Are You Transition Ready?
4 areas to be prepared with for a successful transition

– Narayanan Sampath, Holly Benson, Amol Mavle

Abstract
For a Buyer, getting into a BPO transition without being ready and prepared for it is a definite way of failing in your outsourcing initiative. While significant efforts are made to get the business case right, outsourcing may fail without proper readiness to transition. Several aspects of readiness need to be covered before moving into the Transition to make it a success.
Transition Readiness

Why is it critical for the Buyers to assess their readiness for the transition?

You have decided to outsource, gone through a year long process of creating a strong business case, got executive buy-in for the case, made visits to several service providers to assess who is the best fit. You have also assessed how ready the selected service provider is to make this transition successful, but have you spent enough effort to assess your own readiness to make the transition successful. After all, success of a transition is a joint service provider-buyer responsibility. Several pressures exist to start the transition immediately once the business case is accepted and the service provider is selected. The biggest pressure being the date by which the business case anticipated the savings to start. So a few questions to ask would be - what level of transition readiness did the business case anticipate? Did the business case provide enough time to get the organization ready for the change? Did we look at aspects such as availability of training and technology resources?

What are the readiness parameters to be checked before taking the leap?

1. Change Readiness
2. Technology Readiness
3. Organizational Readiness
4. Training Readiness
Change Readiness - People and organizational issues are the #1 cause of failure in major transition programs. All the data point to the same conclusion: managing a complex array of "people issues" in a transition is essential for success.

Outsourcing impacts a complex suite of stakeholder groups, from in-scope employees, to internal business customers, to other support service groups who must participate. Considering these groups and their issues early in the process can minimize risk and accelerate the path to value. Advance planning is necessary to ensure that requisite funding and resources are in place to address the issues, and that critical timeline dependencies are understood and built into the overall project plan. BPO transitions pose four universal challenges: Attrition Risk, Job and Organization Redesign, Skill & Behavioral Changes and Leadership. To deal with these challenges, our experience indicates that a company should be ready in 4 critical change management capabilities.

a. **Readiness to lead a transformation** - Clear vision, direction and expectations coupled with strong leadership alignment on direction, rationale, willingness and ability to make tough decisions would be required to lead the transition.

b. **Readiness to communicate** - Clearly laid out communication plan (to employees and to the external world - suppliers, investors etc) & process, well defined communication roles, accountabilities, management communication skills and experience are the key aspects required to be managed to ensure readiness to communicate.

c. **Readiness to manage severance and attrition** - Severance strategy & plan, retention strategy & plan, employee assessment and decision process.

d. **Readiness to operate a managed services model** - Skills and experience in vendor management, virtual teaming, cross-cultural teaming, governance, metrics management.

e. **Readiness to work in a cross cultural environment** - Training for the key stakeholder in working in a multi-cultural set-up for the period of the transition, training to the retained staff on working in a multi-cultural and multi-geography set-up.

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**Projects Fail When People Aren’t Ready**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Resistance to Change</td>
<td>20%</td>
</tr>
<tr>
<td>Limitations of Existing Systems</td>
<td>40%</td>
</tr>
<tr>
<td>Lack of Executive Commitment</td>
<td>60%</td>
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<tr>
<td>Lack of Executive Champion</td>
<td>80%</td>
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<tr>
<td>Unrealistic Expectations</td>
<td>60%</td>
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<tr>
<td>Lack of Cross-Functional Team</td>
<td>80%</td>
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<tr>
<td>Inadequate Team and User Skills</td>
<td>100%</td>
</tr>
<tr>
<td>IS Staff and Users Not Involved</td>
<td>80%</td>
</tr>
<tr>
<td>Project Charter Too Narrow</td>
<td>100%</td>
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</tbody>
</table>

Total exceeds 100% due to multiple answers of respondents.

Source: Infosys BPO
Technology/IT Readiness - Technology is increasingly becoming a critical component of most BPO transitions. Not only the underlying technology (which is the voice and data connectivity), but platforms and point solutions bring in unique challenges from a readiness perspective. Since most BPO projects are primarily driven by business and the executive management and not by the CIO office, there is often a likelihood/risk of technology/IT not being sufficiently involved or interested in the project. Following aspects are to be considered for technology readiness. With IT becoming an integral part of BPO deals, the importance of IT readiness is going to only increase.

a. **Accurate estimates of what technical resources are required** - While the business case factors the benefits that technology will deliver to the initiative, many a times the costs associated to enable the solution are not factored. So the question to ask is has the business case factored the buyer’s technical resources (people and hardware/software) required to deliver the solution. Failure to make accurate estimates of the technical resources required would result in the business case not being delivered post the transition.

b. **Availability of technical resources** - Assuming that the business case has factored in accurate estimates of the technical resources required to deliver the solution, have resources been scheduled to be available as per the transition plan to meet the planned dates? It is critical to ensure alignment of a technology team to the initiative and make them a part of the initiative, as technology infrastructure is the backbone of an outsourcing engagement.

