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**Branding, A View from the Trenches**

**A paper contributed by  
Jacques Rostenne  
President  
PERWIT International  
Canada**

## **BRANDING, A VIEW FROM THE TRENCHES**

### **Introduction**

Perwit International is small and very focused. For the past decade we have been involved in helping developing countries, mostly but not exclusively in Sub-Saharan Africa, to create a Teleservice enabling infrastructure and a nurturing environment. In many cases we have also been involved in mentoring Teleservices start-ups.

With regard to Teleservices, our involvement goes from identification of a market opportunity in North America all the way to training and mentoring the entrepreneur and his team. This entails helping them establish themselves in the market by finding launch clients and doing a lot of handholding for both while they build a strong relationship.

For those who are interested in the details of how this is done, I suggest that in addition to attending October 7<sup>th</sup> afternoon session on “Selling the Promise – Credibility through Branding”, you also attend October 7<sup>th</sup> morning session on “BPO – A New Name for Old Business”, where Messrs. Andrew Wall and Abubakar Luwaga speak about their experience in working with us to establish the first successful bookkeeping BPO venture in Uganda.

You will note that I often use the word Teleservices. This is because we view BPO as only the first phase in the evolution of Teleservices. We are convinced that during the next phase companies in developing countries will develop their own offerings and will cease to be solely dependent on outsourcing, but this is another story.

### **The Importance of Credibility**

My purpose here today is to share with you my views and experience on the issue of the importance of credibility in the international marketplace for services.

Credibility, more than price itself, is indeed the key issue. In order for a new entrant into the international BPO business have any chance of success, establishing his credibility at several levels is of paramount importance.

### **A Credible Offering, in a Tight Package**

The first step is to have a credible offering, and this is no simple matter. A credible service offering means that you can satisfy your prospective client, that you have the facilities, the equipment, hardware as well as software, the connectivity, the human resources at the production level, work planning, supervision and quality assurance levels, as well as significant expertise and experience in exactly the type of outsourced services the client is looking for. Competitive pricing is also a component, but not necessarily the deciding one.

The important thing to remember is that all these requirements must be met as a package for the service offering to be acceptable. Let me give you an example: we once had a Sub-Saharan group interested in getting into the outsourced data entry business. They had facilities, equipment, staff, etc., but little actual experience, and the first time we provided them with an opportunity to bid on a project which would have required them to keyboard an entire phonebook, they came back with an attractive price, but they offered only 99% accuracy. Their offer was rejected and the client declined to do any further business with them because, as he pointed out, on a 3 million-keystroke job, this would have meant a phone book with about 30,000 mistakes.

My experience is that too many developing countries entrepreneurs still see each component of the package as a separate issue. They fail to perceive that all these components are an integral part of their offering's image. They believe, for example, that variations in quality can be compensated by lower prices or that the instability of their own environment justifies, or at least excuses, lapses in delivery commitments.

This is a serious situation which needs to be addressed through a sustained information and training effort.

But, this is only the beginning.

### **Credibility Must Go Beyond the Product**

Once you have passed the first gate and convinced the client that you can do it, you now have to embark upon the task of appeasing a whole new set of concerns. These are no longer focused on the service itself but on issues which involve the firm as a whole and, as often as not, the sector and even the country. I will now try to review these items and attempt to link them to one of the three levels, but as you will see it is not always clear-cut.

As stated before, once the client is more or less convinced that you can do the job the attention shifts to a broader canvas. The issues now are compatibility, consistency, interruptibility, scalability and peripheral services as well as the overarching issue of legal and corporate image liability.

### **Compatibility**

Companies have a way of doing things, it's their corporate culture. Even if you can do the work, you may not be a good fit if the cultures are not compatible. A good example is the experience of Nortel, a large Canadian telecom equipment corporation, one of our early clients, when it first started outsourcing software development in Bangalore. The initial plan was for North American software engineers to code during the day and for the Indian ones to continue working during the night in a relay fashion thus achieving twice the speed. Well, it did not work! North American managers were used to a collegial atmosphere in which engineers are given goals and a fair amount of freedom as to how to achieve them, while Indian ones were used to a much more authoritarian type of management with clear, detailed, specific instructions. The cultures did not mesh! Fortunately, a solution was found – it entailed transferring whole assignments to India and let local management deal with it there.

We often find that compatibility is a “Sleeper” issue. Clients do not think about beforehand because this is not something that they worry about with regard to their local suppliers. In addition, it is something they do not normally know how to handle.

Developing/transition countries entrepreneurs also have a problem interacting with demanding North American firms. They try to forge personal friendships as a basis for business relationships and this is not always sufficient to compensate for less than world-scale performance achievements.

### **Consistency**

This brings us squarely into the issue of consistency. Consistency of performance, be it quality, timeliness or cost, is a very big issue with North American clients, something they are unwilling to trifle with. Unfortunately, North American clients start-out with the belief that overseas service providers are unreliable or, at the very least, that they are not consistent. This is a general image which can only be dispelled in two ways: first, through direct experience – and it is tough to get a chance to prove yourself if you cannot get the business to begin with; and second, to be covered by a sector or country brand umbrella. By now, people have lost their fear of outsourcing services to India, Jamaica and a few other countries who have developed a strong brand image.

