

Redefining efficiencies: the BPO blueprint for future-proof supply chains

By [Tennille Bell](#)

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Today's business landscape is characterised by complexity, uncertainty, and volatility. South African companies face an overwhelming array of challenges, from rising costs to erratic power supply and shifting consumer behaviours and in such an unpredictable environment, conventional strategies are no longer enough to manage fluctuating tides of demand and supply.

A critical aspect of business survival lies in customer satisfaction, which hinges almost entirely upon an effective and efficient supply chain management.

As we approach 2024, tighter budgets will force South African businesses to reassess their strategies and make even harder choices to ensure their survival. One of the most effective strategic decisions businesses can make is to optimise their resources across the entire supply chain and drive efficiencies, agility, and resilience by establishing a partnership with a reputable Business Process Outsourcing (BPO) provider.



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The power of Business Process Outsourcing (BPO)

To compete successfully, organisations must become leaner, faster, smarter, and more cost-effective—all while maintaining uncompromised quality. This delicate balance can be struck through a strategic partnership with a reputable BPO provider that adopts a robust productivity-focused approach.



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BPO is a business model through which an organisation forms a contractual relationship with a third-party specialist provider to handle their essential but non-core business functions. The BPO provider takes charge of these outsourced processes, bringing with them the necessary expertise, management, tools, equipment, insurance, systems, regulatory compliance, and technology to optimise the function effectively and reliably.

The primary motivations for engaging a BPO provider are usually manifold: businesses want to improve efficiencies and effectiveness, mitigate risks, enhance agility and flexibility, optimise costs, improve visibility while gaining access to specialised skills and technology, all of which allows business management teams to return focus to their core strategic and critical business tasks.

The business of managing compliance and risk mitigation

The benefits of BPO partnerships are extensive and can revolutionise supply chain efficiency and effectiveness. This is because BPO, at its core, focuses on improving efficiency and output, facilitating continuous improvement through a "leaner, faster, and smarter" philosophy.

Beyond efficiency gains, BPO providers ensure compliance with occupational health, safety regulations, and labour laws,

reducing business liability and managing risks associated with the outsourced processes. This allows the client in turn to focus on business growth without being bogged down by compliance concerns.

Achieving flexibility and agility through optimisation

Visibility across the supply chain is crucial, and BPO providers allow for greater visibility through effective system implementation, while providing the agility necessary to navigate supply chain disruptions. End-to-end transparency and the ability to track every stage of the product journey from origin to retail, are key for optimisation and real-time responses.

The right BPO provider can offer its clients access to specialised skills that include industry experts, HR/IR/Legal specialists, process, and industrial engineers.

For example, in a warehousing environment, a BPO provider will examine production capacity versus actual production output and determine where inefficiencies exist. This requires many specialisations, such as process engineering, industrial psychology, and data analytics, which typically don't exist as in-house skills.



Warehouse management - are you as efficient as you think you are?

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Scaling up for productivity, scaling down on costs

Additionally, BPO partnerships offer businesses the flexibility to quickly adjust their resource allocation in accordance with market demands, thereby reducing the inefficiencies typically associated with permanent hires or inexperienced temporary labour.

When it comes to cutting costs, interestingly, the most effective cost reduction strategy isn't spending less but rather improving efficiency. BPO transforms fixed costs into variable costs, which are directly tied to performance outputs and tracked against contractual KPIs.

This translates to cost-effective resource management, reducing wastage, and increasing productivity through incentivised remuneration models.

A case study in efficiency: BPO by numbers

How effective is BPO at optimisation within the supply chain?

By way of example, in 2016, an e-commerce company employed a TES provider to assist with Black Friday peak and managed to produce 4,900 units within a 24-hour shift, employing 350 workers.

However, by leveraging a BPO provider during the same shopping period the following year, production output saw a significant boost, reaching 11,000 units in a 24-hour shift.

Fast forward to 2022, the same company is now using only 168 resources within a 24-hour shift, to achieve a remarkable increase in output, reaching an astounding 212,923 units per shift.

This equates to an impressive rate of 17,743 units produced per hour, maintaining a stellar 99% efficiency within SLA. These numbers unequivocally demonstrate the immense value proposition of a BPO provider committed to driving efficiency, as it effectively reduces a client's headcount and operational hours while exponentially increasing productivity.

Building resilient, future-forward supply chains

Selecting the right BPO partner is pivotal for success. The partner chosen should be financially sound and should align with the organisation's values while prioritising transparency and communication, as such a partnership will be a long-term relationship built on trust and collaboration.

As businesses within supply chains gear up to face the challenges of an ever-evolving market, embracing BPO as a strategic tool to optimise their resources, enhance efficiency, and drive growth is critical to survival.

Through strategic BPO partnerships, businesses can then move beyond survival mode, and thrive in the face of uncertainty by steering the supply chain towards a leaner, more efficient future.

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