



## **A Tale of Two Outsourcers:**

### **Outsource for Success, Not to Abdicate Responsibility**

By Barbara Lancaster

---

**SUBSCRIBE**

**VIEW ONLINE**

Imagine it is New Years Day 2004 and you're sitting at an upscale brunch across from two telecom CIOs. This isn't the beginning of a strange nightmare, it's a good opportunity to eavesdrop. You notice that one, an older man, looks haggard and is drinking his third Bloody Mary. The woman he is talking with, on the contrary, is vigorous, fit and rested, nibbling on a bit of honeydew.

The older man explains to his colleague that from dawn to dusk he's been tending to one OSS crisis after another. He and his team, he said, couldn't keep up with the demands for new product launches. Network inventories were always out of sync with field availability and invoices took more than ten days after close to get out the door.

The woman nodded sympathetically saying, "I know exactly what you mean. We're growing so fast, it's hard to keep up with the processing demands. Actually, I'm taking a serious look at outsourcing a whole bunch of functions."

"Outsourcing, yeah, my CEO has mentioned that a lot recently," he responds. "I'm just not sure another company can solve these problems for us or care as much about getting it right," the man added. "And, uh, aren't you a little worried about your job?"

The woman shook her head, swallowed another piece of honeydew, and said, "I'm really not worried about my job. There are plenty of other priorities I can tackle if I had some time freed up. And yes, the things I'm outsourcing are very specific, but I've managed to talk to several outsourcing companies that have experience, know how to deal with my business, and have worked well with other companies like mine. And frankly, I'm certain there are ways to make sure anyone you hire cares about getting it right..."

Still looking skeptical, the man replied, "Well, I'm not convinced yet, but from what you're saying it sounds like it might be worth looking into." He raised his glass, now half empty, and toasted to a prosperous new year.

#### **Fast Forward One Year**

It's New Years Day 2005, and here you are again. Same brunch – the eggs benedict and Nova were just that good last year – and wouldn't you know it, same folks at your table. Maybe this year you'll ask them their names...then you look again. The man is looking more haggard than last year, like Lincoln toward the end of his presidency, with a bottle of Xantac next to four empty Bloody Mary glasses.

The woman on the other hand, looks like the combined after pictures for Proactiv and Bowflex. As you lean in, you hear her say, "Thanks. I've been able to get a little order in my life. I've been getting to the health club three times a week."



“Wow...not me,” says the man, stating what’s already glaringly obvious. “There’s still not a spare minute in my days. Remember last year we were talking about outsourcing?” Well, ironically enough I took your advice. We went ahead and decided to outsource all of our billing and order management. And you know what the results are? A total disaster, as far as I’m concerned...” You begin to worry that perhaps this man has had one too many. “We’re still firefighting and working weekends. It’s all gone from bad to worse. We’re spending more, and it’s harder for me to find someone to shout at when things go wrong. There seems to be no way out; even if we could get out of the contract, the change back would just be too much work and disruption...But, how about you?”

Now, the woman’s poise was clearly being tested. She knew her colleague was looking for empathy, but she wasn’t suffering his problems. Were his problems that much worse, or was he just incompetent? Setting aside the thought, she said, “Well, we’re doing okay. We’ve probably had fewer challenges along the way than you...Care for some coffee?”

“Sure,” he replies to your relief. One more drink and things were going to get sloppy.

As she reached out to pour the coffee, the woman thought to herself, “how do I tell my old friend here that outsourcing has actually transformed our business, and my life? I work sensible hours and enjoy my job. I focus on direction and strategy instead of firefighting. Costs are down, customers are happy, we might buy out customers from a lame duck competitor...how do I get myself out of this one gracefully?”

“Well friend,” she said, “I’m sorry to hear of your troubles but I wish you well in 2005. Please excuse me though, I just saw someone I need to catch up with. Drive safely.” And just like that, she disappeared into the crowd leaving her colleague looking a bit surprised. As he turns to say something to you...you are suddenly whisked back to the now. Whew...

### **How Outsourcers Succeed**

On the face of it, these two colleagues had similar problems and tackled them with the same strategy – outsourcing. But what made the difference between his life being harried and his company failing, where her life is interesting and her company successful? Was it, as she suspected, her colleague’s sheer incompetence? It could have been; but people who report success with outsourcing all say pretty much the same things. Here are some of the secrets of their success – competence sold separately.

