



Executive Summary

This document presents a plan to create and build a leading (OBPO) Offshore Business Process Outsourcing marketing, sales and management firm serving selected niche markets of small and medium-sized U.S. companies.

Beta Test Success- A 1-year, part-time successful beta test generated \$1 mm in revenues at a %12 commission rate. Lessons learned, insights gained and relationships established or originated will be merged into this plan upon delivery.

Objective-Build a world-class marketing, sales and service firm to initiate and grow multiple revenue streams addressing the growing demand in the global marketplace.

1/ Acquire and service U.S. companies seeking offshore transactional business processes suppliers to reduce costs and increase focus on the core competencies of their organizations.

2/ Acquire and service OBPO companies seeking to penetrate the U.S. market to capitalize upon their cost efficiencies and service capabilities in transactional business processes outsourcing.

To be determined is whether the company will grow in one, or a combination of these options and the planned Exit Strategy.

1/ Organically

2/ Alliances-

3/ Acquisition-

FINANCE

Revenues-Create Multiple Streams from Suppliers and Buyers: As deal makers, we serve and must satisfy both client groups profitably. Opportunities include results-based, consulting, marketing and management fees and equity participation.

While the preliminary revenue stream established is results-based commissions, additional streams are envisioned. I *assume* that these include, but are not limited to the following.

- Consulting/marketing fees from foreign suppliers

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- Consulting/marketing research fees from U.S. companies seeking to incorporate or expand BPO into their business model(s).
- Change Management Projects-analysis, planning, implementation, training and communications.¹
- Project Management Fees for maintaining an extended and expanded role amongst the buyers and suppliers.
- Productivity/Profitability revenue shares.
- Equity participation in joint ventures
- Business brokerage revenue streams.

Shoestring Startup: As a multitasking workhorse, wearing many hats, I will build the foundation of this company working with limited manpower, low marketing budget and maintain low overhead. By necessity, this plan incorporates both strategic decisions and tactical action priorities to work within the presumed limitations. I have also included certain scaleable operating, marketing and sales strategies assuming an eventual capital infusion.

LEADERSHIP

CEO Role/Responsibilities- Assuming CEO will wear multiple hats from the outset. Key criteria mentioned in the job spec were consultative selling skills. Assume, and indicated in the meeting and Top Ten Reasons communications that multiple skill sets in the CEO should create additional value in setting a so-as-I-do business climate. From the outset, multitasking will be applied to:

- Perform ongoing research,
- Establish company mission, vision and culture
- Enhance business plan with strategic and tactical action plans
- Formulate, implement and document internal communications from company to outsource service vendors and personnel
- Develop and implement internal/outsource training and standards of operation
- Formulate company external communications content
- Produce and/or coordinate production of marketing tools, implement, test and refine
- Design and initiate sales strategy, systems, prospect database and tracking program, templates and reports
- Develop and submit reports to investors and other identified stakeholders.

¹**Executives Reveal the Future of Outsourcing** Michael F. Corbett. *RK: Validated in excerpt from the aforementioned article*) "moving forward has been an almost painful process for both providers and the outsourcing organizations in terms of learning, growing, and changing." *RK: Thus suggesting the potential to exist both companies evolve and to render a service and earn revenues in on ongoing management basis.*

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- Secure new clients on both the demand and supplier side
- Identify, pursue and acquire strategic alliances that can contribute to fostering awareness, generating leads and attaining clients or potential clients on either the demand or supply side of the business.

OPERATIONS

CEO will develop gradual plan to shift responsibilities to other in-house or outsource personnel as sales evolve and or capital is made available. Working under the assumption that through the partners' capabilities or contacts adequate working capital will be secured as viability is demonstrated. (CEO job decision maker) has search firm activities and contacts with Venture Capital groups. My preliminary research revealed several venture capital firms as potential funding targets due to publicized investment in outsource service firms.

Outsource Model: Outsourcing a majority of the corporate vertical functions will empower us to stay focused on developing our core competencies. The vision is to create a virtual business incorporating core key contributors and outside suppliers. Outsource services planned include tax, accounting, legal, design, PR marketing communications, web development, HR. benefits

MARKETING

Marketing Positioning- Unique Selling Proposition: A blend of core competencies of integrated marketing, consultative selling, relationship asset management and strategic account servicing disciplines with serve as the brand building components. We will erect a barrier to entry in our selected market segments by creating and refining our *value-added, branded solutions*.

Branding- Name: First round using literal word combinations as building blocks Out Source
Service Match Deal Max Ex Pro

Several brand names (not yet investigated)

- OutStorm
- OutService
- OutPerform
- OutFox
- OutDone
- ServiceMax
- MatchMaster
- MaxOut

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Branded Solutions- Value-added processes, systems and methods for matching suppliers with buyers and having a variety of packaged solutions or bundled offerings will be developed and communicated to reinforce the brand.

