



**Knowledge transfer
is the key to business
process outsourcing**

The backbone of any business process outsourcing (BPO) project is knowledge transfer. If done right, knowledge transfer will not only lead to a seamless transition of the business processes, it will also identify opportunities for process reengineering — standardization, optimization and automation.

While most clients embarking on an outsourcing journey understand that knowledge transfer needs to occur, they might not have a firm grasp of the planning process, the details of knowledge transfer procedures, or the potential benefits that can accrue from creating a platform for continuous business process optimization.

Outsourcing a specific finance or accounting business process, for example, known as “lift and shift”, can save companies 50 to 60 percent through labor arbitrage (moving business from potentially high-cost to low-cost locations).

While cost cutting is always nice, even more important to the long-term success of the business is the ability to optimize and automate business processes. And the key to that is the knowledge transfer planning process.

The knowledge transfer plan

In any outsourcing project, clients and outsourcers face a variety of challenges in order to understand, capture, transfer and protect knowledge. This involves careful planning, a smart knowledge transfer approach and the right people to execute it.

The first step is creating a knowledge transfer plan that covers three key areas:

1. Identifying critical processes and support functions. The plan must describe the basics of the business process that is being outsourced and must specify the activities required to implement the plan. This is important on a practical level, but going through the process of identifying these critical processes and support functions also helps to establish a solid working relationship between the outsourcer and client. It increases the level of confidence that clients have in the outsourcer’s capabilities and sheds light on which areas might be vulnerable and might require close attention at the actual time of knowledge transfer.

2. Ensuring minimum impact on mission-critical business operations.

The knowledge transfer process must be conducted in a way that does not disrupt business activities. This is an especially tricky and sensitive area. As one might imagine, if a company announces that a specific business process is being outsourced, employees running that process will understandably fear losing their jobs. The plan needs to include a strategy for making sure that key people with knowledge of the business process will be available to assist in the knowledge transfer.

3. Identifying business reengineering opportunities. A knowledge transfer exercise creates an excellent environment for outsourcers to identify long-standing reengineering goals that the client might have. This process highlights

opportunities to standardize, optimize and automate processes, leading to efficiencies and creating chances to innovate. A strong knowledge transfer should put the outsourcer on a path to continuous improvement.

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What to look for in a provider

For companies looking to offload business processes, the capabilities they need to look for in an outsourcing provider follow the well-known paradigm of people, process and technology.

In a BPO engagement, the outsourcer doesn't get to select the people inside the client company who are currently operating the business process and, therefore, will play a vital role in knowledge transfer. Similarly, the client doesn't know who will be filling that role within the outsourcer organization and how well those employees will mesh culturally and operationally with the rest of the client team.

Customers should look for outsourcers who take the time to understand not only the processes, but also the environment, culture and aesthetics of the company. Knowledge transfer occurs onsite in a one-on-one interaction between the outsourcer employee and the client contact. To make this process work, outsourcers need to carefully deploy strategies to select, short-list and train the right people to set them up for success.

The process of knowledge transfer will lay the foundation for a successful implementation. It will determine whether the knowledge transfer is completed within the specified time frame and whether quality goals are met. Don't accept a cookie-cutter knowledge transfer plan — your plan should be customized for your environment and take into account the complexities, schedules and availability of resources.

When it comes to technology, look for outsourcers that have moved beyond manual information capture and have state-of-the-art software tools that capture business processes. This ensures that the knowledge transfer occurs accurately, quickly and efficiently.

It is also important to select outsourcers that are always on the lookout for the latest knowledge transfer technologies. Adopting an effective technology policy will bring great dividends to the company and help in meeting cost targets.

Finally, look for an outsourcer that can create an innovation roadmap as part of the knowledge transfer exercise. This demonstrates the provider's ability and depth of knowledge in a specific domain in order to optimize and run your operations and provide both immediate and long-term benefits.

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The BPO scenario

One of the important aspects of the knowledge transfer process is planning and coordinating the initial announcement to the affected employees. One tactic is to have outsourcer personnel onsite the same day the company announces its outsourcing plans to its own employees.

That way, the outsourcer can begin the knowledge transfer process that same day. The goal is to “ring-fence” the necessary business process knowledge — to capture it before key employees decide to seek other jobs and walk out the door, taking the knowledge with them.

The actual knowledge transfer process involves one-on-one interaction between the outsourcer and the client contact. In a scenario where a specific business process has 10 steps, for example, the outsourcer employee will sit down with the client contact and run through each step of the process. The on-screen activities are captured via a software tool. In addition, the outsourcer tries to capture the tacit knowledge that might reside in cheat sheets, sticky notes or just in the client contact’s head.

In the next step, the outsourcer takes all of that information and puts together a comprehensive desktop procedure that is sent back to the client to make sure it’s accurate and captures all of the parts of the process.

In a large outsourcing project, it could take a couple of months to ring-fence the pertinent knowledge and to create a long-term roadmap for additional operational efficiencies. For example, there could be a way to automate processes to reduce those 10 steps down to three. This also requires change management so that the new three-step process is captured, documented, distributed, taught and deployed successfully.

Education and training play key roles in knowledge transfer. In one case, a multinational engineering and manufacturing company wanted to consolidate finance and accounting teams located in multiple counties, as well as streamline business functions.

The problem was that the company needed to standardize its enterprise resource planning (ERP) systems and applications, and ensure that the knowledge was disseminated in an easy-to-use form that could be made available globally. This would bring efficiency gains, improved productivity and lower operating costs.

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The next challenge was people dependency and knowledge loss. DXC created and maintained standard operating procedures and enabled self-paced learning through an on-demand learning environment.

To make sure that end users adopted the new roles and procedures, performance support was embedded into the work processes. Regular assessments were also conducted. The operational benefits included increased service quality, accelerated change management and a reduced dependency on human trainers.

The plan also included a risk assessment and mitigation component. DXC conducted regular reviews and update sessions on standard operating procedures, did an assessment of the company's understanding of the changes, provided ongoing performance support, translated and distributed this information globally, and managed risk by ensuring that the changes were adopted.

As a result, service levels were maintained, communication improved across geographies and customer support requests during the transition were reduced.

The reengineered business

A successful outsourcing project is a two-way street that requires a smooth flow of information in both directions. The outsourcer, to the extent possible, wants to mirror the customer organization so that the outsourced business process runs smoothly. The outsourcer needs to adapt to the culture and style of the customer, becoming an extension of the customer organization, using the same email conventions, the same collaboration tools, the same communication styles.

At the same time, the outsourcer is working with the customer to reengineer the business process, making it run more efficiently. And since business processes don't operate in a vacuum, those changes need to be understood by other parts of the business.

Even more significant, business process optimization and automation opportunities that have been identified and implemented by the outsourcer can spur innovation company-wide. And it all starts with knowledge transfer.

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