



Developing a
Rightshoring Toolkit:
How your
organisation can
implement and
manage effective
rightshoring
contracts

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Introduction

This White Paper defines rightshoring as the process of identifying the most suitable geographical locations for the delivery of an outsourced service. It lists countries typically used as rightshoring destinations and identifies the benefits typically gained by organisations from rightshoring. The paper explains how a toolkit-based approach can help organisations to implement and manage rightshoring-based outsourcing contracts. It discusses the key considerations behind the development of a toolkit, building on the successful implementation of a rightshoring toolkit at BancTec, a leading outsourced services provider and NOA Member. A discussion of Critical Success Factors follows for organisations considering how to implement and manage their own rightshoring toolkit. The paper concludes with a list of sources of further information.

Outsourcing Terminology

Outsourcing has acquired a growing stable of acronyms to describe its different operational models. Rightshoring is a term commonly used for the process of identifying the most suitable geographical locations for the delivery of an outsourced service - India is not the sole option for organisations moving service delivery offshore. Using a rightshoring approach enables organisations to take account of an increasingly mature and capable global outsourcing marketplace.

The top 20 countries typically used in rightshoring contracts are¹:

- Nearshore destinations: Estonia, Bulgaria, Lithuania, Czech Republic, Hungary, Poland, Latvia, Romania, Ukraine
- Offshore destinations: India, Indonesia, Singapore, China, Philippines, Thailand, Malaysia, Chile, Argentina, Egypt, Sri Lanka

In practice, rightshoring can involve the use of a combination of alternative delivery locations together with onshore resources. The mix is typically determined by the evaluation of different delivery options taking into account any operational, geographical or legal constraints. Other current terms used in outsourcing are listed for reference in Table 1.

TABLE 1 FREQUENTLY USED TERMS IN OUTSOURCING

Term	Typical Usage
Global Sourcing	Service delivery is located in multiple countries around the world but is not necessarily outsourced to a third party. In-house shared service centres are a common example.
Homeshoring	Services are provided by home or remote-based workers, such as from “telecottages” in rural communities, usually in the same country as the client organisation.
Multisourcing	Creating an outsourcing contract by using multiple service providers, either on a complementary or overlapping basis, for example, assigning different providers to be responsible for application development and management.
Nearshoring	Locating outsourced service delivery within a country close, or adjacent, to the client’s main country base such as within Eastern European member states of the European Union for UK clients.
Offshoring	Locating outsourced service delivery within another continent, for example, India or China.
Onshoring	Locating outsourced service delivery in the same country as the client organisation.

¹ Based on the list of the top 20 outsourcing countries as categorised by Sourcing Line on <http://www.sourcingline.com/top-outsourcing-countries>. Retrieved 01/07/14.

Why Rightshoring matters

The selection of the most appropriate geographical locations for service delivery is a critical factor for organisations planning to gain the maximum benefits from outsourcing. Table 2 summarises the benefits which organisations can typically achieve when implementing an effective rightshoring contract. Cost reduction is only one benefit; rightshoring contracts can also deliver increased operational flexibility, improve customer service, reduce risk and promote continuous improvement and innovation.

TABLE 2 **TYPICAL BENEFITS FROM RIGHTSHORING IN OUTSOURCING CONTRACTS**

Factor	Implications
Cost Reduction	In BancTec's experience, using a combination of geographical locations for service delivery can reduce the net cost of an outsourcing contract typically by 20%-40%, compared with the equivalent cost of an onshore-only service delivery contract.
Service Capability	A multiple country delivery contract enables organisations to access the skills and resources offered by specific countries within a mature and increasingly capable global marketplace, without having to commit to choosing one offshore delivery location only. Operational processes requiring fluency in European languages, for example, are outsourced to a BancTec BPO Centre in Estonia, while data processing activities requiring English or non-European language skills are outsourced to a BancTec BPO Centre in India.
Operational Agility	A rightshoring model can offer the ability to manage operational capacity across different continents, countries and time zones on a "follow the sun" basis.
Customer Service Improvement	Frontline customer services such as contact centres and other operational facilities can be based in a service delivery location that offers the best match to organisational requirements and customer needs. In some BancTec rightshoring contracts, for example, voice functions requiring extensive interaction with the public are kept onshore.
Commercial Flexibility	A rightshoring contract can include the use of multisourcing techniques to source different services or capabilities from multiple suppliers on a best-of-breed basis, avoiding the need for organisations to contract with a single service provider.
Organisational Core Competence	A rightshoring organisation can focus on its key capabilities by outsourcing non-core activities to geographies offering the best comparable mix of their own core competencies, capabilities and benefits.
Geographical Risk Management	A multi-location model avoids the delivery and dependency risk of basing service delivery in one geographical location (including for example, adverse impact caused by political instability or natural disasters). BancTec's rightshoring contracts, often include the ability to bring work onshore from an offshore delivery location if required.
Continuous Improvement and Innovation	Service delivery locations can be benchmarked against each other and encouraged to share Best Practice, promoting diversity, continuous improvement and innovation. BancTec's BPO centres across the world share a common operational framework, ensuring best practice is replicated and that work can be load-balanced across different centres at times of high demand.

