

PHRONESIS PARTNERS

# Research Desk

White Paper & Case Study



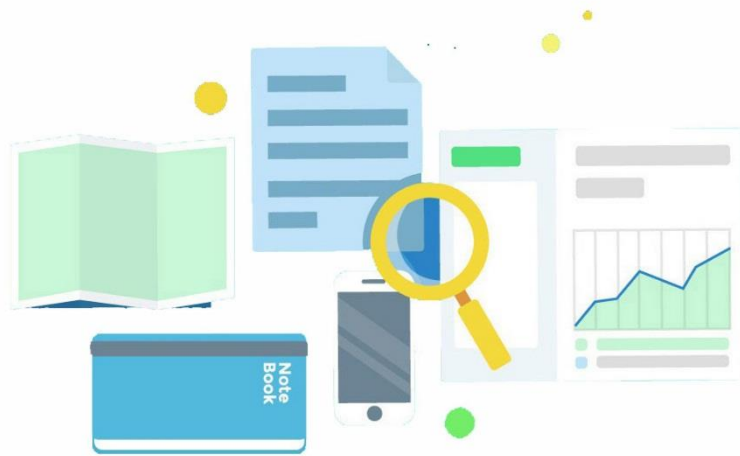
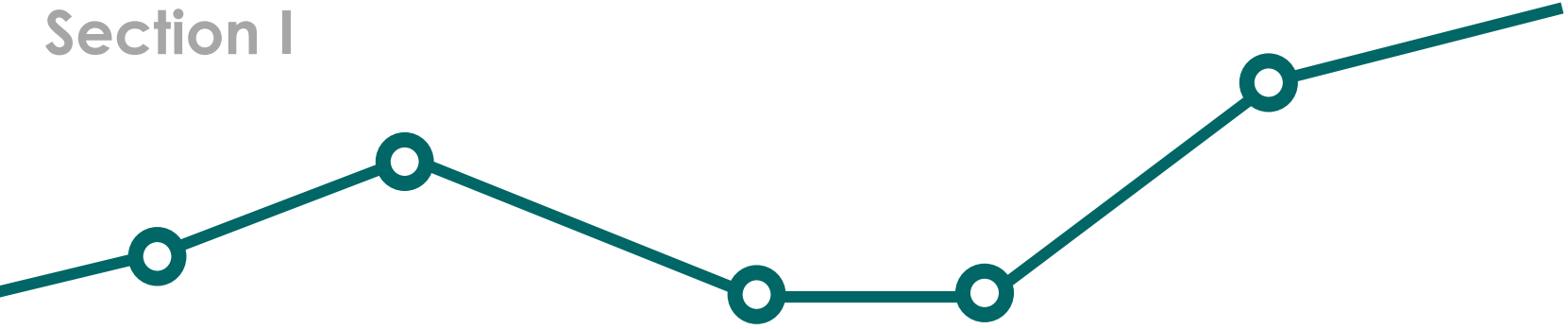
KNOWLEDGE PROCESS OUTSOURCING



PHRONESIS PARTNERS

# White Paper

Section I



Knowledge Process  
Outsourcing - Best  
Practices



## INTRODUCTION



The creation of an offshore platform for executing knowledge processes is rife with complexity, not in the least on account of the specialized nature of these processes and the subject-matter expertise as well as the robust systems that are required to contain them. There is a distinct lure of considerable cost savings which is sufficient to mask the efforts required in the implementation and the upfront setup costs. While caution must be obviously be exercised before leaping into such an extensive exercise, it is more important to take heed of several established practices that can ease the pain of executing this transformation. One of the most common preconceptions about outsourcing knowledge processes that is harbored by executives is that it is somewhat akin to contracting out business processes. Nevertheless, there are some distinct dissimilarities; one of the most acute of these is that a BPO undertaking can deliver immediate returns on account little upfront costs and no requirement for mirroring the onshore processes at the offshore locations so as to ensure quality and consistency in the work-products as well as the creation of robust processes that can sustain the workflow to come out with consistent results. While the BPO undertaking only calls for a one-time setup, a knowledge-process undertaking entails in a greater strain over the time and resources of the client, as offshore processes need to be nurtured to achieve a steady state. Moreover, transition timelines in a KPO exercise are subject to the complexity of the process and the capabilities that need to be raised with the offshore provider. In the following we have outlined several tested procedures that can be readily prescribed to executives exploring the implementation of such an undertaking.

