

Rebadging

*Strategic Resourcing That
Prioritizes Customers and
Employees*

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Rebadging isn't just about efficiency— it's about empathy

Companies around the globe are increasingly realizing the need to focus on what they do best—their core business. As a result, many are deciding to delegate noncore functions to partners that excel at them. However, when it comes to key functions like customer support, companies struggle with how to handle their in-house workforce.

While outsourcing has a track record of improving efficiency and agility, it can come with complex challenges—namely, high-profile layoffs, cultural disruption, and a detrimental impact on employee morale. However, companies are no longer settling for solutions that merely “cut costs.” They’re looking for options that align with their values and provide long-term sustainability for their business, their employees, and their customers.

Enter rebadging. Unlike traditional outsourcing models, rebadging focuses on a seamless transfer of employees to a business services partner, preserving institutional knowledge, maintaining cultural continuity, and putting the well-being of employees first.

Rebadging strikes that perfect balance.

However, there's a reason rebadging cannot be left to just anyone. To successfully execute this nuanced process while keeping employees and customers at the heart of every decision, you need a partner with the proven

capabilities to get it right. Rebadging requires industry knowledge, technological sophistication, and an unmatched ability to manage people.

With decades of expertise managing complex business transformations, TP can deliver a smooth rebadging process—handling everything from cultural integration and detailed transition planning to governance models and performance optimization for long-term success. At the core of this process is the belief that people—employees, customers, and communities alike—matter.

We need to stop seeing employee transitions as a problem to “solve” and recognize that they are an opportunity. With the right partner, rebadging provides a chance to create a better, more empowered workforce while elevating customer experiences and overall satisfaction.

Your employees are your assets. Protect them, empower them, and foster their long-term potential.



Simon Wieschemann
Senior Vice President
TP

Rebadging

Strategic Resourcing That Prioritizes Customers and Employees

In a time of rapid change, companies are seeking strategic ways to shift noncore functions such as customer service to gain the financial benefits of moving from a capital expenditure model to an operating expense model. By removing the associated assets from their balance sheets, outsourcing improves the returns on assets and equity that companies report to their shareholders and other stakeholders.

ON AVERAGE, outsourcing reduces organizations' costs by 16%, according to the 2024 ISG Market Lens BPO Study by Stamford, Conn.-based technology research and advisory firm Information Services Group (ISG). The freed-up funds can be invested in areas that provide a competitive advantage. To achieve such a goal, organizations are increasingly looking to business process outsourcers (BPOs), vendors that provide outsourced services to other businesses.

But to gain strategic as well as financial value from such a move, companies are prioritizing BPOs that can offer advanced technological capabilities, global coverage, and specialized expertise. This requirement is particularly evident in customer experience (CX) operations. Globally,

64% of organizations now outsource at least some of their CX operations, according to Frost & Sullivan, a market research and consulting firm headquartered in San Antonio.

While there are several ways to shift noncore functions to providers, an approach called rebadging is gaining traction. Unlike traditional outsourcing, which typically involves replacing existing staff with the BPO's personnel, rebadging transfers all or some of an organization's employees to the payroll of the BPO. In a rebadging arrangement, the scope of work generally remains more stable and closely aligned with the company's existing internal processes and technology, resulting in a more seamless integration between the company and the vendor.

HIGHLIGHTS

With societal and marketplace changes coming more rapidly than ever, organizations are seeking greater help in addressing their critical but noncore functions by using a business process outsourcer (BPO) that is steeped in industry best practices and the latest technologies.

BPOs have positioned themselves at the forefront of technological innovation, particularly in areas such as artificial intelligence and automation.

As organizations face increasing pressure to deliver exceptional customer experience while managing costs and maintaining cultural continuity, rebadging has emerged as a strategic solution that addresses many of the issues that come with traditional outsourcing models.

Eighty-one percent of companies believe the need to refocus on their core operations would drive them to carve out noncore functions.

Aurelius Group

“Organizations going through the rebadging process get to keep the employee expertise, which directly impacts the overall customer experience delivery,” says Sebastian Menutti, an industry director with Frost & Sullivan. “Furthermore, rebadging prevents massive layoffs, which in turn has a positive impact on employee morale and satisfaction.”

A survey by the Aurelius Group, a London-based investment company, found that 81% of companies believe the need to refocus on their core operations would drive them to carve out noncore functions. This strategic imperative has made rebadging particularly attractive for CX operations, where organizations need to maintain service quality and cultural continuity while gaining access to specialized expertise and capabilities.

“When you look at BPOs, they’ve built out amazing infrastructure for customer service operations—they have process management, program management, and great technology,” says Kate Leggett, an analyst with Forrester Research Inc., a technology research firm based in Cambridge, Mass. “Companies that are fundamentally product companies may not have these skills to do customer service really well. When they want to expand into new markets, they don’t have the language capabilities. BPOs excel at hiring, training, and managing people while delivering exceptional customer experience.”

While there are many approaches to rebadging, typically, a company’s employees who are transferred work in the same area rather than relocate. Any additional language skills would likely come from new personnel provided by the BPO.