Brand Extensions- Prior to my research, three areas of potential synergistic activities that can help build our brand which are strategic plays I have recommended or undertaken in other industries are listed below. In item 4, I note companies that have, are or may be applying these strategies.

1/ Creating a superior and differentiated outsourcing trade non-profit group/association than that already in existence.

2/ Creating and developing a horizontal Outsourcing (Brand Name) marketplace or vertical industry marketplaces.

3/ Creating a (Brand Name) for-profit seminar, webinar, training and certification capability with published products serving as an additional revenue stream.

4/ Following my preliminary research, if we were VC funded and on a roll-up strategy from the outset, would recommend taking a close look at Michael F. Corbett & Associates/FirmBuilder.com/Outsourcing Research Council and the Everest Group as possible alliances or acquisitions. In the U.S. CBIZ appears to have made considerable inroads purveying U.S. based-outsourcing services to U.S. firms.

5/ Have not dug extensively, but did not find any bi-lingual or multi-lingual presence for players in the BPO and OBPO marketplaces. This may present an additional brand building opportunity.

Supply-Product Mix-Multiple OBPO Services: Selectively secure additional transactional business process services and supplier clients by relying on existing and ongoing market research and feedback. Sophisticated supplier client selection identification, vetting and monitoring systems will be implemented to measure performance. Primary Target Markets for these firms may include Australia, Eastern Europe, India, Ireland, Philippines, and Russia.

Primary Target Markets- Demand

"The highest projected increase in the rates of expenditures on outside business services by industry is in the high technology manufacturing industry, with an expected increased expenditure of 20% within the next year alone. The next highest expenditure growth rate will be in the field of business services, with an expected expenditure growth rate of 17% within the next year. In the year 2000, it is estimated that 55% of all expenditures on business services are for outside business services, while 54% of

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all expenditures on software are spent on outside business services. Out of all expenses that companies have for information technology, in 1999, 38% of the expenditures are on outside business services. Finance was chosen as having the highest growth rate in expenditures for any function in 1999-2000, with an expected growth rate in expenditures of 29%.”²

What are you planning to outsource this year?

Human Resources	20 %
Finance & Accounting	.13 %
Customer Contact	.7 %
Information Technology	33 %
Logistics	 13 %
Facilities Management	 13 %

Survey Results from OutsourcingCenter.

What type of outsourcing is your company contemplating or has engaged offshore?

BPO	 37 %
Application Development	 20 %
IT	 43 %

Demand-Multiple Niche Markets: Using the knowledge gained in the Beta Test we will pursue additional clients for our current OBPO client. Additional target segments where our research reveals the opportunity to obtain a #1 or #2 leadership position will be added. Filters used to determine these segments are not finalized (but are incorporated) in this plan. Factors include company revenues, employee size; SIC industry classification, industries served, geographic location and existing outsourced services utilization.

A secondary opportunity is to create a **demand-side niche specialty through the bundling of OBPO services delivered with value-added solutions/methodologies or capabilities based on the specific needs of that group or vertical market targeted.**

² [Facts About One of America's Biggest Business Trends](#)

**Marketing Programs and Tools**

An extensive listing of traditional, online and offline marketing programs ranging in start-up time, cost, and complexity have been identified. At the outset, I envision a guerilla marketing program using no-cost and low-cost options and expanding our mix as capital is available. A partial list follows with the no cost/low-cost options following the corporate identity package.

- Corporate Identity Package
- Networking
- Referral Programs
- Tele-Research/Surveys
- Email campaigns
- Releases and PRNewswire membership- several groups (by industry and by geographic location)
- Newsletters
- Telemarketing
- Direct Mail
- Free Online Postings
- Association and group memberships- GMCC, Selected Trade Associations, selected Chambers of Commerce, trade councils and business development groups.
- Road Show-Seminar/trade show booth/strategy
- Adobe Acrobat Service Brochures
- Multilingual RFR-Request For Representation Database Site
- Integrated Multilingual online/offline presence
- Interconnected Microsites
- Search Engine Optimization Program-initial and ongoing
- Online banner link exchange
- Online search word purchase
- Position papers/articles and case histories
- Short seminar/sessions or programs-alone or co-sponsored
- Intranet site/password-protected registration
- Webinar
- VideoConference
- CD-ROM repurposing of above and online storage

Additional Tools for consideration

- Collaboration- I-chat
- Project mgnt-Open Air
- Zoomerang-surveys

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Sales Strategy- the CEO as the Sales Leader is tasked to initiate sales during the startup period. Additionally, he will develop systems and tools to incorporate into an Intranet KnowledgeShare. The OBPO professional selling archive is key to expanding sales activities and time-effectively educating teaching and mentoring other professionals that our solicited to join our extended team.

