

If you've stripped out all the costs, what's next for shared services?

The original cost-cutting objectives of many outsourcing relationships have already been achieved. So, asks Serco's Keith White, how can organisations 'refresh' their partnerships to gain new value from them?

"In the end, it's all about business results," he says...



Something strange is going on in the world of BPO and shared services. On the one hand, increasingly audible mutterings of discontent suggest that organisations are less than satisfied with the services they're receiving from their outsourcing partners. On the other, there are few signs of organisations changing their providers – yet.

To me, though, such relationships look a little like the sort of unhappy marriage where one partner has yet to summon up the courage to break out of it. But that's not to say that the fateful day won't come; nor does it mean that there isn't scope for the relationship to be repaired, for both partners to rediscover the compelling reasons (and more) that brought them together in the first place.

As someone who likes to take a positive angle on things, I'm going to take a rapid look here at how, in the absence of an impartial relationship guidance service, organisations can go about recovering that all-important spark that will carry them forward into a happy and successful future together.

First off, I am confident that the actual levels of service being delivered by organisations' outsourcing partners on the whole are actually better than they ever have been. I'm also pretty certain that many BPO providers have, in fact, delivered everything asked of them. So, what's the problem?



In my view, the issue is that the world is changing fast, and that many – perhaps most – outsourcing relationships have not evolved sufficiently to reflect new realities. The great majority of them were initially based on the simple premise of cutting costs; and today the point has been reached where most processes simply cannot be made any leaner. But let's be frank. Cost-cutting alone never had anything to do with an organisation's core strategic purpose, such as commercial success, customer loyalty, delivering long-term shareholder value or achieving some sort of public gain or benefit.

In other words, many BPO relationships were not connected with the organisation's original reason for existing. And that must change. To succeed and to survive in the long term, the outsourcing relationships of the future must have only one goal – to improve the end results of the business.

That's where the key lies, not just to restoring a BPO relationship to its former level of satisfaction but to achieving an entirely new state of outsourcing bliss. And the incentives for both parties are clear. For the client, it's about evolving the relationship towards becoming a true partnership that helps them to become better than ever at what they do. And for the BPO provider, it's about delivering better customer satisfaction by delivering added value to the client and not solely about cutting costs. If you get these components right, this translates into better business outcomes for the client and better margins for the supplier.

"Simplicity in business is in fact one of the hardest things to achieve"

It all sounds so simple – but, as in so many areas of life, simplicity in business is in fact one of the hardest things to achieve. In my view, however, a great starting point is to agree to a true partnership of equals which is focused on business outcomes and shared goals that evolve along with the client's business needs and priorities. That said, changing traditional means of measurement for outsourcers and shared service centres to directly support business outcomes can be extremely tough: just saying something as apparently simple as "*we want to improve customer satisfaction*" can actually imply something like 70 to 100 changes to existing practices; choosing the right changes, making them happen and ensuring the results are predictable and achieved is where the skill is required and where success lies.

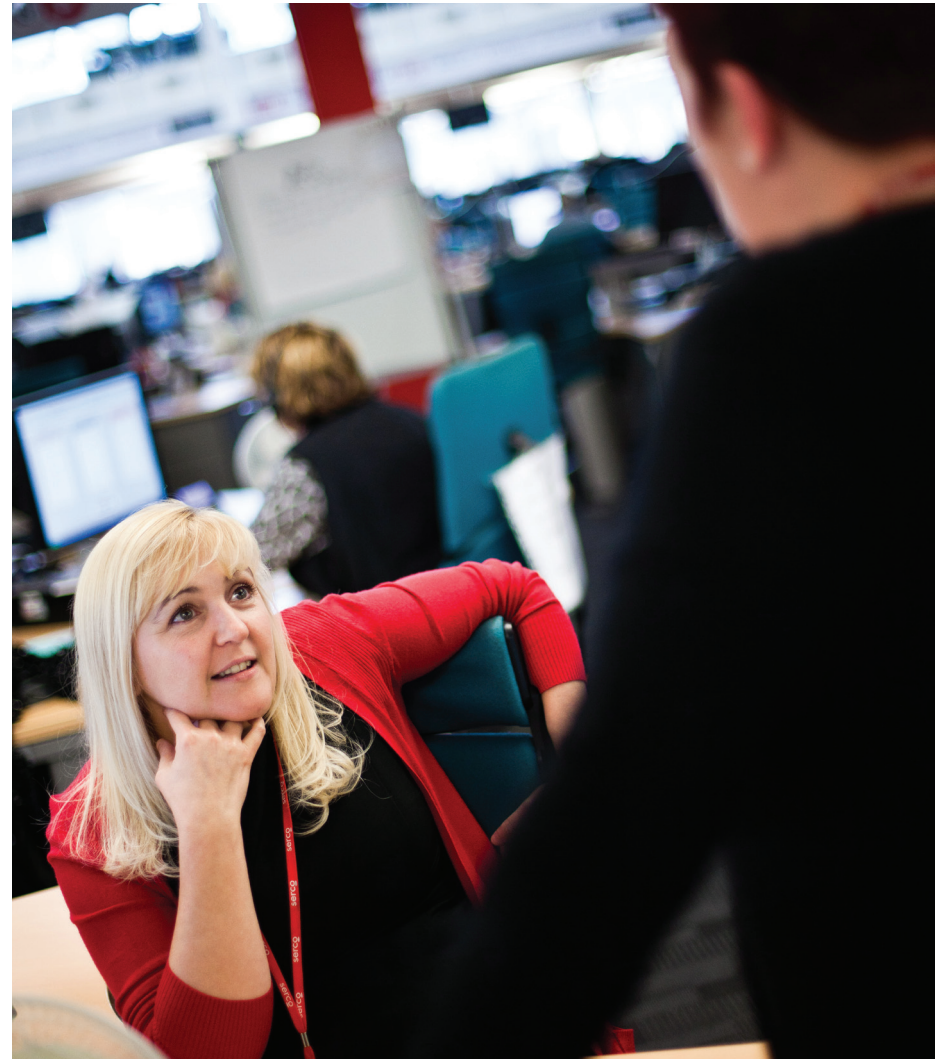
So change isn't necessarily easy. But it's utterly vital, because one thing is for sure – unless many of today's current crop of outsourcing relationships want to end up in the divorce courts, both partners need urgently to get focused on that all-important strategic purpose. It's the only route to a happy marriage.



Keith White: Director, Shared Services & Outsourcing Solutions – Serco

Keith is an experienced Shared and Managed Services Leader and brings together extensive experience of a wide range of industries and sectors to the leadership of change programmes; operational delivery and service transformation. Keith has a particular strength outsourcing and shared services delivery (including retained organisation design), organisational transformation and in managing strategic implementations.

Keith's sector experience ranges from Automotive to FMCG; Local and Central Government; as well as Higher Education, independent healthcare and the NHS. Examples of Keith's work over the last few years includes designing and planning the implementation of multi-tower shared services for a private healthcare group (covering HR, Finance and Supply Chain Management); developing the shared services strategy for HE Wales covering all universities across Wales; developing future commercialisation and strategic partnering strategies in UK Local Government; overseeing contact centre implementations in the private sector; delivering shared and outsourced service health checks and improvement plans; and leading the base-lining exercise supporting the implementation programme mobilisation for a HR shared service within the NHS.



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