is suitable for your needs.
- Requesting a formal and written disclosure of pertinent information, such as applicable costs and operational processes, from the service provider.
- Making all required questions to the service provider and preparing waiver clauses
- Creating a merger provision that expresses both parties' assent.



# The Transition Process:

## What is It and Why You Shouldn't Skip It

Transition is the phase in which you give over responsibilities and vital information to your service provider - it's a crucial step that requires your complete focus and commitment. This is when you devote enough time to transferring information, resolving emergent issues, and laying the groundwork for the outsourcing relationship's future direction so that you may free up more time later while remaining sure that your outsourced staff is on board with your goals.

This stage allows you to create trust, good connections, and positive momentum with your service provider, as outlined in Chapter 2. In the transition process, there are no hard and fast rules. It varies depending on the project's nature, size, and complexity. It's usually broken down into three stages:

**Phase 1:** This occurs after the contract has been signed. Both parties continue to have high hopes for each other at this stage.

**Phase 2:** The phase in which the entire breadth and complexity of the transition era is revealed. Furthermore, this is when new challenges emerge, such as communication concerns and governance issues.

**Phase 3:** This is the most important stage because it defines how satisfied you will be with the service you've received. A well-executed transition strategy can ensure a seamless outsourcing journey, whereas a badly planned transition can undermine your outsourcing confidence.

Between you and the service provider, the transition process sets the reality. This is why it's critical that you both put your heart and soul into making this union a success.

Meanwhile, you should be aware of the following crucial aspects of the transition phase:

### **1. Transition strategy**

A transition plan is a document developed by the service provider that lays out the stage and timeframe for transferring the services, as well as the efforts required from you. This should ideally be completed prior to the signing of the contract.

### **2. Knowledge transfer and project**

The commencement of the transition phase is marked by project and knowledge transfer. This step can be rather difficult, and it necessitates meticulous planning. It usually entails the transfer of IT assets (such as equipment, software, and premises) as well as information (e.g., workshops, training sessions).

### **3. Testing**

The commencement of the transition phase is marked by project and knowledge transfer. This step can be rather difficult, and it necessitates meticulous planning. It usually entails the transfer of IT assets (such as equipment, software, and premises) as well as information (e.g., workshops, training sessions).

### **4. Project Launch**

Depending on the complexity of the project or the outsourcing company's geographic location, it may be possible to commence operations in a single day or in phases.

### **5. Transformation Stage**

As the project proceeds, transformation may be required, which is the process of upgrading and streamlining your outsourced service by introducing new solutions in order to generate better cost savings or efficiency. Normally, the service provider is in charge of this phase.

# GETTING TO KNOW YOUR OUTSOURCED TEAM

These are the essential individuals who will contribute to the success of your outsourcing project:

## Team leader

The person in charge of your team. Your normal contact person.

## Offshore staff

A single individual or a group of persons who will complete the tasks you've assigned.

## Operations manager

Oversees the outsourcing company's operational aspects to ensure KPI targets are fulfilled. He or she is also in charge of strategic planning and implementation, process improvement designs, quality performance standards-setting and assessment, and client interaction.

## Quality Assurance Specialist

Monitors and evaluates the quality of your team's service or product.

## Training specialist

Prior to onboarding, you are in charge of training your staff.

# BEST PRACTICES TO MANAGING OUTSOURCING RELATIONSHIPS

## Maintain an open line of communication

To avoid delays and misunderstandings, keep your lines of communication open.

Make time to check in with your team to learn about their accomplishments, challenges, and satisfaction with their work. You may create trust and rapport with your team by staying in touch and resolving issues before they become serious by remaining in touch.

## Set realistic expectations and goals

Understanding your service provider's capabilities and limitations are essential for building long-term connections. Your team will work better and avoid burnout if assignments are assigned based on each individual's strengths.

Inform your staff on their progress, the quality of their work, and the areas where they need to improve. Leaving them in the dark for an extended period can make them question whether or not they are doing a good job.

## Reward excellent performance

Rewarding exceptional performance will motivate your employees to achieve better. Use measurable data to determine who performed well and who requires additional coaching sessions.

# OUTSOURCING IN INDIA: THE HUB OF IT SUPPORT, TALENT & INNOVATION

India's outsourcing business is one of the most desired after by global corporations. A business can focus its attention and resources on core activities by contracting out a few tasks to a third party. India outsource market addresses capacity constraints, improves service quality, and aids in the efficient management of the corporate environment. At first, outsourcing to India was purely a cost-cutting measure. Businesses are increasingly choosing India over other nations because of the competitive landscape, agility and innovation, and the availability of competent personnel.

## What are the Advantages of Outsourcing in India?

### 1. Infrastructure

India has established itself as a leader in IT infrastructure, with IT centres in places such as Bangalore, Gurgaon, and Hyderabad. Many towns and cities in India have well-developed telecom and cellular networks, allowing for a smooth flow of communication.

India's infrastructure still has potential for improvement. When compared to other countries, India, on the other hand, has the advantage of superior facilities and lower operational costs on the ground.

### 2. Government Policies

In India, IT is a top priority, and laws on taxation, telecommunications, and other areas have aided in the improvement of infrastructure and communications systems. The Information Technology Act, which also recognises electronic contracts, facilitates e-filing of documents, and prohibits cybercrime, was enacted by the Indian government to provide several tax benefits.

### 3. Specialized Talent Pool

India has one of the fastest-growing IT and ITeS skill pools in the world. With the outsourced service India marketplace directly employing over 4 million people and indirectly employing over 10 million more, India has a ready talent pool of employees.

With over 200,000 IT and engineering graduates entering the market every year, India's skills can help organisations in a variety of areas, including BFSI, healthcare, eCommerce, and technology.

### 4. Quickest Time-to-market

The time zone variations, outsourcing businesses in India offer the fastest time-to-market. For example, the 12-hour time difference between India and the United States allows for speedier job completion, which contributes to better production and efficiency.

### 5. Language Proficiency

According to a research, India ranks fifth among Asian countries in terms of English proficiency. After the United States, the country has the world's second-largest English-speaking population.

Over the years, outsourcing businesses in India have adapted to internal and external capacities to provide best-in-class services. India is seen as a global destination for outsourcing IT services because of its skills, communication, technology, deliverables, and many other advantages.

# OUTSOURCING IS A GOOD INVESTMENT

As long as you do it correctly, the benefits of outsourcing still far outweigh the dangers. Take your time when looking for a service provider, keeping in mind the best practices and potential hazards.

Hopefully, this ebook has helped you learn more about outsourcing procedures and gain a better understanding of them.

Visit our website for the most up-to-date information and helpful hints regarding the outsourcing sector.

# Thank You !

We hope you have enjoyed reading this e-book.

Don't hesitate to contact us for a free consultation on your online business initiatives to get honest opinions on defining your online business strategies.



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