

Mitigating Outsourcing Risks

Introduction

Nowadays, the global economic competition is intense and the demand for improved customer service experiences continues to rise. Outsourcing have helped organizations in facing many challenges when it comes to consumer preferences and growing demand. Both well-established companies and startups reveal that outsourcing is beneficial for them. The benefits of outsourcing can be substantial – from cost savings and efficiency gains to greater competitive advantage.

Indeed, the benefits of outsourcing are numerous, but so are the risks. Even if the number of companies relying on outsourcing increases, 57% of businesses have an inadequate awareness and visibility of the risks of outsourcing, as reported by Deloitte. Businesses need to make fully informed decisions on how they are going to manage and mitigate BPO risks. The first step towards accomplishing this goal is to understand the risks that they are going to encounter in outsourcing and how to address it.

Conducting a Trial

To save you from impulsively finalizing agreements and contracts to a BPO company, you can conduct a trial period where their quality of service can be to test and you can check if they can handle the work. In case the trial process fails, then you will always have the option to entrust the project to another firm. If you are satisfied with the services, then you could finalize the agreement to start the outsourcing project in full earnest.

Building trust

Perhaps it has crossed your mind on how you can trust a BPO company that is located thousands of miles away. All good partnerships are built on trust and with the right outsourcing partner, they can assure you that they provide secured, reliable and trusted service. By carefully considering the credentials and capabilities of a BPO company, you can be assured that your company is in safe hands and the partnership you have with them was built on trust.

Ensure Confidentiality

It is natural that you may worry about the way BPO company would handle your resources since you've hand over sensitive information to them. Now more than ever, confidentiality is everything. You should sign a non-disclosure agreement with the service provider which includes all the necessary clauses regarding the safeguard of proprietary rights and confidentiality. Through this, you will be assured that your company's information is kept confidential.

Identify your goals

Identify your objectives and goals for each project with your outsourcing partner that you are trying to achieve so that as partners, you can take steps together towards achieving those targets.

Establish Quality Standards and Performance Indicators

It is important to define the quality standards, benchmarks and set key performance indicators (KPIs) for you to know if the targets have been achieved.

Hidden and Uncertain Costs

Keep in mind that any outsourcing company expects you to pay for work not covered by the scope in your initial contract. For an instance, you availed an outsourcing service to a BPO company but the vendor created a new overhead for changes, modifications and adaptations during the service period. You may end up spending more than what is indicated in the contract. Outsourcing saves you money but if those savings come with hidden costs, then the benefit is completely lost. You should make sure the contract includes a full list of additional expenses that may occur, like purchase of software or hardware, overtime, charges for after-hour services and other future needs if you're planning to scale up. This will help you negotiate the right cost with the service provider.

Geolocation

Geolocation matters. It is important to pay attention to distance and accessibility, place of company registration, awareness of the region laws and regulations, language barrier and stability of the political situation in the country of your outsourcing partner. When working with an outsourcing company, a time zone difference may become an obstacle if not handled in the right way.

Bottom Line

The outsourcing risks can be easily addressed when the outsourcing project is thoroughly planned. The best time to weigh risks is before the project even begins. Understanding the risks at the start will help you build a plan for assessing your outsourcing options.

Research the challenges of outsourcing and learn what your company needs to do to survive the process. Preparations may be tedious, but the outcome should come close to meeting your expectations, especially when you choose to hand over the work to the outsourcing provider. With the right plan, you'll be prepared to avoid the risks and your outsourcing experience will be beneficial.

ABOUT TENSEI PHILIPPINES

TENSEI PHILIPPINES INC. (BPO Division) as part of the Tensei Group of Companies, is an entity providing a valuable variety of business process outsourcing solutions that include Back Office, Contact Center, Information Technology, etc. We continually strive to be an innovative market leader in providing customized Offshore Outsourcing Management Solutions.

We want to help in making the world a better place, one problem solved at a time – all powered by solutions tailored to streamline operations, drive innovation, delight customers, and build brand recognition. At the end of the day, we only have one job – and that's to help businesses deliver better to their customers.

