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**Business Processing Outsourcing: Bridging the Data Divide**
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**Businesses today are faced with many challenges, from economic uncertainty and complex regulations to heightened consumer expectations. With these difficulties come fierce realities for many companies, as they realize they can't afford any inefficiency in their business model. Companies mostly suffer from inadequate back office processes, with transactional areas tending to have the most inefficiencies. In response, increasing numbers of business process outsourcing vendors are offering solutions to these issues.**

While most companies do attempt to monitor costs and track growth, data on its own is little help to a company without knowing how to properly harness that information. One of the greatest strengths of a BPO vendor is helping organizations utilize their data to its greatest potential. While it is economical and easy to gather data, most companies do not even attempt to do so because of the high costs historically associated with capture and storage. But with the advent of cloud computing and the ability to inexpensively store huge amounts of data in smaller forms, companies must recognize that they can gather and leverage data to determine crucial information about their business. We're entering a crucial point of focus: Companies know that they need data, but what they may not realize is that BPO assistance with data capture makes it more cost effective than ever to unlock the secrets of even the smallest bits of information.

It is important for all companies to channel their data to drive actionable business insights, but one area where the benefits clearly pay off is in the restaurant industry. Let's take for example a mid-sized burger restaurant chain we'll call Generic Burgers, which we can use to explain some of the applications of BPO. In a climate of rising labor expenses, increasing food costs, aggressive competitors and the impending cost of insuring employees in 2015 under the Affordable Care Act, Generic Burgers' owners needed to be sure to avoid overspend and inefficiencies, especially on secondary back office processes.

First, BPO helps the restaurant chain manage their food costs, one of the largest expenditures for restaurants. With the help of a BPO vendor who assisted with detailed data capture, Generic Burgers was able to fully utilize a food cost system that gathered detailed information on inventory and costs by each line item purchased. The system then compared the amount and cost of what was used in all of the food that they served to the standard amount of food that should have been used according to their recipes for each menu item. For example the restaurant's classic burger should include a quarter-pound of ground beef, two slices of cheese and two slices of tomato and is served with 8 ounces of fries. The food cost system can

calculate, for example, if they are spending more on cheese than sales indicate. As a result, the managers determined that staff members have been serving three slices of cheese on each burger. Although this is low level data dealing with low food costs, the waste adds up since the restaurant serves thousands of their classic burger a week. With a system that gathers and analyzes food costs, Generic Burgers is able to better educate employees and fix the problem. In this way, they are able to control their food costs to within one percent of what they had planned while avoiding some costly mistakes.

Actionable data is also key to preventing and fixing management problems. Generic Burgers' BPO vendor gathered and analyzed data on their weekly revenue and noticed that there happened to be a decrease in revenue every time a certain shift manager was on the clock. Management had heard some complaints about that employee but never realized that the employee was hurting sales. With this information they can take action. In addition, Generic Burgers managers now know their costs as a percentage of revenue, so they can monitor changes over time and make changes when necessary.

Another area where Generic Burgers saw improvement in their business by hiring a BPO firm was in their accounts payable department. While managers previously had to spend a significant amount of time doing administrative tasks, their BPO vendor's systems and processing helped the restaurant ensure they are paying their bills correctly and on time. Previously their restaurant managers had entered the invoices and made significant mistakes that cause the vendors to cut them off, as well as providing poor data to analyze costs. More importantly, the BPO provided the restaurant with real-time visibility into invoice status that allowed them to better manage their payables process. Here the BPO firm bridged the gap between having the information and ensuring that it was put to good use.

Companies should consider that despite an upfront cost to enacting business process outsourcing, businesses typically save 50 percent versus their current costs while also providing actionable data that can save even more. A vendor will provide detailed information on how best to tackle a business's trouble areas, often offering a return on investment within a few months' time.

Source: IQ BackOffice