



## **How to Implement BPO On-Demand**

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As adoption of Business Process Outsourcing (BPO) has grown, the shortcomings of traditional outsourcing solutions have become more apparent. This paper will highlight some of the common problems associated with outsourcing, and discuss how your company can utilize the next evolution of outsourcing, Business Process On-Demand (BPOD), to address those concerns.

### **1. Evaluating Your Current Solution:**

The first step in implementing a successful BPOD solution is to determine where you stand with your current in-house or outsourced solutions. Start by asking questions that will allow you to determine the strengths you want to build on, on the weaknesses where you have opportunity to improve your process. Areas to focus on include:

- **Quality:** Is your current solution delivering acceptable quality? It's important to note that quality doesn't have to be perfect for a solution to be effective. Higher quality typically comes with a price of increased costs, decreased speed, or both.
- **Speed:** In measuring speed, you'll want to determine metrics which allow you to focus on both the time it takes to complete your projects and the time it takes to ramp up when your workflow increases.
- **Cost:** How well is your current solution meeting your cost objectives? If you are being asked to do more with less, can your current process provide the quality you need, when you need it, without having to increase costs?
  - When evaluating costs, it's important to look at the hidden costs of in-house and traditional outsourced solutions. Payroll is just the start-- your real costs for in-house solutions include everything from office space, to desks and chairs, to internet and electricity usage.
- **Management:** Whether you are handling your projects in-house, or through a traditional outsourced solution, take into account the amount of time and effort you and your team are putting into hiring, team building, training, and project management. The time and cost associated with project management can be significantly reduced in a BPOD solution.

## 2. Designing an Optimal Solution:

*“How To Ensure Your Outsourcing Solution Meets Your Needs, Not Your Vendor's.”*

The costs involved in setting up a traditional outsourcing solution mean that some vendors either sell an under-powered solution so they can quote low and win a contract, or convince their clients to implement an over-powered solution so the vendor isn't stuck with additional costs if project parameters change. Either way, there's little incentive to ensure that the solution is one that's actually best for the client.

With BPOD, the vendor and client are both incentivized to create an optimal solution. Because work is only paid for when completed correctly, it's in the vendor's best interests to engineer a process that allows work to get done both quickly and accurately. The flexibility of an on-demand workforce allows BPOD vendors to build your solution around your needs, rather than around their fixed cost structure.

A good BPOD vendor will also offer you a free trial with sample work you provide. The trial allows the vendor to fully understand your needs, and allows you to get a guaranteed price-per-task before you spend your first dollars.

**Implementation Tips:** The keys to designing an optimal BPOD solution are to understand your project parameters before you go to trial. One of the most important questions a BPOD vendor should ask is, “What would you consider a successful result?” Before you talk with a vendor, think about your goals, and outline what it would take in terms of quality, speed, and cost to make your project a success.

While you want to compare pricing to in-house and traditional outsourced solutions, keep in mind that with a BPOD solution, you can easily adjust your price if you can accept a result that's a little less speedy, or if you accept slightly lower accuracy.

Consider carefully how quickly you really need your work completed, and whether you need “gold standard” accuracy levels. If you're not sure what can be done, and at what price, ask your vendor to provide some guidelines and to run some tests during your trial.

## 3. Handling Variable Labor Needs:

*“What Happens When Your Project Doubles in Size Overnight.”*

The long ramp-up to build outsourced teams can mean that businesses either have to over-staff, or be unprepared to handle labor demand spikes. If your project grows quickly, you can be left with a solution that can't keep up.

BPOD allows you to instantly tap a vast pool of qualified workers when you need to-- without having to staff-up in advance. Rather than paying for more labor than you need, an on-demand solution lets you pay only for work that is actually completed. When workers aren't working on your projects, you're not paying them. But when you need additional work completed quickly, the workforce is already in place to get your job done.

**Implementation Tips:** A good BPOD vendor will discuss how variable your labor needs will be, and whether your project is a one-time job, or a stream of on-going work. Communicate how high (and how low) your labor demand will be while your vendor is designing your solution. This allows your vendor to test the effects of different task pricing and accuracy review levels in trial, before your work goes into full production. Your vendor will then know how to best adjust your job to quickly attract more workers and increase productivity if needed.

#### **4. Evaluating Your BPOD Solution:**

Once you have implemented a BPOD solution you'll want to quickly start evaluating the results. While a good BPOD vendor will continually work to improve your work process, as the client, you have the best information as to what constitutes a successful project.

**Implementation Tips:** Sit down with your vendor shortly after you start receiving a regular stream of work to update your goals and determine how closely they are being met. Ask your vendor to show you the current work flow for your projects and to suggest ways that work flow can be improved.

This is a good time to re-evaluate your needs under the Quality/Speed/Cost triangle. If you need work done more quickly but can't increase the price you're paying for projects, determine whether you can accept slightly lower quality. Conversely, if speed is not as important as it was when you first started the project, let your vendor know. If you can sacrifice a little speed, a good vendor can often increase your quality, or reduce your costs to better meet your need.

When evaluating your BPOD solution in comparison to in-house solutions or traditional outsourced models, take into account labor demand flexibility, reduced management time, and elimination of hidden costs like office space, furniture, and utility usage.

A well-designed BPOD solution, implemented and managed by a quality vendor, should save your company time, money, and management resources.

To learn more about how you can implement a BPOD solution for your project, contact CloudCrowd's Business Development Team 415-512-1590.