- 1) First, it’s necessary to **understand why there is a problem** in the first place. For example, a high percentage of missed due dates is likely to involve process issues, not just system problems. Matters like getting the right materials to the right technicians; a shortage of capacity planning engineers; poor communications among customer care and provisioning; and sales flooding systems with orders at the end of every month are all process issues. Once the real elements of the problem are known, you can ask whether the problem can be solved with outsourcing.

Parceling up existing problems and transferring them to an IT infrastructure company will not fix any underlying problems. Understanding the root cause of poor performance



is an essential step – whether you decide to outsource or not. Outsourcing can provide an excellent opportunity to make changes to processes, policies and operating procedures. With the right partner, it is possible to identify which changes can be made to produce the biggest gains.

2) Once the outsourcing route is chosen, **prepare well** for implementation and transition. It's not only the outsourcing vendor that needs to apply careful planning and intelligent thought to your migration - you need to prepare too. Every process should be traced to identify each touch point with the new outsourcing partner.

- At every touch point, decisions need to be made about:
- the information to be shared;
- the type of information access required;
- any reporting requirements;
- and escalation guidelines agreed for every possible scenario.

Every person affected by the new tools will also need training on the new environment and rules. End customers will notice some differences too, so a communications plan to keep them informed is a necessary step. The most difficult decisions typically concern data integrity and the amount of time and money you're prepared to invest in scrubbing and reconciling information before attempting to transfer it to the outsourcer.

3) Finally, the outsourced environment needs to be **actively managed**. You may no longer be managing the applications and the data, but you can't just push off from the shore and hope you'll drift to your destination. In setting the contract terms and conditions, ensure that you've appointed sufficient staff, with the appropriate skills, to work closely with the outsourcing partner. Agree on reporting requirements, how emergencies will be handled - and what constitutes an emergency, and plan to invest in lots of face-to-face meetings to build a strong working relationship.

### **What We Learned From Our New Years Brunch**

What our vigorous woman realized, and our haggard gentleman did not, is that outsourcing is not about abdicating responsibility. Outsourcing isn't just a way to get rid of a problem, like throwing garbage over the fence into the next yard. Outsourcing, to the wise, is just a **change** in the way the operational environment is managed, not a means to avoid managing it.

Executives at companies that "get it" understand that their environments are stressed by success. Many carriers find themselves in situations where they can't scale to meet customer demand, and their functionality is outdated so they can't launch new generation services efficiently. Underneath it all, however, their business policies and procedures are often quite sound, but need a tune up and a move to a more modern platform. For some,



outsourcing proves to be a cost-effective way of tackling roadblocks to growth without spending enormous amounts of capital and recruiting more people.

Other company's – like our fictional gentleman's - suffer from management ineptitude and poor leadership, among other problems. In some cases, systems have never been set up to deliver services in the way that marketing envisioned and as the customer operations team measured. They can't fulfill customer SLAs because their systems have never been configured to do so. When such companies outsource, they often fail to investigate and address their basic problems first. Instead, they take the fastest path available. The outsourcing partner is doomed to miss many critical, underlying issues because no one admits, understands or communicates what the real problems are. When problems aren't fixed, they stick around. Problems are like that.

It's not like outsourcing automatically means extra vacation, an easier job, and more free time at the squash courts. In fact, those that outsource successfully do so based on hard work up front that sets up the outsourcing partner to succeed. Stuffing problems in sack and throwing them over a wall to an outsourcer will simply return you to the fundamental theorem of IT – “garbage in, garbage out.” In the end, outsourcing should be about finding smart ways to improve the entire business, rather than finding fast ways to waste money blaming someone else for problems that aren't being fixed.

*LTC International Inc. specializes in helping companies in the Telecommunications industry make more profits. We do that by bringing serious first hand experience to bear to align services and projects with business strategies and ensuring that measurable objectives are established for everyone to meet. We deliver results for Service Providers, Hardware and Software Vendors to Service Providers, and to investors. For more information, please visit our web site: [www.ltcinternational.com](http://www.ltcinternational.com).*