## BEST PRACTICES



### Senior Management Buy-in

*Core Responsibility of: Client with the vendor championing the cause.*

The implementation of a successful offshore knowledge process platform requires significant commitment from the senior management and a disciplined management of processes. It calls for taking several stakeholders into confidence, across the spectrum of business functions. This would not be possible without the backing of a patron, who can champion such a transition and rally the support of senior management. Since such an undertaking would effectuate changes in several business functions, it is crucial to build momentum from the top and take all functional heads on board for this transition.



### Managing Expectations

*Core Responsibility of: Client, with critical inputs from the vendor.*

It is critical to delineate a realistic plan that allows for the circumvention of inflated expectations over immediate results, value delivered over time, and the strategic advantages accrued, before getting such a program off the ground. Drafting a business



case with simple and straightforward goals towards the realization of economic and operational benefits goes a long way in managing internal expectations. Such a blueprint must not only address the financial projections relating to cost-savings but also create a clear and concise plan to reach a state of equilibrium in the functioning of the off-shore operations, moving from a pilot and a mirror-run to full-scale implementation. Any expectations from within the organization can only be effectively managed with a comprehensive plan which explicates the entire implementation process. Maintaining a clear messaging within the organization, of the changes that are to be undertaken or would otherwise be set into motion by this decision, is also crucial to conducting the belief and assumptions of stakeholders. This is fundamental for avoiding any unwonted reluctance or push-back from the client's front-end staff. Moreover, it is important not only to manage the clients' expectations in the initial phases of the program's roll-out, but to safeguard relevance of the program.



### **Align Priorities with Choice of Vendor**

*Core Responsibility of: Client.*

While putting together the scheme and design of an offshore knowledge process platform, it goes without saying that the choice of a solution provider is of paramount import. The process of selecting a vendor must, itself be carefully considered in light of the organization's priorities relating to long-term strategic objectives and the process to be outsourced. Even seemingly simple knowledge-processes have a great many nuances that need to be fleshed out before they can be outsourced. Moreover, several knowledge-based functions are highly specialized and incorporate a complex process that requires specialized vendors with considerable expertise and experience in implementation. Other factors that may warrant close consideration include relationships with existing vendors, their location, macro-economic and political factors, the extent of scalability required by the organization's operations in the near future, if the organization is open to outsourcing any other knowledge processes, etc. Due to such and other factors, the choice of a vendor becomes an exercise in balancing the organization's priorities, comfort-level, and aspirations. However, these factors certainly contribute a decisive component in the choice of a service provider. They can help the organization in deciding over how to pursue the restructuring that entails: whether an immediate and wholesome transition is best or if they should consider a phased implementation. Therefore, it is fundamental that the organization's priorities, underpinned by an overarching strategic component behind the move for outsourcing, must be aligned with key attributes of the vendor in the deliberation over their selection.





## Managing Client Stakeholders

*Core Responsibility of: Vendor, with the assistance of client.*

The creation of an offshore knowledge process, which can integrate into the value-creation process of the organization, entails in considerable changes to the status-quo. Creating new process-flows will impact every function of the business and, therefore, it is important to bring on board all internal stakeholders. Since the processes involved in the knowledge industry are predominantly specialized, the participation of functional heads would be indispensable from an implementation perspective. Moreover, their inclusion early on ensures a solution template can be expedited and rapidly prototyped through a pilot. It would also be important to seek their support and favor early on, for they would, most likely, be directly involved in the implementation of this program and might even count among the users of the work-products advanced by the offshore processes. It would also be crucial to engage the personnel looking after the organization's shared services platform, at an early stage, for their participation would be fundamental to operationalizing the program by way of facilitating a common platform for running combined work-flows.



## Managing Shared Infrastructure

*Core Responsibility of: Vendor with the assistance of client.*

One of the hurdles that is encountered every so often in the effectuation of an offshore knowledge process is the delay confronted in the setting up of a common architecture of shared infrastructure. This is elemental as it enables the execution and management of a common work-flow, towards the production of a stream of solutions at the client's delivery end. It is a seasoned and advantageous practice to start the creation/assimilation of such basic structures, capabilities, and facilities that may be needed for operationalizing the program, in parallel with the planning process. This allows for a timely integration of IT, workflow management, knowledge management, legal, and compliance protocols, among others, to create a dedicated and enhanced connectivity, allowing for seamless processes. This would also include common access to data platforms required for research and access to apposite directories of the clients' internal knowledge repositories. Identifying the data sources needed for servicing the required work-products, in light of those available with the client, allows for the expedient acquisition of necessary resources, creating cost savings and sparing the client of any frustration over delays in realizing the program.



