

A BPM Spotlight

Probably the single largest factor in implementing a BPM strategy, especially with outsourcing, is **Risk Management**. BPM and Risk Management are integrated. While companies outsource processes, a **portion of the risks are also automatically outsourced**. We, as service providers, assume a portion of the risk – be it terms of costs or penalties for simply not meeting SLAs. At times the risks that we have to take on could well be business risks, which could be over and above the penal provisions of the contract.

Service providing companies such as ours have to create well defined internal processes to mitigate processing risks. Even a simple data entry transaction such as credit card application can have multiple points of failure. Risks can be generated within the entire life cycle of our business – our people, output quality monitoring, production management as so on. Management of the risk has to start at the beginning – at the recruitment stage. Each process has to be carefully evaluated, implemented, measured and adjusted continuously – even processes such as background verification of employees. Another important risk mitigation strategy is **client expectation management**. That too must have a well defined process within the organisation with different roles assigned to the various contact points with the client.

There is no doubt that BPM techniques such as outsourcing gives immense benefits to the clients: **cost reduction (at times substantial), speed to market, increased revenues, better internal control, improved customer experience**, and so many others. In the modern day and time a revert to customers within 48 hours of a query being raised is not acceptable anymore. Most often the revert is either on the same call (if it is a call) or immediately thereafter. Response time and Call Handle time are rapidly reducing, often with the help of technology. Another important factor is that service measurement methodologies are moving up the value chain. For example, a measure for invoice processing is moving beyond number of bills processed to vendor satisfaction. New measures are popping up, such as improved ratings from auditors. The fact is, every organisation is today pressed for margins and we bring in a sense of competitive advantage to them.

BPM today is quite in the same place where the manufacturing industry was in the 50s. While the industry created industrial workflow mechanisms, we are now creating processing workflow mechanisms. Technology support has **morphed from being simple support tools to complete gigantic processing platforms**. Modern tools could be simple applications monitoring volumes

and reconciliations to more complex applications such as speech analytics and tech interface. In a sales call, what happens when the client does not accept a deal? Modern technology applications quickly read the patterns and provide the next best solution for a possible sales closure. Technology platforms even now are built around ERP or client applications. This may require a major revamp soon.

BPOs were initially looked upon as mere aggregators of services – usually at a low cost location. As the industry has progressed, there is a lot more awareness for so many other advantages: process centralization & standardization, improved internal control, application of one standard technology, deployment of specific skills & capabilities, to name a few. Leaders need to **create a good level of engagement at the top** to reap yet more benefits. They should have both the will and the vision to take the engagement forward. They should **communicate and reinforce the benefits** across the organisation. They also need to deploy teams who are well versed with possible **cultural differences**, have a sense of measuring **performance through metrics** and be apt in **vendor management**. Very often knowing at the top that processes need to change is battle half won. We engage with our clients at that stage and help them steer their journey.

Not long ago, the large advisory firms such as the Big Four were in the forefront advising clients on their outsourcing strategies. These firms deploy their own methodologies and tools to do this. There is a lot of fresh thinking in this area and the cycle seems to be beginning all over again. Lean and Six Sigma are no longer the only tools required. Now, we need experts in Transformation and Risk management as well.

Even well intending client companies often struggle to get their initiatives off the ground. Some of the common issues, I have seen clients struggling with are: choice of multiple options, budget and resource allocation, prioritization, and pace of implementation. Companies with labour unions or people oriented companies have to go through some additional hoops in order to get all their ducks in a row. **Timing of the initiatives** too could be important. Many companies do not like to invest into these projects at the end of the year. Many would like to see returns coming within the same year. Even obtaining a buy-in from the investor community could become an issue at times. Essentially every stakeholder in the organisation needs to be involved or else, could be a potential challenge in the initiative.

We hire and train our people in some of the most modern management techniques. In addition to Team Management and leadership, we train them on Process management skills and Transformation skills. We use COPC as a methodology to keep ourselves current. We train our people to read and measure the signs of process disruptions. We deploy this standard globally and follow the best global standards as defined in the methodology.

Having said, there is a huge skill gap within the industry. If we look at the auto manufacturing industry, even the last man jack within the company knows what the plan is and his role within the overall grand scheme of things. More so, plant men across the world within the same company talk the same language. Our industry is too nascent at the moment. **Employees are usually blinkered to their own task.** Unfortunately this is even true at several senior levels. The auto industry took 50

years to reach this stage. We don't have that kind of time. We need that kind of understanding in a hurry – right now!

Even for us, life is changing rapidly. We are getting more and more engaged in the core business of our clients. For example, we have begun to deploy analytics on several processes so that call conversion rates are steadily climbing. Products that were making losses have recovered and are profitable now. While contractually we continue to remain SLA managers, internally we **monitor up-scale metrics**, which may or may not be on the SLA. For instance, on vendor payments, we now measure number of vendor queries as a percentage of total number of invoices processed. We call them **Business Impact Metrics**. These are continuously reviewed and recalibrated according to the maturity of the process and what is relevant to drive the eventual outcome. Slowly, but surely,

we are progressing from being mere service partners to true business partners.



Nitin is a chartered accountant with over 19 years of work experience in Business Process Outsourcing, Finance & Assurance and Risk Advisory. Nitin became part of Serco as part of an acquisition that helped Serco establish itself as major contender in the BPO Industry. He is responsible for Global Finance & Accounting Operations, Group Shared Services, and Travel & Hospitality industry. Nitin plays an active role in ensuring that Serco is well equipped to assume responsibility of customers processes and that the quality & integrity of services are maintained at the highest standards. In past he has worked with organizations such as Andersen, GE, Travelport and Intelenet.