

Not Just About Technology Part III

The first two columns in this series focused on the organizational “power” and capabilities of an HR BPO provider’s leadership team and their broader workforce. Now let’s consider their physical assets. **By Naomi Bloom**

When you sign up for HR BPO, regardless of the scope, you expect to get access to expertise, state-of-the-art technology, high-quality service, and a lower cost than you could achieve doing all of the covered processes in-house. The provider’s applications software—whether licensed or proprietary—leadership, and staff are critical to achieving these and many other objectives for engaging in HR BPO, but these are by no means the only assets that matter to provider success.

What about all the other IT infrastructure assets needed—from networks and data-center security devices to computing and storage hardware? What about the facilities where services are performed, including those home offices where workers in their jammies hang out? And what about the needed intellectual property, e.g., the codified service delivery models, the quality processes, institutionalized expertise, the knowledge bases shared by call-center staff and self-service users, and the survey research and related results databases that are used by the provider to advise on better ways for the client to achieve the desired business outcomes?

Are their facilities located in good-value areas or are they using top-of-the-line, consulting office space in high-priced cities from which to deliver services? Do they own these facilities and the related equipment, or is everything leased. If so, is it at reasonable terms? Are the facilities and equipment appropriate to the services being delivered? Is good use being made of offshore facilities, telecommuting/at-home workers, multiple shifts, and other innovative ways of minimizing facilities costs and/or maximizing facilities usage?

Is there real intellectual property in use here or just the stuff that consultants share among themselves on an ad hoc basis in the absence of same? Can they demonstrate the knowledge bases they claim to have, how those are embedded in their call centers and self service, how their quality processes are deployed, and the actual electronic representation of their entire service delivery model?

Your provider must also be able to acquire and deploy these assets at the right cost. Paying too much for these assets, either initially or over time, or getting less of the needed assets or lower quality assets than were expected for what they paid, is clearly not a winning

proposition for the HR BPO provider or for their clients.

So, when a provider has to partner for every aspect of their service offering except the sales and consulting wrapper, either their clients are overpaying big time, their profit margins are being given away to all of their partners, or their partners aren’t getting enough for their assets to remain in business.

How much of their physical assets represent provider assets versus the assets of current or proposed partners? What are the nature/terms of these partnerships? Are these partners acceptable to you in terms not only of their service offerings and quality of delivery but also their adherence to strict data security, privacy, controls, etc. Is there off-shoring buried in these partnerships over and above whatever the provider uses directly?

Some partnering makes very good sense, e.g., to get a very bundled service like background checking when you’re a full-service RPO (although one could argue that background checking is really core to RPO), but run for the hills when there is such a hodgepodge of partners that it begins to look more like the opportunistic partnering that comes together to pursue huge military contracts rather than an ongoing, well-integrated service offering. And don’t forget that overly partnered service offerings mean that your lead provider may have given away so much margin that they’re going to be look-

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ing for ways to sell you higher-margin services. Very carefully test the customer self-service experience when there’s considerable partnering to be sure that there’s no evidence of that partnering when employees or managers are online.

WHERE ARE WE GOING NEXT?

Assuming that an HR BPO provider you’re considering has its organizational house in order and has sufficient, substantially in-house assets to deliver a high-quality, integrated BPO experience, perhaps the next place to consider—in weighing the likelihood of the vendor being successful and able to deliver what you need—is their target marketing. **HRO**



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