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THE SEVEN HABITS OF HIGHLY EFFECTIVE OUTSOURCING

Whitepaper

"A business needs to decide, "is outsourcing for us?" If the answer is "Yes," then it must realize that outsourcing is a process and commit to it."

Stephen Covey's book, "The 7 Habits of Highly Effective People" has been a touchstone for business executives for more than 20 years.

Covey's principles can apply to virtually any setting, and provide a framework for establishing and running a successful business operation. The timeless principles exposed in the book can be implemented in the outsourcing industry, actually serving both sides of the equation, the service provider, and the customer.

Businesses outsource many operational functions (i.e., Accounts Payable, Order Processing, Customer Service, Information Technology, etc.), allowing other firms, typically in offshore locations ranging from Asia to Latin America, to execute these activities in place of their own employees. The objective is to gain high productivity at a lower cost. However, establishing a successful outsourcing operation is not a simple process. It requires a commitment from both parties, as well as an active communication between them.

So, with a nod to Mr. Covey, here are the Seven Habits of Highly Effective Outsourcing:

1. **Be Proactive: Take Initiative And Be Responsible For Your Actions.**

   Every business needs to decide if outsourcing is right for them. If the answer is "Yes," then it must realize that outsourcing is a process and commit to it. It requires both parties, the business, and its service provider, to be actively engaged with each other from the beginning. While the processes and operating model get defined; during this transition, both parties need to agree on the timing and "rules of engagement"; and during production, when there needs to be an ongoing communication and support.

   Strong executive sponsorship is key to a successful outsourcing relationship.

   The Service Provider needs to be accountable to its service levels and performance requirements. If a client's processes are inefficient, the outsourcer must take the time and effort to make them better. Taking over inadequate processes without a vision to improve them is just continuing a cycle of ineffectiveness. Or, as my 6th-grade teacher used to say, "Good enough isn't."

2. **Begin With The End In Mind: Understand What You Are Trying To Accomplish.**

   Is this about cost savings, efficiency, performance improvement, compliance? All of the above? Both parties need to go into the engagement with pre-defined goals that are realistic and measurable.

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3. **First Things First: Prioritize, Plan, And Execute.**

The transition to outsourcing requires careful planning and communication. Businesses need to communicate to the organization exactly what is going on so that its employees understand how it will work and who will be affected. It's not just about the workers who are losing their jobs, but the departments and functions that will interact with the areas being outsourced. How will the new functions work, where are the "handoffs", and how will issues be communicated and resolved?

4. **Think Win-Win: Strive For A Mutually Beneficial Engagement**

This is the cornerstone of an effective outsourcing relationship. Both parties need to get what they need from the engagement. The customer needs high performance at a lower cost. The service provider needs a reasonable margin to deliver the expected results. Doing this "on the cheap" does not benefit either party. In the end, you get what you pay for.

5. **First Seek To Understand, Then To Be Understood:**

Create a positive atmosphere of trust and respect. It's all about expectations and communication. Setting proper expectations is critical to a successful outsourcing relationship. Both parties are partners in this relationship, and open, frank communications are integral to its success.

6. **Synergize: Work Together To Ensure Success**

There will be issues that you will encounter. Understanding their root causes and addressing them collaboratively, will help to ensure that problems are solved quickly and efficiently.

7. **Sharpen The Saw: Balance And Renew Your Resources**

From Covey's point of view, a work/life balance is necessary to create a sustainable and efficient solution. The same applies to outsourcing. Attrition is a common issue facing many outsourcing firms, this disrupts both the service provider and the customer, through lost production, lost revenue and diminished customer service. Valuing and investing in your team, not overworking them, and having them be part of the solution will create a positive, sustainable team environment.

Done correctly, the operating environment that results will be an extension of the businesses that created it. If both parties go into the enterprise with the goal of creating a positive working environment, a strong and efficient partnership will emerge. And that, more than anything, will bring the value that both parties are seeking.

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About the Author

Eric Liebross leads Auxis' Back Office Optimization practice, helping organizations design and implement innovative operating models, processes and technologies to achieve optimal performance within Finance, Customer Service and HR Operations. Eric's areas of expertise include Shared Services Strategy, Nearshore Outsourcing and RPA.

About Auxis

Auxis' is a management consulting and outsourcing firm focused on helping organizations achieve Peak Performance in their Back Office Operations. The firm was founded in 1997 by former PepsiCo executives who realized that what companies needed to optimize their performance was a customer-centric approach that focused on flexibility, collaboration, customization and faster speed to benefit.We focus on 3 primary areas: Finance & Accounting, Information Technology and Customer Service.improve efficiency, reduce costs and increase profitability.

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