A rebadging model also ties into the growing emphasis on forging partnerships to remain agile and competitive. “In your core, you keep your strategy and your project management, but you surround yourself with an ecosystem of partners that have the right skills that you need,” says Steven Van Belleghem, cofounder of the consultancy Nexxworks in Ghent, Belgium.

This Harvard Business Review Analytic Services report will explore how companies can strategically resource their

back-office functions using a rebadging approach. The report will examine best practices for the rebadging model, the benefits of this approach, and how organizations can most effectively transfer their existing personnel to a BPO under a rebadging approach.

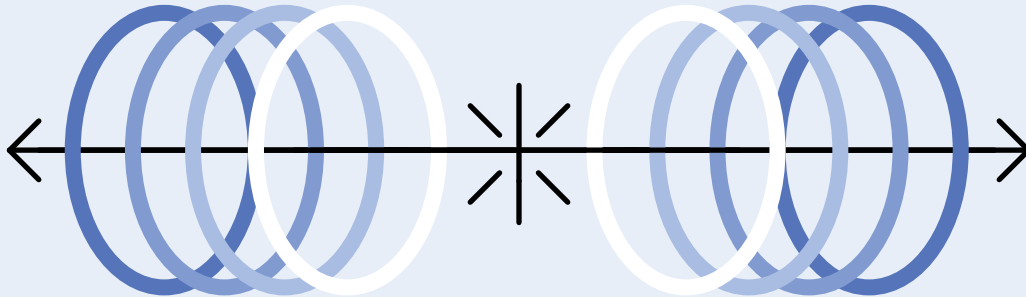
Multifaceted Benefits

With societal and marketplace changes coming more rapidly than ever, organizations are seeking greater help in addressing their critical but noncore functions by using a BPO that is steeped in industry-best practices and the latest technologies.

“Given the importance most organizations now place on customer experience, the role of customer service becomes more important as a touchpoint in which brand promises are either fulfilled or not,” says Martin Hill-Wilson, founder of Brainfood Consulting Ltd., a consultancy based in Milton Keynes, U.K. “In this context, contact centers are not just cost centers. There is far greater value that can be unlocked with the right expertise.”

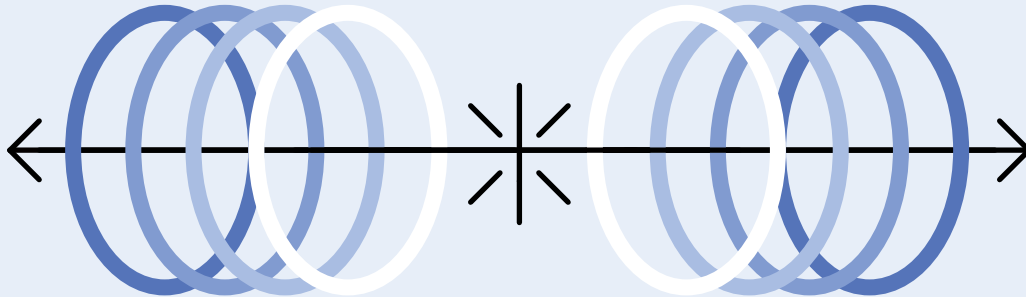
Global capabilities and innovative technology have become the primary drivers of outsourcing decisions, ranking above traditional cost considerations. According to a Frost & Sullivan survey, 50% of respondents cited each of these criteria as a reason for outsourcing their contact centers, more than the 44% who mentioned lower costs as a driver for outsourcing. **FIGURE 1**

The shift toward valuing expertise over cost savings aligns with emerging business needs, according to Forrester’s Leggett. She says that geographic expansion and evolving language requirements are increasingly driving organizations to seek providers with these capabilities, particularly as organizations navigate complex global regulations that influence workplace strategies. “If a company wants to expand into new markets but lacks the necessary language skills, they will need a partner to help them grow and innovate,” she says.



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Kate Leggett,
analyst,
Forrester Research Inc.

Leading BPOs provide substantial advantages in technology infrastructure that individual companies have difficulty matching. BPOs invest in CX technologies at a higher rate (3.7% of their revenue) than do all other industries (2.8%), according to Customer Experience Optimization: 2023-24, a global study of 641 companies by Metrigy Research Inc., a research firm based in San Francisco.

BPOs have positioned themselves at the forefront of technological innovation, particularly in areas such as artificial intelligence (AI) and automation. AI-powered analytics tools are providing insights that allow live experts to have deeper conversations, solve complex issues more quickly, and prepare revenue-generating offers that customers are more likely to accept. According to Execs in the Know, a global community of CX executives headquartered in Phoenix, 42% of companies are using generative AI in agent-facing applications in their contact centers, 29% are using the technology in customer-facing applications, and 16% are using it for back-office automation and analytics or business intelligence programs.