In **Sales Strategy** the goal is to generate revenues as soon as possible although still in a start-up mode. Potential new business can emanate from both the public and private sectors. The private sector would be prioritized over public sector. The plan includes direct and indirect (through referral) strategies at the private sector.

Preliminary Strategy on how to deliver near term sales and initial revenue stream.

- Prioritized private targets include existing client(s) and their parent companies and subsidiaries, strategic partners, vendors and referrals.
- Parlay the first sale into extended sale of same service and additional services to look-alikes.
- Transform (CEO job decision maker)'s and partner's contact list and lead list developed from Beta test period
- The most likely candidates to purchase outsourced business services are those that have already done so.³

Existing Clients- Briefing should provide answers to these questions. Otherwise, an immediate objective is to secure authorization to interview existing client(s) with a multiple pronged strategy.

1. Survey/document decision impacting factors
2. Determine decision making influencers
3. Explore opportunity to develop win-win case history as a selling tool.
4. Secure permission to pursue public or trade relations placement of the story behind, and results of, the outsourced services agreement.
5. Non-buyer communication strategy is a secondary objective. Interview those prospects that have made a conscious decision not to avail themselves of the services during the Beta Test site to determine
 - Why and where the offering or presentation fell short.

³ **Facts About One of America's Biggest Business Trends 85% of all respondents said that the benefits they received as a result of outsourcing either met, exceeded, or more than exceeded their expectations. (RK-This suggests strategic importance of high level servicing skills and systematic referral and up-selling/cross-selling marketing strategies.**

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- Make a determination if any of those prospects are salvageable for the existing outsourced service offering.
- Qualify/Query on prioritized, potential service offerings to build upon the progress achieved and try to transition prospect to client on next proposed service offering.

Private Sector- What are the alternatives for determining what type of companies to target as clients? We can target by size, by revenues, by geographic location, by primary industry, or by industry(ies) served. Additionally, to obtain and maintain niche market leadership positioning we can apply several of these criteria to determine our **priority target list**.

- By current usage of outsourced business services
- By size –(Employees) Large, Small and Medium, Individuals
- By revenues
- By industry segment-SIC code
- By geographic location
- By industry(ies) served
- By a combination of attributes-

Indirect to Private Sector- Strategic alliances with CPA's and Venture Capital Firms

Public Sector-Pursuing Local, State and Federal Outsourcing Opportunities-(BidNet)

Sales Outsourcing⁴- Example See **Salience** www.salience.com

Two factors having the most impact on making “immediate” sales are the needs of qualified leads and professional, trained salespeople. Sales outsourcing may reduce the time spent in recruiting talent-whether on a freelance or employee basis. In so doing, an initial team is in place to test our sales presentations, gauge results and identify sales training areas in need of improvement.

Outsourcing the sales function is a recommended integral ingredient to reduce risk, accelerate ramp-up, contract the learning curve and acquire a first-hand experience competitor assessment. Capitalization is critical to the phasing in of this component.

⁴ **Competing For Keeps in The New Economy: Outsourced Sales Channel Strategies and Achieving Speed To Market MFC .Ibid** “Outsourced sales forces, deployable in less than two months, can professionally represent corporate brands and products. They can be implemented in a fraction of the time and capital needed to build an in-house sales force. They also reduce risk and allow executives to remain focused on existing customers and their core competencies. By supplementing a company's efforts, outsourced sales force partners not only promote companies' speed to market they also help companies reduce the inherent risks associated with it.

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“Think of it as the final frontier of outsourcing. Small-business owners have long delegated onerous, behind-the-scenes tasks to outsiders in an effort to expand their companies while keeping payrolls small. Now, many are beginning to hand over what may be the single most critical front-office function--sales.”⁵

This strategy could be employed:

- In all locations or in just some locations
- As a test of market, then place our people in place. Outsourcers generate new business and our people take over all relationship asset management thereafter.

Based on assessment of the leading outsource sales organizations (a limited number were found in my preliminary research), this appears to be an unpopulated niche. We may choose to evoke a **Trojan Horse⁶** plan and evolve into *the Outsource Sales, Marketing and Service Solution for OBPOs* seeking to penetrate the lucrative U.S. market. In so doing, we could duplicate the outsource sales business model. A superior offering could be developed by applying lessons learned and areas of improvement discovered thereby creating a niche specialty.