c. **Accessibility of applications from an offshore location from a legal and regulatory perspective** - Outsourcing involves the service provider accessing applications remotely and often through an offshore location. Have legal and regulatory implications of certain key applications being accessed from offshore been evaluated? Is the service provider able to access sensitive customer/government data from offshore? Does it need to be encrypted for enabling offshore access? Have necessary controls been put in place to ensure protection of sensitive data?
Organizational Readiness - How ready is the entire organization for the outsourcing initiative? Is the organization clear about the reasons for outsourcing? Are all key players clear about their roles? Does the organization have prior experience of managing similar initiatives? Does organization have enough experts who have prior experience of managing similar initiatives? Have expectations been level set between the buyer and provider on roles and responsibilities which clearly lays down the responsibilities of the two organizations?

a. **Identify the transition leadership team** - Transition is a joint service provider-buyer responsibility. Transition isn't something that the service provider does to the buyer, but is something that the buyer needs to be as integrally involved and responsible for as the buyer. Buyer should ensure availability of transition/project managers to support the service provider transition team. This team will plan, manage and execute the transition to the provider end to end. The team should be led preferably by a leader with proven expertise in project management and who can move things around in buyer organization. The leadership team must be sufficiently empowered to mobilize various activities cutting across divisions.

b. **Ensure availability of coaching and support for managers** - The retained managers will need coaching during the transition to handle issues around severance of their teams. Managers are likely to be encountered with questions like - am I going to be retained or let go? What severance package will I be offered? It is critical that the senior management coaches their people managers to handle such questions in the most sensitive manner.

c. **Ensure that the HR team is aligned fully to support the initiative** - The HR function needs to be involved at the very early stages of the outsourcing initiative, maybe even before the service provider is finalized. HR should be involved in estimating people related costs which should be factored in the business case. HR needs to also be closely involved in designing the retained organization structure - job grading, job responsibilities and managing the transition from people managers to managing service provider. HR can also play a crucial role in creating a support structure for the staff at risk e.g providing outplacement support.
Training/Knowledge Transfer Readiness - Effectiveness, comprehensiveness and completeness of the knowledge transfer to the service provider forms the core of a successful transition. Knowledge transfer is critical since often the entire teams are outsourced which means that the buyer is completely dependent on service provider to be the knowledge repository.

**a. Availability of documentation** - Every organization will have varying levels of existing process documentation that will be used to train the service provider teams. Better documentation ensures an effective knowledge transfer. Starting early to build the training documentation ensures that the documentation used for training is current and also can expedite the transition.

**b. Availability of trainers, Subject Matter Experts (SMEs) and relevant training infrastructure** - Availability of trainers to train the service provider staff needs to be planned early in the transition. Understaffed training team could significantly impact the training timelines thereby impacting the business case. Providing support (at service provider site) to service provider during ramp-up/stabilization is critical to the success of the transition.

Trainers/SME travel to service provider location should be planned in advance taking into consideration logistical needs like passport and visa. Logistical arrangements such as availability of required number of training rooms also need to be factored.

**c. Incentive structure for key trainers/SMEs** - While efforts should be made to ensure trainers are a part of the retained organization, it may not be always possible. This will mean certain at-risk staff will be key trainers as well. It is important to ensure that such trainers are identified upfront and sufficient incentive structure put in place for them to ensure their continuity throughout the transition phase. Alternatively the retained staff can be cross trained on a range of processes well in advance of start of the transition to ensure continuity.
No matter how big or small, how easy or complex the transition is, we recommend buyers consider the above readiness parameters which will ensure success of a transition. Our experience has shown that these parameters typically pose the most severe challenges in a Transition and need upfront planning and investment.
About the Authors

Narayanan Sampath
Head Business Transitions, Infosys BPO

He has 26 years of industry experience and has been with Infosys since Oct 2006. As a Commander from the Indian Navy, Narayanan has managed large naval ship design, construction and refit programs. Subsequent to his moving to the private sector, he has steered an automotive test track construction project, large SAP implementations, supply chain integration and BPO transitions.

Holly Benson
Partner and Global Head, Learning and Complex Change Practice, Infosys Consulting

Holly has helped hundreds of clients successfully design and deliver large-scale organizational change programs for Enterprise Resource Planning (ERP) and other technology implementations, Mergers and Acquisitions (M&A), process re-engineering, restructuring, outsourcing, and shared services initiatives. She focuses on delivering bottom line business results and brings a tactical, pragmatic approach to change management that is rooted in more than 10 years of operational experience with a major integrated oil company. She has held leadership positions at IBM Consulting Services and PWC Consulting.

Amol Mavle
Transition Lead - Communication Services Provider, Infosys BPO

Amol has over 10 years of BPO industry experience managing large and complex transitions primarily for telecom service providers. He is a PMP certified project manager and responsible for all transitions within the Communication Services Provider vertical at Infosys BPO.