



10 Reasons Why BPO is Vital for Small Business Growth in 2023

Running a small business can be an all-consuming endeavor, from managing and training employees to handling finances, responding to customer complaints, and everything in between. As a result, many small companies need help to expand and stay competitive.

However, there is a solution that allows small businesses to meet these difficulties head-on: Business Process Outsourcing (BPO).

BPO involves contracting with a third party to perform specific business functions, like customer service, customer experience (CX), payroll, human resource management, or any back-office processes. Furthermore, BPO providers operate with the newest technology and have the know-how to integrate it into their small business partners' operations, which is especially crucial for success in today's environment.

This article will look more closely at how BPO can help small businesses with their most significant challenges and take their operations to the next level. Here are the top 10 reasons BPO is essential for small businesses looking to get ahead this year.

Cost Savings

BPO gives small businesses access to labor cost savings by tapping into pools of talented staff, especially in countries like the Philippines. Outsourcing can also help small enterprises reduce equipment costs, benefits, office space, and employee training expenses.

BPO providers have the technology and equipment needed to carry out tasks more efficiently, eliminating the need for small businesses to invest in expensive software or hardware. They also spread their costs across multiple clients and take advantage of economies of scale, making it possible to offer cost-efficient services to small businesses.

Outsourcing also enables small businesses to convert fixed costs like full-time equivalent (FTE) employees into variable expenses, providing more financial control and freeing up funds for other parts of the business.

Access to Expertise

With a BPO partner, small businesses can access specialized skills and expertise they might not have in-house by outsourcing tasks like customer service, IT, marketing, finance, or data entry.

For instance, a small business might need more funds or the know-how to handle a high volume of customer service inquiries. In these cases, BPO providers can provide the talent they need to guarantee that their customers receive high-quality service.

BPO providers also often have experience working with multiple clients and industries, which can give small businesses access to a broader range of knowledge and best practices, helping them improve their operations and stay competitive in various sectors.

Increased Efficiency

BPO providers often have access to advanced automation tools, such as robotic process automation (RPA) and artificial intelligence (AI), which can automate repetitive tasks such as data entry, customer service inquiries, and financial analysis. The result is faster information processing, fewer human errors, and improved efficiency.

Another example is cloud computing. BPO providers often use cloud-based customer relationship management (CRM) systems that help manage customer data, track sales, and improve customer communication. Additionally, they might use advanced analytics tools to help make strategic decisions by providing insights into your business's operations, customer behavior, and market trends.

Complete Flexibility

BPO allows small businesses to scale their operations up or down to handle unexpected changes in the market without hiring or laying off employees.

For example, instead of hiring temporary employees during seasonal fluctuations in demand, a small business can outsource certain functions to a BPO provider and scale back once things cool off. The power to adjust your workforce without worrying about the costs and logistics of internal HR processes is a massive advantage.

Additionally, flexible BPO providers can help small businesses scale down their operations without incurring unnecessary costs. When searching for a provider, look for flexible contract terms that allow you to adjust your service level to match your current needs.

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Access to Global Markets

BPO providers can help small businesses expand into new markets by providing language and cultural expertise. The most popular destinations for BPO services have large pools of skilled and educated workers, such as the Philippines, India, and Eastern Europe, and a thriving BPO ecosystem that offers services in various languages. English is the most popular language for BPO services, followed by Spanish, Mandarin, and French.

Cultural alignment is also essential to consider when outsourcing to a BPO provider. By choosing a provider with a similar cultural background, small businesses can ensure better understanding and communication between the two parties, which is especially important when dealing with customer-facing functions such as customer service or sales.

Improved Customer Service

While most small businesses may need more resources to provide support around the clock, most BPO providers can offer 24/7 customer service, representing a significant competitive advantage.

With advanced technologies and processes, BPO providers can help small businesses handle customer inquiries more quickly and efficiently. This is especially useful when lacking the resources to invest in internal customer service infrastructure.

Along with finding and recruiting experienced CX professionals, BPO providers invest heavily in training and coaching agents to handle various customer service issues, resulting in improved customer satisfaction rates for their clients.

Risk Reduction and Business Continuity

BPO partnerships help to reduce financial, operational, technological, compliance, and reputation risks for small businesses by covering all bases.

Many offer compliance solutions and ensure that processes are carried out according to industry standards, eliminating the risk of fines and damage to reputation. BPO providers complement these critical considerations with advanced technology to help with operational inefficiencies and potential security breaches.

Furthermore, BPO providers can provide disaster recovery and business continuity services, which can help small businesses ensure continuous operations during unexpected interruptions. Plus, by improving CX, resolving customer inquiries, and managing customer complaints efficiently, BPOs can easily maintain a positive brand reputation for their partners, reducing commercial risk.

Focus on Core Competencies

Small businesses often need more expertise to stay competitive and relevant. However, focusing on their core competencies can improve their operational efficiency, boost their revenue growth, and ensure they deliver their customers the best products or services.

BPO providers allow small businesses to outsource non-core tasks and devote their time, energy, and resources to developing their strengths. Through this advantage, small businesses can establish a reputation for excellence in their niche and stand out in a crowded market.

For example, a small financial services business could outsource its customer service and human resources functions to a BPO provider to free up time and resources for sales, acquisition, and product development. Some BPO providers can even help to enhance a client's core competencies by offering specialized services that improve small businesses' understanding of their sector.

Quality Control

BPOs typically have robust quality control mechanisms to ensure their services meet the highest standards. For example, the Service Level Agreement (SLA) outlines the quality standards the provider will adhere to, including metrics like response time, accuracy, and customer satisfaction.

BPOs use data to help small businesses improve their revenue, processes, and growth. By analyzing customer data, they can help small businesses better understand their customers and needs, leading to more effective marketing and sales strategies.

It's common for BPOs to use quality management systems like Six Sigma to identify and eliminate defects in processes, improving the overall output quality. Quality management frameworks, such as ISO 9001, are popular in the industry for meeting international quality standards, so much so that dedicated Quality Assurance (QA) teams are often in place to monitor service quality through regular process audits or customer satisfaction surveys.

BPOs measure their QA results using a range of metrics, such as first-call resolution rates, average handling time, and customer satisfaction scores. These metrics identify areas where small businesses can improve, ensuring the BPO meets its SLA targets and helps its partners operate efficiently.

Enhanced Data Management

BPOs utilize advanced data management tools to help small businesses store, process, and analyze large amounts of data, including database management systems, data warehouses, and data mining software. These capabilities dramatically reduce the need to invest in expensive infrastructure and technology.

The BPO industry strictly adheres to data management regulations like the General Data Protection Regulation (GDPR) in the European Union and the Health Insurance Portability and Accountability Act (HIPAA) in the United States, which dictate how businesses collect, store, and use personal data.

BPOs also use data to help small businesses improve their revenue, processes, and growth. By analyzing customer data, BPOs can help small businesses better understand their customers and needs, leading to more effective marketing and sales strategies. Additionally, BPOs can use data to identify inefficiencies in small business processes and recommend solutions to improve them, as well as the tools and expertise to enhance revenue, operations, and growth.

Where to Start?

The Philippines is one of the world's leading destinations for BPO services. The industry has a large and well-educated workforce of over 1.5 million, providing small businesses access to a large pool of skilled and experienced workers who speak multiple languages. In addition, the government has implemented policies to support the growth of the BPO industry, providing tax incentives and investing in infrastructure and education, resulting in a favorable environment for small businesses to outsource functions to the Philippines.

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