Taking a Leaf from the Corporate Notebook: Standards and Toolkits

An organisation can maximise the benefits it gains from rightshoring by using a toolkit-based approach to implementation and management. In BancTec's experience, the benefits of using a toolkit include:

- Adopting a consistent approach to implementing and managing rightshoring contracts.
- Ensuring the maximum level of benefits from rightshoring can be identified and realised.
- Incorporating lessons learned from previous experience gained in outsourcing at either a corporate or individual level.
- Reducing the time taken to design and implement rightshoring delivery contracts.
- Moving to an objective, standardised approach for making decisions.
- Ensuring that all key issues are identified at key stages of the outsourcing life cycle and that no factors have been overlooked.
- Enabling the members of an outsourcing team to focus on more productive, value-adding tasks – and to avoid having to reinvent their approach for every new requirement.
- Improving the sharing of knowledge and communication between different stakeholder groups and individuals involved in outsourcing.
- Identifying, reducing and mitigating potential delivery, legal and financial risks more effectively.

Common standards and toolkit-based approaches are already used by many organisations to ensure a consistent approach to implementation and management within other areas of their operations. Examples include:

- The use of accounting standards and templates to report financial performance.
- International Standards Organisation (ISO) standards and operational manuals to manage quality control.
- Project management methodologies and templates to manage project delivery (for example, PRINCE2 or critical chain project management).
- HR templates to manage HR processes (for example, recruitment, onboarding and appraisals).

Standards have been recently developed for outsourcing and their use is likely to increase in the near future. The National Outsourcing Association (NOA) published the latest version of its outsourcing lifecycle model in 2012². The model's practical "how-to" focus addresses best practice across the four key life cycle phases of; strategic leadership, transition and change, relationship engagement and relationship management. The work by the NOA complements earlier studies by academics focusing on examples learned from industry.

These include the seven steps to successful outsourcing proposed by Maurice Greaver in 1999³ and the outsourcing lifecycle proposed by Power, Desouza and Bonifaci in 2006⁴. An international ISO standard (ISO 37500) for outsourcing is under development, with a release date to be announced in the near future⁵.

² National Outsourcing Association (2012). *NOA Outsourcing Lifecycle*.

³ Greaver II, M. F. (1999). *Strategic Outsourcing. A Structured Approach to Outsourcing Decisions and Initiatives*. New York: American Management Association.

⁴ Power, M.J., Desouza, K.C. & Bonifaci, C. (2006). *The Outsourcing Handbook: How to Implement a Successful Outsourcing Process*. London and Philadelphia: Kogan Page Books.

⁵ International Organisation for Standardization: Project Committee ISO/PC 259, Outsourcing. (2010). *ISO/37500. Guidance on Outsourcing*. Draft Version: 0.52.

Developing the Rightshoring Toolkit's Components

A toolkit consists of a series of components to be used on a stand-alone or inter-connected basis. Where possible, the toolkit should exist in a written, documented format to support the sharing and updating of information between users – particularly when they have not been involved in the toolkit's creation or are second-generation users. Some components could be documented workbooks or spreadsheets, while others could be presentations or knowledge repositories.

