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**Transforming to the Mailroom of
the Future Today:
Digital Imaging and Automation Lower
Costs and Improve Quality**

Year-after-year growth is good news for a company's profit centers. But unchecked growth of a mailroom and other back-office functions can leave the company with bloated, expensive processes that sap resources and distract the company and its people from its core business.

Changing market dynamics require new approaches to business process outsourcing. Environmental factors, including the economy, customer expectations, new technologies and a changing competitive landscape force many companies to implement incremental business process changes in response. Yet over time, such reactive changes can result in a misalignment that prevents the organization from keeping pace with the market.

Instead, organizations that embark on a path of proactive and transformational business model innovation can improve operations by outsourcing recurring processes. As a result, they enjoy cost saving opportunities, improved workflow efficiencies,

access to subject matter experts and a sharper focus on core competencies.

One such area of improvement for many organizations is the corporate mailroom. Often the subject of such incremental changes, symptoms of a bloated facility often include employees struggling to manage hundreds of thousands or millions of inbound correspondence –hard copy mail, faxes, e-docs –every month; oversized facilities with furnishings and equipment ill-suited to the job; and tenured employees with wages and benefits significantly above industry standard.

This high-volume drain consumes costly capital resources, from man-hours to office space. Yet, it becomes so entrenched that few organizations seek a solution to streamline and decrease the burden.

The Power of a Digital Mailroom

The Digital Mailroom can deliver a cost-effective, progressive solution by utilizing technology and innovation. High-speed production scanners digitize and manage physical documents (mail and faxes) and electronic correspondence (email, attachments and text messages). Originals can be sorted for short- and long-term storage. All documents are indexed, routed and stored in an automated process. Scanning and optical character recognition (OCR) reduce human touches. Document bar coding negates manual keystroking to track individual correspondence, eliminating the risk of lost or misplaced mail. Electronic tracking of manual processes allows managers to know who touched what correspondence when.

The introduction of technology, as well as more sophisticated mail sorting equipment and furnishings specifically tailored for mailrooms, further improve sorting and workflow. This also reduces the facility's size and the number of people required to run mailroom operations. With most mailroom transformations, between 20% and 50% of cost savings are achieved through payroll reduction and process improvement.

Done well, digital mailroom business process outsourcing and knowledge process outsourcing can improve what is a vital function for a variety of companies beset by high-volume inbound correspondence. The most common category-specific tasks include financial services correspondence, healthcare and medical claims processing and

management, and freight bill processing. Common functions also include inbound correspondence management, high-volume scanning and typing, indexing and general data processing.

Making the Mailroom of the Future a Reality

The process required to outsource mailroom operations, though, is little different from outsourcing other non-core operations: Recognize and identify the problem, issue an RFP seeking a vendor skilled in helping implement an innovation-based solution, ensure a cultural fit across both organizations, and work toward a mutually satisfactory future together.

Step One: Identify the Problem

For many organizations, the bloated mailroom hides in plain sight. Long entrenched and seemingly smooth-running, it nonetheless is a drain on resources. Managers and supervisors believe they're running a well-tuned operation; to wit, fear of change often is a major obstacle to an organization even entertaining the notion of BPO.

Other issues include inability to identify suppliers, and worries about sending materials or manpower beyond the company's walls – either to a supplier's facilities in the U.S. (onshore), Canada or Mexico (nearshore) or overseas (offshore). All concerns can be allayed by recognition of the problem – and admission of a need for remedy.

Step Two: Situation Analysis by Consulting Engagement

Once an organization realizes a problem exists, it then must identify and invite providers by a Request for Proposal to review and analyze its current processes, suggest remedies and implement a solution. The RFP should identify those BPO functions under review. In a mailroom, this includes document management, document storage, scanning, archival/retrieval, and numerous downstream processing functions.

The organization should assemble a review team comprised both of mailroom and executive management – including any who have been involved in outsourcing reviews in the past. Ask whether the prospective partners follow industry standards, whether they embrace industry certifications for data security and privacy (such as PCI-DSS and HIPAA), and have well established quality and process management protocols.

Though effective in helping narrow a large pool of applicants, a simple RFP often is insufficient in finding the right vendor candidates. Instead, the

organization should seek a Consulting Engagement. Consulting engagements can run from several days to several weeks (some providers, like DATAMARK, will engage in a two- to three-day engagement free of charge to help analyze an organization's pain points and potential remedies).

During this analysis, a provider reviews processes – including those overlooked in the original RFP, and benchmarks the current throughput, quality and process replication efficiency. The provider then suggests improvements, including proactive quality control, random checks that encourage efficiency and scalability of the process. Using Lean and Six Sigma process quality management methodologies, providers help create a leaner organization that removes touches, overstaffing and waste; improves quality; and creates an ongoing, lean exercise to continually improve upon gains.

Step Three: Ensure a Cultural Fit

BPO is no longer about offloading a commoditized process. Functions outsourced today are complicated and dynamic, and require an ongoing intimate relationship between buyer and provider. It's essential that the two share a common perspective of value and culture.

When selecting prospective partners, cultural cohesion is as critical as mission competence and price reductions. For example, one DATAMARK client is well-known as an employee-focused employer. Layoffs that would achieve employee reductions were contrary to the client's core beliefs. Working together, DATAMARK and the client achieved projected reduction levels through redistribution of existing employees, early retirement (which reduced the company's obligations under its generous benefits package) and "re-badging" of client staff as DATAMARK employees.

The level of senior executive involvement is another way to determine a provider's commitment to culture. Outsourcing engagements are complicated and challenging. They also can be confusing to the client. Involvement by executive leadership, from the senior vice president down to an onsite project manager, shows a commitment to mutual success.

How well a provider assuages a client's concerns about location can help cultural alignment. Some clients fear loss of control or introduction of data vulnerability by moving a mailroom facility offsite. The provider, instead, can create a blended "hybrid" solution that utilizes both existing client and provider facilities. Mail and digital documents can be received, sorted, opened, scanned, indexed and routed at the client location – as managed by an on-site project management team. In time, as the client becomes comfortable and confident with the process, the vendor's on-, near- or offshore

facilities can be introduced, reaping additional cost benefits through labor arbitrage. This "crawl, walk, run" strategy advances opportunities as the client becomes more willing to accept and embrace them.



Step Four: Mutually Beneficial Solutions

At its best, BPO is the pursuit of innovation for continuous improvement for a complicated process. Innovation pays higher dividends and gains increased relevance for the client, especially those who drive BPO providers to deliver beyond the commodity and continuous improvement expected as part of the timeliness and quality assurances found in the Service-Level Agreement. Innovation is derived beyond the contract. It's generated when both organizations collaborate on a commitment to continued improvement.

The typical BPO contract is not drafted to encourage innovation. Yet, the best contracts successfully motivate both to innovate above the SLA.

BPO Benefits Beyond Price

Successful BPO historically has been about cost abatement: Send a process to a professional in pursuit of lower cost of service. Today, savvy outsourcers know low cost doesn't lead to innovation or process improvement. Cost can eliminate outliers at the RFP stage. But skill sets, experiences, process management expertise and well-vetted references can help determine the best provider and cultural fit for each engagement.



Outsourcing relationships once were a two- or three-year engagement. Today, they commonly begin at five years, and successful relationships often renew several times.

By starting with a consulting engagement the prospective client can ask important questions, challenge the provider, determine the cultural fit, and ultimately overcome internal resistance.

The right experience, technology, cost, culture and a commitment to ongoing success – between organizations that “speak the same language” in pursuit of a common goal – can drive success across the engagement. Whether for a mailroom or any BPO operation, the result can be a first class solution.

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