



CASE STUDY

Business Process Outsourcing

In today's globalised economy, businesses are increasingly turning to offshore outsourcing to achieve competitive advantages. Offshore outsourcing involves transferring non-core business functions to third-party service providers located in countries with lower labour costs and specialised expertise.

This approach leads to cost reduction and improve operational efficiency typically returning 20-40% cost reduction, as well as enhance overall business performance. HCG has extensive expertise in this area and see it as an essential strategy for achieving cost-effective, efficient, and high-quality results. Therefore our clients engaged HCG to drive this process transformation programme.

HCG's Programme Approach:

With Hargrave Consulting's proven approach the implementation of an offshore outsourcing project would be phased in over a period of six-nine months. The following steps will be followed:

01. Process Mapping and Assessment:

Detailed mapping of the targeted business processes to identify specific tasks and their current cost and performance levels.

02. Vendor Selection and Negotiations:

Identification and evaluation of potential offshore service providers based on the selection criteria. Negotiation of service contracts with the selected vendors.

03. Knowledge Transfer and Training:

Transfer of knowledge and training of offshore staff to ensure seamless transition of the outsourced processes.

04. Ongoing Monitoring and Control:

Establishment of robust monitoring and control mechanisms to track service performance, address any issues promptly, and ensure continuous improvement.

Based on our evaluation of various factors, including labour costs, language proficiency, cultural compatibility, time differences and regulatory environment, the following offshore locations are considered most suitable:

01. Sri Lanka

02. South Africa

Suitable Business Processes Include:

01. Customer service

02. Technical support

03. Data entry

04. Procurement ordering

05. Finance Transactional

06. Finance Accounting/Reporting

07. Human resources

HCG implements rapid, strategic and tactical BPO initiative focused on achieving our clients' aim of ambitious cost savings. while committed to maintaining strong ethical standards, ensuring sustainability, and managing their business processes.

Risk Mitigation:

To mitigate potential risks associated with offshore outsourcing, the following measures will be implemented:

- 01. Thorough Vendor Due Diligence:** Conducting thorough due diligence to ensure the financial stability, operational capabilities, and ethical practices of the selected vendors.
- 02. Detailed Service Level Agreements (SLAs):** Establishing clear and comprehensive SLAs to define expectations for service quality, response times, and escalation procedures.
- 03. Regular Communication and Monitoring:** Maintaining regular communication with offshore vendors to monitor performance, address any issues promptly, and ensure continuous improvement.
- 04. Data Security and Privacy:** Implementing robust data security measures to protect confidential information and comply with applicable data privacy regulations.

Benefits

The implementation of this offshore outsourcing initiative is expected to yield several benefits, including:

- 01. Cost Reduction:**
Significant reduction in labour costs due to lower rates in offshore locations.
- 02. Improved Operational Efficiency:**
Enhanced efficiency through streamlined processes, standardised procedures, and better utilisation of resources.
- 03. Access to Specialised Talent:**
Access to a broader talent pool with specialised expertise in various areas.
- 04. Flexibility and Scalability:**
Ability to scale operations flexibly to meet changing business needs.

Examples of Previous Projects include

- 01.** Establish a BPO operation in Sri Lanka for large UK Contactor, resulting in 26 FTE covering a number of areas including order processing, query resolution, invoice processing and masterdata. Running split shifts to cover UK working hours and out of hours cover. Generation a c40% cost benefit
- 02.** Establish BPO operation in SA managing customer scheduling and information gathered using a mixture of on line surveys and phone calls. Allowing great flexibility to put resource onto task for short intensive campaigns. Proving flexibility and low cost c35% less than UK based FTE/Agency.

Conclusion

The offshore outsourcing initiative is a strategic and well-structured plan designed to achieve significant cost savings, operational efficiencies, and access to specialised talent. By carefully selecting offshore locations, partnering with reputable vendors, and implementing rigorous monitoring and control mechanisms, we can effectively mitigate potential risks and maximise the long-term benefits for your business.