I think of it tactically as a starting point to harness the power of an existing force and strategically as an **opportunity to get an insider’s look to this venture’s Trojan Horse strategy**

Sales Strategy with the **Trojan Horse plan**, we establish a relationship with a major outsource selling organization to initiate sales with a secondary vision of building our own outsource marketing and service firm and capitalize on lessons learned and areas of improvement identified in the current small service arena. **This strategy empowers us to stay focused on our core competencies of consultative selling, matchmaking, and relationship management.** Additionally, we reduce cost, startup time and risk as a major success-driver, a professional sales organization, is in place within 45-60 days after starting to implement this plan.

CRM Sales Force Automation- Either supplied by the Outsource Sales force or otherwise an ASP model solution is www.salesforce.com

⁵ Do You Dare Outsource Sales? Business Week Online- 6/18/2001

⁶ A March 2000 *Trendsetter Barometer* report by PricewaterhouseCoopers projected that the total outsourcing market would reach \$170 billion in 2000, with **outsourced sales and marketing business processes accounting for \$23.8 billion.**⁶



"You could say we're using Salesforce.com to manage the lifecycle of a client from embryo to birth to baby - without having to re-key information when there are transitions," says Morrison.⁷

Following this Executive Summary is greater detail that includes

- Background to this deliverable
- General Understanding
- Strategic Building Blocks of the Plan
- Appendix including Key Reference Articles, Research Methodology and Archive,

Background

As this document may be shared with other investors, a background section may be helpful. I first met (CEO job decision maker at the local MENG group presentation. Soon thereafter, a posting on the MENG site announced a position of CEO of startup Business Process Outsourcing venture for (CEO job decision maker) and partner's new company.

An immediate phone call to (CEO job decision maker) citing my initial interest and snapshot summary of my experience and qualifications secured a breakfast meeting the next day. The meeting enabled us to gain an understanding of one another's background and career history. A portion of the meeting was also devoted to providing an overview of this opportunity. At the close of the meeting, (CEO job decision maker)'s indicated the search would ensue over the next 30-days.

In an effort to stay top-of-mind, I designed an aggressive follow-up communications e-mail campaign under the **Top Ten Reasons⁸ to Select Ray Knight as the CEO** of this venture. Mid-

⁷ <http://www.bpo-outsourcing-journal.com/issues/nov2002/crm.html> Preceding that quote, "having all contacts and sales leads in one central repository, means sales employees can get more information faster than before. Additionally, MedUnite makes use of Salesforce.com's offline version. "We love the offline edition because we can take it with us. The information is available anywhere and everywhere. When we're without high-speed connections, offline allows us to update information, sync it up and walk away," he explains. MedUnite is also using Salesforce.com for its Web-capture functionality, which automatically captures and appropriately assigns details of those signing up on MedUnite's Web site to the database. The system then tracks the entire process, from lead generation to implementation.

⁸ Samples of the copy sent are found in this presentation.

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way through the campaign on 12/4, an email from (CEO job decision maker) acknowledged my interest and asked for a timely outline (not full business plan) addressing several key questions.

Challenge Accepted E-Mail

Sent an email indicating that I did not have a clear understanding of the “services, market segments and expected timelines” from our conversations and requested an Executive Summary. Regardless of receipt, I responded with a commitment to deliver my response by Friday 12/6/02 at 5:00. Given that fact, the enclosed information may better represent what I was able to envision in this exercise than a cohesive plan to materialize your existing collective vision.

The general understanding of the history and direction of the venture which served as my starting point for developing this plan follows.

General Understanding Prior to Starting the Plan

1. (CEO job decision maker) has invested in several companies in several industries.
2. Over the last year, a successful beta test was undertaken in the area of Business Process Outsourcing. The investors plan to launch a profitable startup to capitalize on the business model developed in the Beta Test.
3. Through an agreement with sophisticated call-center located in India, \$1 million dollars in services were outsourced for American based company(ies) generating a 12% commission to the venture. The exceptionally educated labor-pool, training methodologies, technological support and reduced operating costs of the Indian firm is just one example of the quality of the offshore services available.
4. Experience gained reveals that a prolonged sales gestation cycles are more the rule rather than the exception. This is a **strategic selling process** that involves multiple points of entry, multiple decision makers and decision influencers on both sides of the equation.

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- The ability to communicate and operate in various companies and cultures adds additional complexity.
5. Undertaken as one of several ventures, on a part-time basis, (CEO job decision maker) and his partner Mr. Ramesh (sp?) have decided to invest time and additional resources into the development of this part of their portfolio of companies.
 6. The company will harness the full potential of outsourced business services to create and build a company that market and sells outsource services.
 7. In the simplest of forms, the company is a matchmaker serving as a go-between for Foreign-based companies seeking to enter the lucrative U.S. market and those U.S.-based companies seeking to reduce operating costs through OBPO (offshore business process outsourcing).
 8. The company intends to research, identify, vet, and secure representation relationships with OBPO vendors to promote in industries and segments where the company can attain and secure a first-mover advantage or a number one or two positions as these firms typically control 50% of market share.
 9. Presumed additional BPO services include extended call center services including other transaction heavy processes

Strategic Building Blocks of the Plan

- **Structure-** Use model of creating a virtual business to the greatest extent possible in order to minimize overhead and protect profit margins at the earlier stage of the venture. Everything is outsourced except ownership
- **Company Soul/Philosophy-** Treat every relationship as our most important asset whether it is an investor, management, staff, supplier, buyer, vendor, strategic partner. Each stakeholder group will have a champion assigned to them minding and cultivating the relationship.