In order to maximise its usefulness, a rightshoring toolkit should address all the key stages of the outsourcing lifecycle from initial options analysis through to on-going management and termination or renewal (if a third party contract). The toolkit's components should be identified and agreed with the intended users in advance, ideally in a workshop format to facilitate open discussion and sharing of ideas. A suggested checklist of components, based on a Rightshoring Toolkit successfully developed and implemented by BancTec, is below. Further details can be found in the appendix:

- 'Lessons Learned' Repository
- Initial Options Analysis
- Business Case
- Procurement Database and Documentation
- Implementation Plan
- Benefits Realisation Management
- Service Management Plan
- Continuous Improvement and Innovation Tracker
- Contract Renewal or Exit Plan

Implementing a Rightshoring Toolkit: Critical Success Factors

There are at least 12 Critical Success Factors for organisations to consider when implementing a rightshoring toolkit. These are summarised in Table 3. Additional factors may need to be assessed, depending on the individual characteristics of the implementing organisation.

TABLE 3**CRITICAL SUCCESS FACTORS IN IMPLEMENTING A RIGHTSHORING TOOLKIT**

1. APPOINT AN OWNER FOR THE TOOLKIT

A named owner should be accountable and responsible for the development of the toolkit within the organisation.

2. IDENTIFYING THE TOOLKIT'S INTENDED USERS AND THEIR EXPECTATIONS

The users who are likely to benefit most from the toolkit and to use it in practice need to be identified before the toolkit is developed and its scope agreed. Typical users from within the organisation can include representatives from:

- Procurement
 - Operations
 - IT
 - Legal
 - HR
 - Security
 - Compliance
-

3. IDENTIFYING USER EXPECTATIONS FROM THE TOOLKIT

User expectations need to be understood for the toolkit to have relevance and value:

- What are users expecting the toolkit to offer them?
 - What benefits are users expecting to gain?
 - Are user expectations realistic and achievable – do they need to be managed?
-

4. SECURING EXECUTIVE SPONSORSHIP FOR THE TOOLKIT

The appointment of an executive sponsor to promote the creation and take-up of the toolkit will send a positive message internally and increase the likelihood of success.

5. AGREEING THE TOOLKIT'S CONTENT WITH USERS

The content of the toolkit needs to be agreed with its intended users upfront and then tailored in the light of its use in practice. A suggested content structure is provided in appendix 1 of this paper.

6. CAPTURING HOW KNOWLEDGE IS CURRENTLY MANAGED AND SHARED WITHIN THE ORGANISATION

The development and implementation of the toolkit needs to take into account how knowledge is managed within the implementing organisation, and adapted accordingly:

- Are toolkits and “How to” guides already used?
- How is knowledge currently shared and circulated?
- What is the most suitable format for the toolkit?
- How can users be encouraged to use the toolkit?

7. IDENTIFYING SOURCES OF INPUT TO THE TOOLKIT FROM WITHIN THE ORGANISATION

Sources of input to the toolkit will need to be identified from within the organisation. Valuable experience from current or previous roles held by employees should be captured and used if possible:

- Have any functions previously been offshored? If so, who was involved?
- Were the key learning points and opportunities for improvement identified?

8. IDENTIFYING SOURCES OF INPUT TO THE TOOLKIT EXTERNAL TO THE ORGANISATION

Expertise to help with the toolkit could be available from a variety of external sources listed at the end of this paper. These include the National Outsourcing Association, books and articles, and consultancies.

9. PLANNING A PROGRAMME OF ACTIVITIES TO CREATE THE TOOLKIT

A programme of work with defined activities, owners and timescales, needs to be agreed with stakeholders and authors responsible for the toolkit's development. Setting milestones and regular communication updates (for example, weekly initially) will be essential to keep focus and to share progress between contributors.

- Are timescales realistic and achievable?
- What will happen if other priorities intervene?
- How will progress be shared and communicated between members of the team?

10. PLANNING THE TOOLKIT'S LAUNCH AND USAGE ON ITS FIRST PROJECTS

Trial projects will help to refine and improve the toolkit's content and credibility, and to secure buy-in to the toolkit's use. Potential departments or functions suitable for early use of the toolkit include:

- Areas which involve routine, screen-based back office work.
- Functions where there is no legal constraint to the use of resources outside the EU.
- Other functions which do not have to be based in an office, but could be performed remotely elsewhere with a suitable IT and security infrastructure.

11. PLANNING A TRAINING PROGRAMME IN THE USE OF THE TOOLKIT FOR USERS

Users of the toolkit need to be trained and any feedback from training sessions incorporated into future versions.

