

Multi-Sourcing and Multi-Shoring

On Tuesday, I was fortunate enough to attend The National Outsourcing Association's event on multi-sourcing. As with any new term, outsourcing vendors have been quick to use the term "multi-sourcing" to fit in with their service range. In reality, multi-sourcing and indeed the other new term multi-shoring aren't new in their concept. Many companies have used multiple outsourcing vendors to help their business function for many years. In the past, this has not been by design. They just happened to end up with multiple vendors. Many businesses are now forming their a multi-sourcing/shoring strategy but does it really deliver business improvement or it just hype?

All 5 of the speakers at The NOA Event were talking specifically about IT Outsourcing. Those of us who are more focussed on call centre or BPO found that the IT industry solution to multi-sourcing was in many ways over-complicated for our solutions. For example, IT companies have to manage the various touchpoints or collaborations between their various outsourced providers. My approach in the call centre space would be to properly define the process in the beginning to avoid the need to have potentially damaging collaboration between the various parties. If this is done properly, the client can achieve very strong benefits from multi-sourcing such as increased competition between the various parties and mitigate any risk which is especially crucial this decade with an increase in global terrorism and a seemingly increasing number of natural disasters. For the purpose of this article, I will focus exclusively on call centre outsourcing but the same could also be true for BPO.

What is Multi-Sourcing?

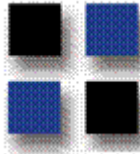
Multi-sourcing is quite simply outsourcing work to more than 1 vendor. Some times, the same type of work is sent to multiple vendors or each vendor does a different aspect (e.g. one might do B2B telemarketing, one might B2C telemarketing and 1 doing customer support).

What is multi-shoring?

Multi-shoring is using different countries to provide part of your call centre requirements. Multi-shoring can involve company owned centres, outsourced vendors or a mixture of the two. Quite simply, a multi-shoring arrangement is where you use 2 or more countries to fill your company's requirements.

Why The Trend toward Multi-Sourcing?

If we are to believe the reports, many outsourcing projects whether in IT or business processes fail. Some might think that it would be better to fix the problems with existing vendors rather than to add on new partners into the mix. However, outsourcers are a strange breed of company. The reason



some provide far better service than could be delivered internally because they are managed (and often owned) by individuals with a vision. In a large corporate environment, this vision is stifled. When these key personnel are no longer running the company or the company is too large for them to have a direct input into all aspects of the operation, the quality of the operation suffers. This manifests itself in a number of ways. For example, very few companies who outsource a global deal with the same supplier rarely achieve the same level of service in the different countries. This is because the quality of the service provider in BPO or call centre outsourcing is so strongly linked with the people who work on the client. Despite what some outsourcers might say, they have very limited intellectual property to help them deliver global call centre standards. This is also the reason why so many of the larger international players (those with in excess of 10,000 call centre agents globally) have failed in their offshore outsourcing and why the quality of the medium sized players (those between 2000-5000 agents) have consistently achieved higher satisfaction rates from their clients. However, the issue is even more complex than simply the size of vendor. There are many cases of an outsourced provider performing well and then after the loss of key personnel, the quality suffers. The fact that a provider is doing well now is no guarantee of success in 6 months time. This is where multi-sourcing comes in to its own allowing the client greater flexibility to increase call volumes to a higher performing OSP and away from the poor performers. When call volumes (and the attributed revenues) drop from a client, senior executives inside the OSP are normally very quick to put measures in place to improve the quality of operational output.

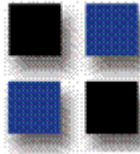
Risk Mitigation

We keep hearing about how companies have had to be even more prudent in their risk mitigation in the post 9/11 world. More and more call centres are now in developing nations who suffer more natural disasters and are less well coped to deal with them. By adopting a multi-sourcing approach, you can relatively quickly move call volumes to unaffected centres if one or your sites is impacted.

Common Mistakes

Of course, there are potential downsides to multi-sourcing. The size of the account and the general conditions of the agreement must still be attractive to your chosen partner otherwise it simply won't get the attention you need. Also, contractual terms tend to be more favourably weighted to the client in multi-sourcing arrangements which may put off some vendors.

One common mistake is to over-complicate the overall arrangement. Sometimes, external consultancies who come from an IT or general consultancy background are keen to over-complicate the whole process to justify their existence. I always prefer to deal with call centre experts who



generally focus more heavily on the skill-sets of the individuals involved rather than trying to adopt a theory from another industry.

You generally need to have a larger vendor management team when dealing with more vendors to ensure that the key relationships between client and vendor are maintained.

Another mistake is the use of a “lead vendor”. Whilst this is more common in ITO than BPO, there are still a number of examples of this falling down in the BPO/contact centre space. Outsource service providers are in competition. Whatever terms they may use to “fluff this up”, they are still competitors. As such, it’s important to ensure that the client controls any cross-over points or points of conflict between the vendors.

Conclusion

However it’s packaged, multi-sourcing and multi-shoring often make good business sense. If you are adopting a multi-shoring strategy, be sure to use “best of breed” centres in each location. Using a single vendor to manage things globally may seem like a good idea but in reality, it normally fails. Be sure to set up any multi-sourcing deal with contractual terms which reward good performance and are able to put constant pressure on a vendor to perform throughout the contract and not just at contract renewal stage.

For more information, contact Info Valley on 01608 679092