A (CRO) Chief Relationship Officer will serve and support each of those stakeholders as the company's champion and protector. This fanatical devotion to professionalism, quality service, responsiveness and appreciation will permeate the company.

- KnowledgeShare **Intranet-** the corporate repository of knowledge, experience, techniques and tools will be initiated at the outset of our operations. Everyone will contribute to, and benefit from, this asset. In time, a KnowledgeShare Keeper will be appointed to manage and evolve this database archive.

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- **Operational Methodology**-to acquire and service suppliers and buyers, needs assessment discovery process and ongoing communications.

Quantitative and Qualitative benchmarks will be formulated, indoctrinated, measured and communicated internally and externally including, but not limited to, satisfaction, longevity, up-selling/cross-selling, referral sponsorship and longevity serving as our corporate and individual performance standards. These standards will be periodically reviewed and revised by our champion, the CRO and members of the stakeholder groups.

- **Manpower**- Use outsources services wherever possible. Certain support services include legal, tax, accounting are presumed to be available through the sister or parent company. Verify-if not outsource. If additional core manpower are to be secured at the outset, I can identify and qualify appropriate candidates with whom I have prior working experience
- **Strategic Partnering**-Transform outsources services/vendors into lead generation sources with a referral incentive program.
- **Capital**- Plan/prepare for a “shoestring” startup. Job spec mentioning this was MENG lite which assumes base salary under 150k and (CEO job decision maker)’s comment “[to the effect of] \$100k is a lot of money for me to put into a venture”.
- **Offices**- Virtual with outsource office locations. (My wife is an Executive with HQ Global Offices. I used these types of facilities earlier in my career.)
- **Operations**-Build initial operations plan assuming that little capital will be available for either personnel or marketing programs which will mandate the design and implement no-cost and low-cost programs to acquire a database of clients and solidify initial sales.
- **Controls**-Short term, multi-tasking action plans and goals will be submitted to the investor group for their input and approval

Possible **Events** to Attend for multiple purposes (to be evaluated)

Florida Venture Capital Forum January, 2003

Outsourcing Finance & Accounting

New Orleans , LA

January 28-29, 2003

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[The 2003 Strategic Management Conference: Global Challenges to Growth and Competitiveness](#)

New York City
January 29-30, 2003

[Telcos' Outsourcing Strategies and Experiences Forum](#)

Improving margins, increasing efficiency and sharpening the focus on excellent services for the customer

29th - 31st January 2003
Central London

[The HR Outsourcing Summit](#)

February 13 - 14, 2003
New York, NY

[Six Sigma & Process Improvement for Shared Services](#)

February 24-26, 2003
Atlanta, GA

The 2003 Outsourcing World Summit, February 24-26, 2003, Palm Desert, CA

[Measuring & Benchmarking A/P & Purchasing](#)

February 25-26, 2003
Las Vegas, NV

[The 2nd Annual Healthcare Outsourcing Congress](#)

March 31st & April 1st, 2003
Las Vegas, Nevada

[41st RIMS Annual Conference & Exhibition](#)

April 6-10, 2003
Chicago, IL

Questions

What differentiates an outsource from a consulting or b2b or partnership or alliance structure?

Outsourcing relationships are characterized by replacing or substituting the services of an external provider for internal capabilities. Importantly, outsourcing applies to an activity an organization did do or would have done itself⁹

⁹ **Welcome to Outsourcing**, By: **Michael F. Corbett & Associates**



Consultants advise us on how to do something. Outsourcing providers actually do it. Sometimes a consultant will deliver a business service or product, and that's when they are acting like a provider, and other times an outsourcing provider will advise, but generally the distinction is easy to see. Most professional services firms fall into one of three categories. There are the consultants. There are the providers. There are the hybrids. The reality is that many firms are both consultants and providers, but play different roles with different clients and at different times.¹⁰

Outsourcing has some cross-over similarities with the whole strategic selling process as it endeavors to transfer client and vendors to strategic partners. As validated by the following:

Although most now recognize that outsourcing relationships are more akin to strategic partnerships than to sub-contracts, the term reflects the fact that the work was seen as moving 'outside' the company, or 'outsourced'