12. AGREEING HOW UPDATES TO THE TOOLKIT WILL BE MANAGED AND CONTROLLED IN THE FUTURE

The toolkit should be updated in line with experience gained from its use and the organisation's learning from rightshoring:

- Who will own the toolkit after its initial implementation?
- Where will the master versions of the toolkit be stored and how will they be controlled?
- How will opportunities for improvement be communicated and actioned?
- How often will updates be released?
- How will updates be communicated to users?

Further information

Rightshoring is a fast-growing area within outsourcing. There are several sources of further information available for organisations to consult on rightshoring, whether client or supplier-side. BancTec has developed an extensive toolkit which it uses to create outsourcing solutions for clients. Used collaboratively with client-side teams, the toolkit enables BancTec to address a wide range of outsourcing scenarios, including rightshoring-based contracts.

It is worth noting that National Outsourcing Association resources and seminars are available on a free of charge basis to Members. The NOA Outsourcing Lifecycle Model can be downloaded at: www.noa.co.uk/knowledge-centre/lifecycle-model/.

Sources of further information include:

- The National Outsourcing Association (for papers, seminars and briefings)
- Business publications and articles in the trade press
- Other trade bodies
- Specialist consultancies
- Potential or existing suppliers
- Webinars, blogs and discussion papers
- Country embassies and trade missions.

Readers are also welcome to contact the author of this paper for further information at: marketing@banctec.co.uk

⁶ Useful books and articles for further reading include:

- Click, R. L. & Duening, T. N. (2005). *Business Process Outsourcing. The competitive advantage*. Hoboken: John Wiley & Sons Ltd.
- Govindarajan, V. & Trimble, C. (2011). *The other side of innovation: solving the execution challenge*. Boston: Harvard Business Review Press
- Greaver II, M. F. (1999). *Strategic Outsourcing*. Op. cit.
- Lacity, M. C., Khan, S. A., Willcocks, L. P. (2009) "A review of the IT outsourcing literature: Insights for practice," *Journal of Strategic Information Systems* 18 (2009), pp. 130-146
- The National Outsourcing Association. (2012). *NOA Outsourcing Life Cycle*. Op.cit.
- Oshri, I., Kotlarksy, J. & Willcocks, L. P. (2009). *The handbook of global outsourcing and rightshoring*. Basingstoke: Palgrave Macmillan
- Power, M.J., Desouza, K.C. & Bonifaci, C. (2006). *The Outsourcing Handbook*. Op. cit.
- Robinson, M., Kalakota R., Sharma S. (2005). *Global Outsourcing. Executing an Onshore, Nearshore or Offshore Strategy*. Alpharetta, GA: Mivar Press Inc.
- Willcocks, L. P., Cullen, S. & Craig. A. (2011). *The Outsourcing Enterprise. From Cost Management to Collaborative Innovation*. Basingstoke: Palgrave Macmillan.

Stage of the Outsourcing Life Cycle	Suggested Toolkit Component
All Stages	<p>A 'Lessons Learned' repository for any experience of rightshoring held at an organisational or individual level, including:</p> <ul style="list-style-type: none"> ● The project name and date ● What went well, and why? ● What could have been improved, and why? ● Lessons for future projects ● Person contactable for further information ● Legal and regulatory (e.g., data protection) <p>In Excel or Word, preferably searchable by project or subject area.</p>
Initial Options Analysis	<p>Template to support an initial suitability assessment of whether a business function or process is capable of being rightshored. Assessment areas and questions should be agreed with the toolkit's intended users and could include:</p> <ul style="list-style-type: none"> ● Operations ● Legal and regulatory (e.g., data protection) ● IT ● Communications ● Constraints or dependencies (e.g., data protection requirements) ● Security considerations ● Business continuity and disaster recovery ● Potential geographical destinations ● Potential benefits ● Other <p>Excel spreadsheet or Word document with a range of questions by assessment area.</p>
Business Case Creation	<p>Template to support the creation of a Business Case for rightshoring. The content is likely to need to include an organisation's pre-existing template for Business Cases and could add:</p> <ul style="list-style-type: none"> ● Scope of the operation or function to be rightshored ● Results from the initial options analysis ● Financial cost and benefit projection, including costs for: <ul style="list-style-type: none"> - Transition - Steady-state operation - Client-side governance and any retained operations - Potential exit