It is worthy of note that even then, the brand is not all encompassing. For example, Bangladesh has a strong brand in medical transcription, India in online technical assistance, and Jamaica in CRM, but these are not interchangeable.

## **Interruptibility**

Interruptibility is another critical element that often transcends the firm or even the sector. Many of you may not know, but one of the very first, if not the first overseas Call Centre operating on VOIP (as opposed to leased lines) to service the U.S. and the Canadian markets was actually located in Lome, Togo. One of the reasons it did not achieve sustained success is that it could not commit on tight deadlines because it was always at the mercy of, among others, power or Internet connection interruptions.

Interruptibility can only be eliminated through redundancy. One of the most successful regions of Canada, in terms of attracting call centres, is New Brunswick in the Maritimes. In addition to redundancy in power supply, links to backbone and back up of client servers, it also offers a "disaster recovery" facility. Any nearby call centre can, if needed, move to the fully furnished recovery facility and resume full operations at a moment's notice, with full access to its back-up files. Needless to say, although local call centres almost never make use of the disaster recovery facility, it is an asset that they can use when presenting their offering package to their clients.

Firms operating in developing countries are unlikely to benefit from such a free back-up facility, but they could mitigate risks by striking agreements with compatible companies operating in another suburb, city, or even, preferably, country, in order to provide clients with the assurance of non-interruptibility.

## **Scalability**

The next big issue is scalability. Clients need to be sure that their overseas service supplier can match their needs despite significant fluctuations in volume.

One of the reasons Canadian accountants are interested in outsourcing their bookkeeping is that bookkeeping, because of its wide variation in volume, has become a pain. On a monthly basis, demand peaks at the beginning of the month, when you never have enough staff, and slacks later on when you have idle staff on the payroll. Worse still, there is a huge peak just before the income tax filing deadline. The solution is outsourcing to part time bookkeepers, and once you do that it is but one step (or at least it may look like that to the non-initiated) to outsource overseas.

This situation favours larger more established multi-client BPO suppliers who can quickly shift resources from one client to the other and accommodate fluctuations, especially when you consider that peaks of demand can occur in matters of hours and are fairly unpredictable.

Smaller suppliers do not often have the luxury of building up an unused "surge capacity" and since they must nonetheless provide their clients with competitive rates and an assurance to their ability of absorbing peaks and valleys, the best strategy is for them to develop a product mix which combines at least one BPO client with a performance-based contract, such as a telemarketing, which can be adjusted to use all the surplus resources and release them on a moment's notice to another project.

Again, start-up entrepreneurs need to understand that the client's decision is "all or nothing". Either they will buy or they won't and this decision will be made using all variables, not only some of them, and that failure to meet one key requirement cannot be compensated elsewhere.

## **Peripheral Support Services**

A local entrepreneur's chance of success is closely linked to the availability and institutionalization of support services in his immediate environment. For example, a company can train its operators, but it is much better off if it can get fully qualified operators which have been trained at a local college or university. The same goes for accent abatement. It can be done internally, but the firm is better off if it can hire staff who have already acquired that skill at an independent institution. By the same token, because of cost and turnover, it is questionable whether it pays to have in-house

training for Internet, VOIP and other technicians, as well as for qualified supervisors and quality assurance staff.

Things get even more complicated with professionals such as lawyers, accountants and consultants. You cannot expect a small entrepreneur to train a lawyer in the arcane of BPO contracts or intellectual property issues, nor can you expect him to depend on expensive specialized international consultants.

The institutionalization, and the provision of peripheral support services, is a prime area of sector and country responsibility as it, rather than individual firms, must secure the involvement of existing training institutions and professional bodies.

If the sector is just in its infancy then the government has to step in, perhaps with the backing of some donor, and make sure that, having created an enabling infrastructure, there is also a truly nurturing environment.

Having a good panoply of peripheral services will help all the firms in the sector be better and more competitive. It will also provide them with a stronger global image in the eyes of their prospective customers.

### **Liability**

There are two major types of liabilities, the first is legal, the second has to do with corporate image.

As an example, it is illegal for a European company to forward client confidential information to any country whose data confidentiality protection legislation is not fully consistent with that of the EU. By the same token, most companies will refuse to do business with any supplier or country which cannot guarantee both confidentiality and respect of intellectual property. On several occasions, we had the opportunity to bring this issue to the attention of prospective suppliers and then working with their government to pass the appropriate legislation. Again, this is a critical issue which cannot be resolved at the level of the firm and which requires direct government involvement.

As a matter of fact, legislation is often not enough. Most North American clients view the courts in developing/transition countries as, at best, unreliable. If you want to give your country a positive image you should consider setting up special procedures staffed by specially trained judges and court officials to handle Teleservices-related legal issues.

The other type of liability has to do with the potential injury "by association" caused to the client's corporate image because of totally unrelated events occurring in the country. A simple example drawn from Canada is the pressure by some groups on U.S. restaurants to stop serving Canadian lobster because of the continuing Canadian seal hunt.

### **Branding is a Multilevel Issue**

In conclusion, it is clear that credibility is a paramount issue, that it must be achieved at the level of the service, the firm and the sector, and that, in addition, all countries interested in attracting outsourcing business should realize that everything they do, or fail to do, either in the political, humanitarian, environmental, AIDS, women and minorities areas, to mention only a few, can affect their overall image abroad and make it more difficult for us to promote the development of their Teleservices business.