Methodology and Reference Archive

1-Man brainstorm process drawing on experience, perspectives and thoughts generated by some facts, trends and contact and potential competitor's gained from online research, a few telephone calls and

1. Google Search-Outsourced Business Services –Top 200 Listings sampling and review.
2. Google Search-Business Process Outsourcing-Top 10 Listings
3. Site investigation-William F. Corbett and Associates
4. Site investigation-Firmbuilder.com. Registered to Firmbuilder.com to see restricted sources of information.
5. Site investigation-salience.com. Call in to Zach Esper, VP Biz Development- initial clarification and qualification calls.
6. Search Google-Outsource Sales organizations-.com-Yielded only 4 listings.
7. Site visit-Entelgen. MindShare, APH, websites –“outsource sales services”

¹⁰ *ibid*



8. Site visit- PFS-outsourced multi-service provider

9. Search “outsourced sales” 882 listings

10. Sites- <http://www.salesforceoutsourced.com/> (add your site link for free)

11. www.proxi.co.uk

12. www.revonet.com “Revonet can immediately and dramatically REV-up your company's sales efficiency and NET revenue.

We have a patent pending outsourced sales solution and World Class transactional database that helps Fortune 1000 and other large B2B technology companies locate and close incremental revenue opportunities. Best of all, our entire business model is based on performance - so that we are only successful when you are successful.”

13. Outsourced.com—this site is planned for development CESMarketing.

14. Outsourcedcenter.com-site exploration and newsletter sign-up

15. OutsourcingCenter is the world’s most prominent Internet portal for authoritative information on methods for creating and sustaining a competitive advantage; improving organizational performance; focusing resources on core competencies while obtaining resources to improve important, non-core business processes; ensuring companies get the best return on their IT investments; and capturing value in business solutions that make an enterprise-wide strategic impact.

The Center hosts a wealth of free research, case studies; database directories, market intelligence, and ever-expanding content targeted to the information organizational decision-makers seek on emerging trends and best practices in outsourcing as a strategic business solution. The Center also hosts the monthly online Outsourcing Journal and BPO Outsourcing Journal, with more than 40,000 subscribers.

OutsourcingCenter is the publishing and research division of Everest Group, one of the world’s most prominent consulting firms, assisting organizations worldwide in moving from their business challenges and goals to capturing maximum value in their business solutions.

16. <http://www.bpo-outsourcing-journal.com/> (find out how you can post a case study or white paper on this site)

17. Search Selling Outsourcing Services-37 results

18. CBIZ site visitation due to number of listings found for their companies

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Century Business Services, Inc., is a provider of outsourced business services to small and medium-sized companies throughout the United States. The Company provides integrated services in the following areas: accounting and tax; employee benefits; wealth management; property and casualty insurance; payroll; IS consulting; and HR consulting. CBIZ also provides valuation; litigation advisory; government relations; commercial real estate; wholesale insurance; healthcare consulting; medical practice management; worksite marketing; and capital advisory services. These services are provided throughout a network of more than 200 Company offices in 33 states, the District of Columbia, and Toronto, Canada.

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APPENDIX

Reference- Facts, Statistics and Trends

Since 1990 there has been an explosive growth in the use of outsourcing. From near zero when outsourcing first emerged in the late 1980's to \$100 Billion in 1996 (according to Harvard Business Review) to an estimated \$318 Billion by 2001¹¹

In a poll taken at the 1998 Outsourcing World Summit in Orlando, Florida, 46% of all executives responded that over the next twelve months, outsourcing in their organization would increase. Beyond that percentage, an additional 18% of respondents agreed that outsourcing in their organization would significantly increase over the next twelve months. In the same study, 73% of all respondents agreed that outsourcing is either effective or very effective as a tool for small, fast-growing businesses. There are many reasons why companies outsource. According to the poll at the 1998 Outsourcing World Summit, 35% of executives outsource in order to reduce operating costs. Thirty-one percent outsource in order to focus on core competencies. Seventeen percent outsource to improve their quality of service and/or information, 7% outsource in order to fuel revenue growth, 6% outsource to make better use of capital, and 4% outsource for other reasons. At the 1999 Outsourcing World Summit, which took place in Las Vegas, Nevada, summit attendees exchanged views and directions in outsourcing across a wide range of business functions. Areas most commonly discussed were administrative services, customer support, distribution and logistics, facilities and operations, accounting and finance, human resources, information technology, manufacturing, marketing and sales, real estate management, and transportation.¹²

Key Articles

Ten Years of Outsourcing Practice: Tactical, Strategic, and Transformational¹³

In the last ten years there has been explosive growth in the use of outsourcing. There are three distinct stages in outsourcing's evolution tied to executives' mind-sets rather than to a calendar.