Stage of the Outsourcing Life Cycle	Suggested Toolkit Component
	<ul style="list-style-type: none"> ● Costing and VAT assumptions ● Non-financial benefits ● Rightshoring solution proposed - countries and delivery model ● Implementation timescales ● Risks, issues, assumptions and dependencies (RAID) <p>Excel or Word document based on the organisation's pre-existing template for Business Cases, if available, with additional content added specific to rightshoring.</p>
Procurement	<ul style="list-style-type: none"> ● List of potential suppliers and contacts by rightshoring geography ● List of suitable consultants/advisors to support vendor selection, contract operation, business benefits realisation and renewal/exit ● Existing RFP and other procurement templates <p>Excel database for supplier and consultant lists. The organisation's pre-existing procurement documentation, adapted for rightshoring as required.</p>
Implementation	<p>Implementation planning template to include the following areas as a suggested minimum:</p> <ul style="list-style-type: none"> ● Project management and governance ● Implementation owner and workstream-specific owners ● Implementation planning for the following work streams (as applicable to the scope of the project): <ul style="list-style-type: none"> - Operations - IT - Communications links - Business continuity/DR - Testing - Acceptance procedures - Go live ● Knowledge transfer ● Training ● Risks, issues, assumptions and dependencies (RAID) ● Communication procedures ● Change management <p>The organisation's pre-existing templates for project management (e.g., a Project Initiation Document based on PRINCE2) could be adopted, with additional content added specific to rightshoring.</p>

Stage of the Outsourcing Life Cycle

Suggested Toolkit Component

Benefits Realisation Management

Benefits realisation planning template to include the following areas as a suggested minimum:

- Benefit description
- Benefit realisation owner
- Executive sponsor
- Area impacted (e.g. operations or IT)
- Benefit owner
- Benefit category (including financial, service, quality, operational)
- Size of the benefit anticipated by year and in total
- How the benefit was calculated
- Timing assumed for the delivery of the benefit
- Risks, assumptions, issues and dependencies (RAID) for each benefit
- How delivery of the benefit will be measured, monitored, reported and managed

Word document, using any pre-existing project planning templates if available (see above for implementation).

Service Management

Service management template for specifying how the rightshored operation will be managed after implementation, including the following areas as a suggested minimum:

- Service Levels and Key Performance Indicators (KPIs)
 - SLAs and KPI values
 - Scoring criteria
 - Monitoring and reporting
 - Service credits or liquidated damages applicable
- Service management structure
 - Organisation chart
 - Roles and responsibilities
- Service management and review meetings
 - Type (e.g. operational review)
 - Frequency
- Management information
 - Management reports format and frequency
 - Ad-hoc reports
- Security requirements
 - Policies
 - Security compliance
 - How adherence will be managed
 - Managing and reporting breaches

Stage of the Outsourcing Life Cycle

Suggested Toolkit Component

- HR requirements
- Vetting for new employees
- Training requirements for new staff
- Training requirements for existing staff
- Audit, control and compliance
- Policies
- How adherence will be managed
- Managing and reporting breaches
- Service management support
- Service management support hours and coverage
- How incidents will be reported and managed
- Escalation processes and levels
- Business continuity and disaster recovery
- Facilities
- Data
- Invocation criteria
- Recovery time objectives
- Managing Requests for Changes (RFCs) and scope changes

Word document, using any pre-existing operations or vendor management templates (if available).

Continuous Improvement and Innovation

Template for specifying how continuous improvement and innovation will be managed, including:

- How opportunities for continuous improvement or innovation will be identified, encouraged and promoted.
- Arrangements for capturing and recording any continuous improvement or innovation opportunities.
- How opportunities will be reviewed and assessed.
- How opportunities will be implemented.
- How feedback will be provided to the idea's originator.

Word document, using any pre-existing operations templates (if available).

Stage of the Outsourcing Life Cycle	Suggested Toolkit Component
Contract Renewal or Exit	<ul style="list-style-type: none"> ● Template for managing the exit of a service provider, including: <ul style="list-style-type: none"> - Termination provisions and criteria - Termination project management - Termination costs - Client responsibilities - Exiting supplier responsibilities - Incoming supplier responsibilities - TUPE management and transfer - Asset management and transfer ● Template for managing contract renewal, including: <ul style="list-style-type: none"> - Contractual change control process - Operational procedures for renewal <p>The organisation's pre-existing procurement documentation, adapted for rightshoring as required.</p>

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