## Managing Risk

*Core Responsibility of: Client.*

Prior to the implementation of an offshore knowledge process platform, several factors warrant consideration with respect to managing the risk associated with such an



engagement. Since executing such a program requires considerable investment in terms of time and resources, it would be unwise to jump headlong without consideration of any perilous situations that one might encounter and a response strategy. It would do well to recall here that the damage due to a poorly implemented KPO program extends to restoring the status quo in the eventuality that the program fails. Bearing this in mind, the organization should undertake a stress test of the process it wishes to outsource. A logical starting point would be to assess the criticality of the said process. Here, the executives must ask themselves, “Can our business function if we stop carrying out this process tomorrow?” The more critical the process, the greater care needs to be ensured for stable rollout. In instances of highly critical processes, it is standard practice for the organization to consider multiple vendors for trial runs to assess the process in greater detail. Also, the ease of rolling back the said process needs to be assessed, in case the results are untoward.

### **Managing Vendor On-boarding**

*Core Responsibility of: Client.*

Once decision about the choice of service provider has been made and the pilot approved, the vendor(s) must be imparted with the necessary capabilities, resources, and behaviors, so as to enable them to contribute maximum value to the client’s processes. This not only includes the sharing the requisite knowledge resources, but also providing assistance in the recruitment of project teams and timely instruction to the offshore teams for skill-enhancement. Adopting a process-based outcome approach can be beneficial in acquiring talent with the required skills, bypassing any cultural or educational discrepancies. Also, bringing together executives overseeing the implementation of this process in drafting the service level agreement (SLA) helps align the anticipated results with priorities.

The process of vendor onboarding should also be accomplished in parallel, as the nitty-gritties relating to the solution design, work-scoping, and the SLA are being worked out, since these would necessarily feed into this process. However, this is not to discount from the fact that an initial training can only be accomplished once a blueprint of the solution has been approved and the specifics of a process-flow chalked out. Also, the framework for a continuous training scheme should be fleshed out in the initial stages. This can include in-person training sessions, webinars, and the exchange of manuals, representative work-products, and the like. These allow for a deeper integration of the offshore support structure with the clients’ onshore teams and a more ingrained understanding of the latter’s expectations, culminating in the gelling of workflows at either end.





## Managing Process Design

*Core Responsibility of: Vendor, with inputs from the client.*

This is one of the key planning activities in the execution of an offshore knowledge platform. It requires devising a solution that meets the client's work requirements as well as outlining a process-flow that can sustain the delivery of standardized work-products of suitable quality on an ongoing basis and gel with the processes on the client's side. The delineation of valuable solutions and the drafting of a robust process at an early stage allows for the assimilation of the client's expectations while refining the process through the various stages of implementation. The objective with this activity is to anticipate problems that may be encountered in operationalizing the program. Instead of imitating the process of the onshore teams, it is better to embrace an outcomes-based approach to solution design, whereby the solution is mirrored so as to provide the client with deliverables that are comparable with the original in key attributes. It is also beneficial to secure carry on support from any previous vendors, in case the service provider is being transitioned for an already outsourced process.