¹¹ **Ten Years of Outsourcing Practice: Tactical, Strategic, and Transformational** : Michael F. Corbett & Associates

¹² **Facts About One of America's Biggest Business Trends** Michael F. Corbett & Associates

¹³ **Ten Years of Outsourcing Practice: Tactical, Strategic, and Transformational** by Michael F. Corbett

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As managerial understanding of outsourcing's values proposition advances then the number of applications for outsourcing multiply. As they multiply, the applications mature from tactical and short-term to strategic and long-term, and eventually transformational and evolutionary.

Since 1990 there has been an explosive growth in the use of outsourcing. From near zero when outsourcing first emerged in the late 1980's to \$100 Billion in 1996 (according to Harvard Business Review) to an estimated \$318 Billion by 2001.

Along the way outsourcing has matured into an indispensable management tool. As famed management writer Peter Drucker notes, of all the powerful management tools to emerge in the last half of the 20th century outsourcing uniquely compels managers to ask "what to do," increasingly the central management challenge.

Drucker's thoughts appeared in a 1994 Harvard Business Review article. In the preceding years outsourcing's value and role were seen as tactical and immediate. The U.S. business environment of the late 1980's and early 1990's was in transition, and many organizations needed serious change. There was economic uncertainty and pressure. Corporate America was emerging from a period of significant corporate restructuring and large-scale downsizings. Japanese management theories were influencing American business and a quality revolution was underway.

Outsourcing the term and the concept emerged from its application in three places. For manufacturing many firms used foreign labor to make components and products. Outsourcing was also first used to describe relationships between firms and their providers of support services like payroll, security, grounds keeping, maintenance, janitorial, and food services. These services were taken on by companies like ADP, Aramark, and Servicemaster. Often outsourcing was used to describe longstanding relationships. At the same time large firms, especially Fortune 500 Firms like Kodak, were working with traditional hardware and software providers such as EDS, IBM, AT&T, CSC, and others to provide a full array of technology services. It was through these relationships that outsourcing as a managerial practice grew and flourished.

Tactical Outsourcing

In the first stage, tactical relationships, the reasons for outsourcing were usually tied to specific problems the firm was having. Often the firm was "in trouble" to begin with and outsourcing was a direct way to address the lack of financial resources to make capital investments, inadequate internal managerial competence, an absence of talent, and a desire to reduce headcount. Outsourcing often accompanied large-scale corporate restructuring. Many tactical relationships were forged to create immediate cost savings, eliminate the need for future investments, to realize a cash infusion from the sale of assets and to relieve the burden of staffing.

The focus of tactical outsourcing is the contract, constructing the right contract, and holding the vendor to the contract. The expertise for constructing these arrangements emerged from purchasing. Frequently the contract was simply a fee for services. Much of the value stemmed

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from the discipline of spending dollars externally. When managers created successful tactical relationships the value of using outside providers was clear: better service for less investment of capital and management time.

Strategic Outsourcing

As some pushed for more value from outsourcing relationships the goals of these relationships changed. Executives realized that instead of losing control over the outsourced function they gained wider control over all of the functions in their area of responsibility, and they were better able to direct their attention to the more strategic aspects of their jobs. Instead of facilities managers worrying about staffing janitorial positions, they were more focused on infrastructure issues. Technology executives handed the running of the data center to a service provider and turned their attention to serving the needs of internal customers. The logic remains compelling.

How outsourcing was used and where it was applied changed. The size of outsourcing relationships jumped and the scope of the service provider's involvement grew. Outsourcing changed from being a tactical tool to becoming a strategic tool by virtue of the dollar value of the relationships, the integrated scope of services, and the length of the new relationships. Most importantly, the managerial mindset about the nature of the relationships matured from one between buyer and supplier to one between business partners. Strategic outsourcing relationships are about building long-term value.

The phrase strategic outsourcing was coined by Professors Quinn and Hilmer in 1994. But it was being practiced earlier by forward thinking executives, like Katherine Hudson of Eastman Kodak as early as 1989. In that year Eastman Kodak and Katherine Hudson signed a landmark ten year outsourcing deal with IBM for \$250 Million. This outsourcing was not about fixing a troubled function, avoiding a problem, or restructuring. The Kodak-IBM deal was about identifying the core competencies of the firm, partnering with a provider to deliver the non-core activities, while focusing the firm's resources on the core competencies of the firm. For the IT operations at Kodak it was a matter of focus, IT's role, and the direction IT would take for the next decade. The decision to outsource was very much strategic, and the role the provider (IBM) took on was critical. The rationale for outsourcing was focusing on core competencies, or as Katherine Hudson said, "our mission doesn't say 'be the world leader in computing'".

