

## Beware the Watermelon Relationship

It is not uncommon in the BPO sector to come across accounts where there is a yawning gap in the perceptions of the client and service provider in the quality of the services being delivered. Internal users of the service when asked will respond with an overwhelmingly negative or at best neutral view of the service based on their day-to-day experience. In contrast, the service provider at their monthly and quarterly governance meetings will present a long list of operational KPIs showing green, oblivious to the underlying perceptions of the users. I.e. green on the outside but red internally – hence the term a watermelon.

This mismatch in perception can go unchallenged for a long time, and often it surfaces only at the point of contract renewal or when there's a change in client leadership. At that point the service provider, if you are lucky, jumps into gear with a series of improvement programmes and executive visits. However, this may come too late to save the relationship and the result is either a change in provider following an expensive RFP process or the client chooses to insource some or all of the work.

There are a multitude of reasons why relationships can over time find themselves in this situation. I want to highlight a number of them and some of the things to consider when starting the journey to hopefully avoid them.

**Unrealistic expectations** – implementing outsourcing requires a change in working practices with inhouse colleagues replaced by an external supplier working to an agreed scope of work. As with any large change programme, this will take time to bed in and teething problems are to be expected. However, it is rarely the case that internal users are given an honest view on the level of disruption, problems and change to expect, especially during the first six months. In fact, throughout the sales process the opposite is usually given with the service provider positioned as the “experts” with best in class processes. So when problems do occur, and things don't go smoothly, the perception that the service is worse than before rapidly takes hold and can remain long after things have settled down into business as usual.

It is therefore best to recognise up-front that the journey will have bumps along the way, even with the best transition planning, and to be realistic with all stakeholders on what to expect. Be clear that there are going to be problems which will need to be worked through and that things may (and often do) get worse before they get better.

**Us versus them** – closely linked to the first point is the need to avoid an “us versus them” adversarial model forming between internal stakeholders and the operations team from the service provider, where each party blames the other when things go wrong. The aim should be to create “one team”, where the division between internal and service provider teams are blurred and all are working towards a common goal.

Creating a “one team” mentality across internal and service provider teams needs to begin early in the process. One of the best ways to do this is to bring the different teams together physically during transition. While there is a trend to do transitions virtually, driven by the need to keep costs down, this doesn't allow the formation of personal bonds and connections that meeting with someone face to face does. When there is a problem, it is much easier to blame the other side when they are just a remote person whom you only engaged with periodically on a Zoom call versus someone you've spent time interacting with in person. I would advise

budgeting to bring the key team members together periodically during transition and then at least once a year once you are in business as usual mode.

**Measuring the wrong things** – a lot of time and effort is spent defining, collecting and reporting on service KPIs. In my experience for most stakeholders, beyond a small cohort of operational folks, they have little meaning and are rarely looked at. Indeed, they can give a false perspective on the overall performance of the service to the service provider.

Instead, it is better to have fewer more meaningful metrics that are linked to outcomes that matter to the business and the goals of the transformation, which will allow for more effective communication with the broader stakeholder community. These priorities of course may change over time, so the metrics need to be reviewed periodically to ensure they remain relevant.

Equally, there needs to be a regular way to capture the pulse of the users where both hard metrics and softer qualitative input are gathered (it is surprising how often this is not done). While hard measures are obviously important you shouldn't discount feelings, and tools that capture sentiment can be useful here to provide a more complete picture. It is of course important that any feedback is acted upon and not just collected. Updating users on how the service is changing in response to their feedback is critical.

**A lack of innovation** - A key reason for working with a third party is the expertise and investment they can bring. Too often though this fails to materialise or interest in innovation quickly wanes once the service settles into a business as usual mode. This can lead to a questioning of the value the service provider.

The problem is not purely with the service provider. Both sides need to be prepared to invest time and money in driving the innovation agenda. In many cases the service provider is keen to put forward new proposals but is hindered as client priorities change over time and management focus shifts elsewhere.

It also quite common to find innovation hindered by a lack of IT budget for the necessary integration, testing, and project management effort. While the business stakeholders may have bought into the initiative in many cases IT aren't involved early enough, and budgets are set without consideration for the level of investment required to support the deployment of the service provider's IP.

Putting in place a regular innovation forum with appropriate representatives from the business users, IT and service provider with a clear mandate to drive improvement is key here. The forum becomes the mechanism through which innovation ideas are presented, assessed, funded, and ultimately benefits captured and communicated to the broader organisation.

While addressing the four areas of **expectation setting, building one team, right measurement** and **innovation** will not guarantee the perfect relationship (there are many other factors to consider) it should help in setting the right foundations and minimise the divergence in perceptions. It may not always be possible to have a completely smooth journey but at least everyone needs to have a common understanding when things are not right.