## Managing the Program

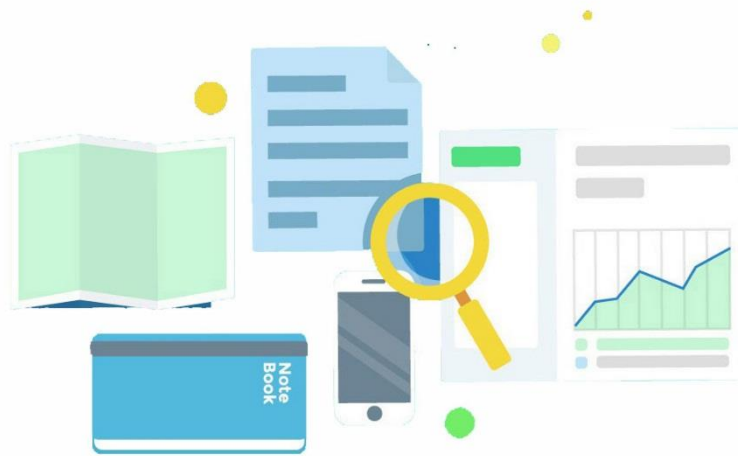
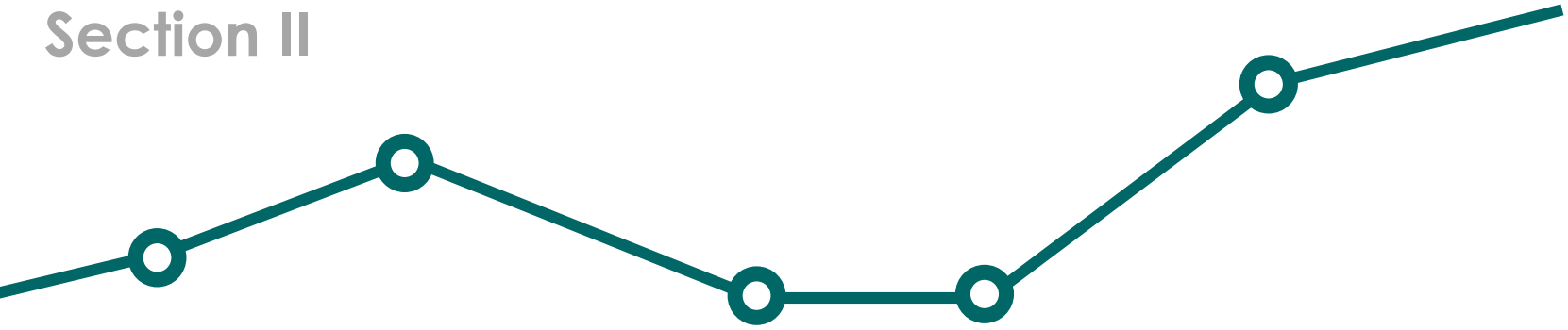
*Core Responsibility of: The client and the vendor, in tandem.*

Governance of the process outlined in order to process the solutions required is another area that calls for meticulous planning in the initial phase, prior to the implementation of the offshore program. The demarcation of a clear blueprint for the implementation of the program with clearly defined responsibility areas is crucial to guide the entire process. Plainly defining the scope of work sets clear mutual expectations. In the administration of the entire scheme of this program, following a functional scheme which incorporates personnel at various levels of planning and execution is favorable to the sustenance of the entire program, as it secures the alignment of the program with the objectives initially outlined. Using a framework that convenes the delivery, management, and strategic personnel in a timely and progressively spaced manner serves to keep the program on track with the client's end objectives.



# Case Study

## Section II



**Knowledge Process  
Outsourcing - Best  
Practices**







## I. Background & Objective.

Our client was a US based international research agency which services a host of industries for strategic research. Their financial intelligence practice assists investment firms, trading desks of financial institutions, hedge funds, institutional investors, family offices, insurance and banking conglomerates with back-office research support on the entire spectrum of financial services.

They were experiencing a sustained inflation in the cost-to-return ratio of their financial research function. This was further compounded with a misalignment of this division's strategic mandate and their efforts. The firm approached us with the intent of sourcing a solution to the lack of any demonstrated profitability of this division. The target, therefore, was to reduce the focus of client's research function on routine and repetitive activities and channeling their efforts onto the sustained course of their core objectives.



## II. Business need.

The client's core research function was experiencing a considerable "digression" from their strategic objective, of providing research-backed decision support for end-clients. This had become a major pain-point since their research staff was overrun with immediate requests that, while providing a prompt support to various delivery functions, couldn't align their activities to meet the long-term strategic objective. Their efforts, thereby, remained fragmented and could only serve the purpose of providing a quick fix to the routine research requests of the project teams. Not only did this prove an unsustainable model for the research function to support the agency's strategic-mandates, but even took from its profitability.



## III. Process of Selection from the Clients Side.

The client released a call for proposals for their requirement, towards which we forwarded them a concept solution note with other collaterals. This was followed up with several exchanges between representatives from either side; so as to underpin the client's needs and determine the specifics of their requirement. Once the requirements were formalized, a revised proposal was sent across, which took heed of the client's key concerns in working with us as well as the nitty-gritties of their requirements. Next, the key management personnel were invited to a discussion with our Director to flesh out the plan and assess feasibility from the client's end. This was followed up with detailed work scoping and solution design, which were relayed to the client by means of on-site presentations. This was followed up with a pilot to test our delivery capabilities. Once the pilot was approved through a quick-fire assessment of the work-products by functional heads in line with feedback from front-line staff, the client approved the program. Next, the service level agreements were worked out in accordance with the responsibility areas determined during scoping.