Instead of working with a host of vendors to get the job done, in a more strategic model corporations work with a smaller number of best-in-class integrated service providers. The working relationships with providers evolve from adversarial vendor-supplier relationships to long-term partnerships between equals where the emphasis is on mutual benefit. Michael Corbett defined strategic outsourcing as, "the redefinition of the corporation around its core competencies and strategic, long-term, results-oriented relationships with service providers." It is fundamentally redefining the business and separating the core from non-core activities and making decisions about how to get the work done.

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Transformational Outsourcing

Transformational outsourcing is the term used to describe third generation outsourcing. If the first stage of outsourcing was about doing the work with the existing rules, then the second stage is about using outsourcing as the corporation is redefined. The third stage is using outsourcing to redefine the business.

To survive today, organizations must transform themselves and their markets in an ever more daunting challenge to redefine the world before it redefines them. And outsourcing has, once again, emerged as the single most powerful tool available to executives seeking this level of business change. This new transformational outsourcing recognizes that the real power of outsourcing is in the innovations that outside specialists bring to their customers' businesses. No longer are outsourcing service providers simply viewed as tools for getting more efficient or better focused, they are seen as powerful forces for change — allies in the battle for market- and mind-share.

Outsourcing can be used to radically change the definition of the business—open new markets, deliver new customers, and create new products. Outsourcing is leverage. Here outsourcing is a vehicle for changing the firm's relationships with customers, employees, and business partners by working with best in world partners. It's enabling growth. It's the way to grow by alliance. When managers realize that outsourcing relationships are a way to invest in the future of the firm they are thinking differently. Transformation outsourcing is not about creating dependence, it's about actively creating interdependencies that serve the interests of all parties. Mission Foods uses Ryder Logistics to deliver its products to new markets in ways the company could never have done alone. Where once firms kept outsourcing in the background, never letting their customers know part of the work was delivered by a third party, now firms co-brand products/services and firms march out their outsourcing providers to instill confidence in customers and business partners. "No longer are outsourcing service providers simply viewed as tools for becoming more efficient or better focused, they are seen as powerful forces for change, allies in the battle for market and mindshare," says Michael Corbett. Outsourcing relationships have the power to thoroughly redefine how business is done.

* From CIO Magazine, 10 Years that Shook IT, October 1st, 1999

What is Business Process Outsourcing?:

Another wave to watch for is business process outsourcing, or BPO. What businesses are now realizing is that outsourcing "what is" can certainly provide marginal gains. Better yet is to outsource "what should be," and that's where business process outsourcing comes in.

Business process outsourcing means examining the processes that make up the business and its functional units, and then working with specialized service providers to both reengineer and outsource these at the same time.

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What areas lend themselves to this approach? Certainly, all of the transaction-intensive activities that exist within the finance department, human resources department, and purchasing groups and others – not to mention document management. A company’s documents are central to its business processes. As one IKON customer, Alcon Laboratories, knows, a specialized partner in this field is a real asset. Troy King, Alcon’s director of R&D operations services, says: “IKON’s copy center manager regularly works with our researchers and executives to better understand their needs and the nuances of our specialized regulatory documents.”

OBPO- Offshore Outsourcing

Finally, there is offshore outsourcing. Although not new, this is an area that is clearly gaining momentum, and it’s probably not long before any company that’s not leveraging the global talent pool will find itself at a severe competitive disadvantage. India is currently receiving a great deal of attention; however, Eastern Europe, the Philippines, Vietnam, and, perhaps most notably China, are moving swiftly onto the playing field as well.

India, for example, has an enormous talent pool from which to draw highly skilled outsourcing professionals. It has a population of more than 1 billion people, of which 300 million speak English. At any given moment, more than 6 million people are enrolled in the subcontinent’s 200 universities, 5,000 colleges, and 100,000 secondary schools. Technology is shrinking global distances to the point where, in reality, having work performed halfway around the world is not that much different from having it done in an office building across the street.

As outsourcing’s next wave hits, **businesses that don’t figure out a way to ride it will be sacrificing significant competitive advantage. Yet, as with all management tools, it will continue to be the ability of forward-thinking executives to see around corners, anticipate and adapt to change, and use outsourcing effectively within an overall framework of continuous improvement that matters.** As the recent dot-com implosion has indelibly reminded all of us, the principles of sound business don’t change, just the techniques available to us as managers for their execution.

What type of services do you find being outsourced?

Customer service	
Accounting	
Tax	
HR	Marketing communications
IT	Message management
Telcom	Incentives and Loyalty programs

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CRM-close new business, up-sell and cross sell and reduce attrition.	Energy management
Office-HQ	Facilities management
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ⁱ FirmBuilder.Com [Outsourcing Next Wave](#) M.Corbett & Assoc.

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