

Tips on Choosing Effective Service Outsourcing KPI

When you are in the process of developing service outsourcing KPI, then you will surely have to deal with what is known as the SLA, or the Service Level Agreement. This is actually the contract or the agreement both the outsourcer and the client enter, with all the stipulations, terms, and conditions set before the parties put into writing their commitment with each other.

Now, you may be wondering to yourself why there is a need for service outsourcing key performance indicators to be implemented. Upon signing the agreement, both the outsourcer and the client would certainly hold up each other's ends of the equation. This would certainly go on for the first few months, or even years, into the agreement. But bear in mind that the typical outsourcing engagement would not last for just a number of years. The contract here, believe it or not, would actually be for a good number of years. And with the passing of time, it would actually be so easy for either of the two parties to quietly slip into the abyss in terms of performance and in holding up their end of the bargain. But with these metrics in place, this slipping condition can be determined early on, resulting to a fast remedy as well.

Now, the selection process of this metrics can be a bit tricky. Hence, it would help to have a few tips in mind. The first tip is to go for metrics that can motivate the behavior that you are aiming for. The appropriate behavior for both the client and the outsourcer has to be motivated. This way, both sides would actually optimize their performance to achieve the objectives that have been defined by the metrics themselves. So, how exactly do you motivate behavior? Each side of the equation should understand the other side. Expectations, goals, factors, all these and more should be understood by both sides, and both should keep a realistic point of view as well. The client has to recognize the outsourcer's need to make profit here, while the outsourcer should recognize the client's need to control overhead expenses as much as possible.

Another tip is to choose metrics that reflect aspects that are well within the control of the outsourcer. The factors here should be controllable on the part of the outsourcer. For instance, the outsourcer sends invoices to the client via post. So, the outsourcer goes to the office and mails these invoices to the client. However, the outsourcer does not really have any control over the post office's delivery speed. Choosing such as a metric would not prove to be effective because the outsourcer cannot really control this particular aspect at all. Accurate measurement here would be futile.

Lastly, go for easy collection of measurements. If your metrics or your data are hard to gather or collect, then they will lose favor quickly and easily. Let us face it: no person would want to exert that much effort just manually collecting metrics. Instead, you should go for metrics that are readily available. This way, you can move onto the analysis and interpretation of these service outsourcing KPI, which would certainly be more complicated than data gathering.

About the Author

If you are interested in service outsourcing kpi, check this web-site to learn more about service outsourcing scorecard.

http://www.strategy2act.com/solutions/service_outsourcing_excel.htm

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