

What's still keeping BPO down?

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A British consumer who recently rang up one of the many directory enquiries to obtain a number was asked by the call-centre agent to spell the name of the company he wanted. Indignant at having to do this because he realised that the call centre was located outside the UK and that he was paying at a 'per-minute' rate for the call, he burst out 'I'm not training foreigners to understand the English language spoken here!!!'. Thousands of UK consumers receive calls from Steve, Tony, Susan, Alex etc from cities in India trying to sell various products and services on behalf of UK companies. This does not necessarily go down well with consumers, especially in the area of marketing and sales. This reaction then tends to pervade society and companies and has an effect on the attitudes to outsourcing.

This British consumer may also be a procurement manager, CIO or CEO of some company considering outsourcing to India. He in turn thinks about these issues and poses the challenges to the Indian marketing professional when he calls on him to offer the services of the Indian company that he represents! The marketing manager then has to put on his 'thinking cap' and realises that it does not fit him anymore in the changed global environment!!!

Be it call centres, BPO or traditional software services Indian marketing managers are realising fast that there is an urgent and serious need of a quantum skills upgrade, if they are to obtain a slice of the growing outsourcing market. However, managements of many Indian companies especially the SMEs and the second/third tier IT companies, seem to be in denial and find it difficult to confront these issues. That may well be one of the reasons why we see a sharp increase in the development of captive BPO business in India as compared to outsourcing of BPO. Large and medium sized firms tend to use the captive option since it is also relatively easier to manage than handling an offshore development centre. The emergence of BPO on the IT horizon has radically altered business models and concepts. So while India Inc wins, Indian companies are losing out. This is becoming more and more prevalent.

One British client who wished to outsource both BPO and software services to India, short listed only 3 companies in the UK all of which had offshore operations. But after visiting the UK sites of these 3 companies, he finally decided on the MNC due to cultural compatibility. In addition, during his preliminary evaluation visits to the 2 Indian companies in the UK, the British CEO was met by a junior marketing/

sales person since the Indian CEO was travelling. Such client interactions do not augur well for Indian software exports. They need to take marketing lessons very very seriously. Many assume that since there is a huge outsourcing wave, they can simply ride on it. In spite of success in the USA and India, companies planning to succeed in the UK/Europe have a long haul.

Broadly speaking, Indian companies face threats from the following:

- MNCs setting up in India and catering to overseas clients
- MNCs setting up operations in countries such as Vietnam and Philippines among others
- other Indian companies
- EU enlargement and the myriad issues that this is likely to throw up
- pricing pressures
- rising attrition rates in India and poaching of staff by larger more established companies
- negative publicity in relation to outsourcing in the overseas press
- seminars on the 'impact of offshore outsourcing on the UK IT profession'. In the last few months several such events are taking place with one being hosted by the British Computer Society. This increases debate and also the passion for and against offshore outsourcing. This brings into focus the need for a whole range of skills while being confronted with these complex issues by customers
- lack of qualified talent for marketing overseas

In the face of all this some inherent weaknesses which impede the growth of the Indian SME sector are:

- unwillingness/hesitation of many medium and small companies to invest in resources overseas
- difficulty in retaining local talent due to cultural problems and work ethic incompatibility. A recent Giga report claims that over 19% of companies face difficulties in outsourcing due to cultural challenges
- a majority of Indian marketing professionals stationed abroad are not of the right calibre to make effective presentations to customer CEO/board level. This view has been shared by many customers dealing with Indian companies or wishing to outsource to India. When they see young professionals in their late 20s and early 30s with very little or no international marketing experience, trying to sell offshore solutions to the

management, it does not cut ice. Then there are those with seniority but very little context-sensitive experience. They are transplanted in the UK from other countries with a totally different business culture. The larger perspective that is required in making the winning impression is completely missing. Established companies with these weaknesses can get away with it as they have client references which speak for themselves. But those companies without significant client references in the UK/Europe and some proven track record primarily in the USA, find it increasingly difficult to win their first break. There is a serious lack of credibility because marketing professionals are unable to communicate the right messages.

Indian companies have a long hard job ahead of them to shape up their marketing departments overseas and also the support functions in India. Some of the urgent tasks facing them are:

- review the quality and calibre of their marketing/sales professionals. Their ability to handle increased competition not only from British companies but also local companies and address the global nature of competition
- provide adequate training to marketing professionals to take independent decisions rather than be remote controlled from India. Customers are not happy to see this India-centric decision making policy with their suppliers
- provide cultural survival and adaptation support. Many marketing professionals still find themselves very much at the deep end when dealing with unscripted situations and lack of a local support network makes them very vulnerable and hence reduces their performance levels
- cultivate amongst marketing professionals the understanding at a very fine level, the effect of the political dynamics and the economic situation while bidding for deals

The competition landscape is changing dramatically in terms of geopolitical parameters and business paradigms. Indian companies cannot afford to rest on their laurels if the IT industry is to achieve its projections and more. To survive and succeed, a new breed of international marketing professionals is required. Managements need to train them NOW, before the constantly evolving new world order catches up and many may have missed the bus!

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