## IV. Why were we selected

The client was impressed with the incorporation of a framework ensuring realization of long-term value, over the staged-implementation, which was scheduled for roll-out during the following years. Our primary focus has always been on delivering business results, over and above the efforts devoted to on-boarding the team at Phronesis and integrating them with the client's process. The agility and scalability of the end-to-end solution provided added value to a laser-minded focus on consistently delivering value.



## V. How did we implement

The implementation of this program followed the following key milestones:-

- 1. Piloting:** Once an initial scoping of the client's delivery requirements had been conducted and a design for the program had been chalked out, a 3-month pilot was conducted at our off-shore facility. This not only allowed the client to assess our delivery capabilities and work quality, but also permitted them the latitude of experiencing the workflow, so as to appraise its fit with their front-end functions.
- 2. Defining Clear Goals:** Upon conclusion of the pilot, the client was able to evaluate the serviceable value of the outsourced function. This appraisal was used by personnel managing the transition process to define a set of clear objectives for the program over a time frame of 2-4 years. These objectives were chalked out with the explicit purpose of guiding implementation of the entire program by creating a set of common goals to work towards.
- 3. Management Buy-in:** The client's head of financial research was closely involved with this program, throughout the planning and roll-out process. Sponsoring the entire engagement, he secured the participation of functional heads and the support of shared services in launching this initiative.
- 4. Solution Design & Fine-Tuning:** The initial blueprint for the servicing process was fine-tuned with inputs from the client's front-end functional heads. The final solution framework was crafted in line with the client's end-objectives and the insights gleaned from the pilot. This was finalized through concerted efforts, where our service design teams worked closely with the client's functional heads at the onshore location.
- 5. Aligning Client Stakeholders:** Building upon the engagement created by our executive sponsor, we initiated and maintained the participation of key client stakeholders. This included providing timely updates to a group of executives overseeing the implementation, coordinating with respective personnel over the assimilation of infrastructural capabilities, and relaying them with communication over how the process will enhance the productivity of their functional keep.
- 6. Effective Communication:** Prior to the roll-out announcement, we also assisted the client in crafting an effective and mutually agreed internal messaging which was designed to eliminate any friction while securing the buy-in of all employees.



**7. Building Infrastructural Capabilities:** Throughout the planning phase, our functional team ensured that infrastructural capacities were integrated into the process early on, so as to not cause any delays once the roll-out reached fruition. This involved the scoping of data sources and the collation of any reference repositories that were necessitated for the work-product required, by our delivery teams. Requisite steps were also taken to ensure that a common IT platform could be expedited, as well as the legal and compliance aspects of the engagement were also sound. Our functional heads also chalked out coordinated workflows so as to ensure a seamless turnaround of project deliverables, while our talent teams started putting together a plan for sourcing the additional heads needed for the research-desk.

**8. Mirroring to Ensure Quality:** Once the process design had been finalized and the infrastructural requirements fulfilled, a parallel run was conducted where the offshore team utilized a bespoke process-flow, which was designed by our delivery personnel, to replicate the deliverables produced by the client's onshore teams, with the clear mandate of matching the same in quality. This was used to further refine the process design for better turnaround.

**9. Full-Scale Implementation:** The mirror-runs were followed up with a full-blown implementation of the program, which was closely monitored by the client's functional heads and the head of our delivery teams, in close coordination. The engagement was closely followed for 6-months to reduce any friction due to skill-mismatch or an ineffective replication of the practices utilized by the client's delivery personnel. Senior executives from both sides participated in the governance of the program through our in-house coordination mechanism.

**10. Continual Dialogue:** Lastly, a timely and ongoing dialogue was ensured between various levels of personnel involved. This included a three-tier communication framework, including the delivery, management, and senior executives.

## VI. How do we provide governance and what is the result that the client has achieved.

The governance structure followed a functional architecture, whereby the program was administered and overseen over three levels. Firstly, an immediate line of communication was established between the delivery team on our end and the front-end personnel using the work products on the other. Next, the functional heads of our delivery teams and the personnel overseeing the program implementation convened in a timely manner to review and iron out any operational issues. Lastly, our senior management convene with the client's business-unit heads for a review every three months, to ensure the program closely aligns with the objectives initially outlined and to appraise the progress over the goals outlined.





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