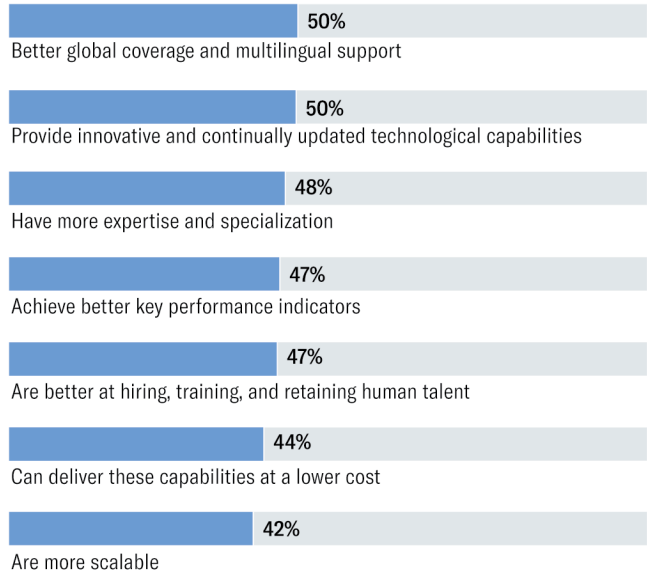
These technological advances can be used to support and augment live agents. Leading BPOs recognize that optimal customer service requires balancing automation with human touch to provide both the efficiency and empathy that customers expect. “Whenever service interactions become emotive, complex, or just really matter, customers instinctively seek another human to talk to,” Brainfood’s Hill-Wilson says.

This balance between efficiency and empathy is driving new forms of specialization that will be difficult for organizations to provide on their own without the assistance of a BPO, whose business depends on staying ahead of the market. “As we go forward, you’re going to see a lot more specialization around getting better-quality humans—smarter humans—to liaise with artificial intelligence,” says Alistair Niederer, global executive for NeedleRock, a London-based firm specializing in business process outsourcing.

FIGURE 1

Many Benefits of Outsourcing Customer Support Global coverage and multilingual support top the list

Why are you outsourcing your contact center operations?



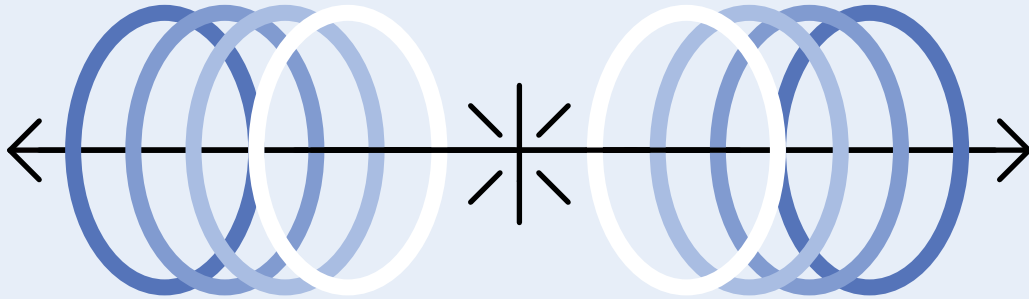
Source: Frost & Sullivan IT Decision Makers survey, October 2024

Preserving Culture and Knowledge

Rebadging represents a sophisticated evolution in resourcing strategy, providing unique advantages that address traditional outsourcing concerns about knowledge loss and cultural disruption. Unlike traditional outsourcing, rebadging creates a bridge between established practices and innovation, maintaining business continuity while allowing new technologies and processes to be implemented.

Organizations can tailor their rebadging approach to specific needs. Some choose selective rebadging, transitioning specific individuals or teams. Other companies transfer entire departments or divisions to the BPO. They can even choose to transition ownership of their facilities, or even rebadge employees from a current BPO to a new BPO if the company wants to change vendors. Over the past decade, this flexibility has led to rebadging’s expansion across multiple business functions, including IT, sales and marketing, procurement, and legal.

“Most of the transitioned roles in contact centers are entry-level or mid-level functions, including supervisory and management positions,” Niederer says. “However,



“If you do a rebadging rather than a traditional outsourcing, you are respecting the workforce.”

Alistair Niederer,
global executive,
NeedleRock

organizations typically retain employees who handle project management, overall operations management, culture, HR, and similar strategic functions.”

Rebadging can also avoid many of the risks posed by traditional outsourcing arrangements. Negative public relations from layoffs with traditional outsourcing represents one such concern. As a result, nearly two-thirds of CX leaders surveyed by Execs in the Know said their top concern with outsourcing in general is guarding their brand reputation. **FIGURE 2** This is significantly more than the number of survey respondents who cited program performance (48%), costs (38%), and other issues as concerns when outsourcing.

Rebadging directly addresses the brand reputation concern by maintaining cultural and workforce continuity. “The culture of the business, if it’s worth anything, is something the outsourcer learns to embody, support, develop, and even evolve based on their contribution to it,” Hill-Wilson says. By transferring existing employees who already embody the company’s values and understand its customers, organizations can maintain their cultural identity while gaining the new capabilities they require.

Workforce Advantages

Rebadging offers other advantages over traditional outsourcing. The most obvious one involves the bad press companies can receive for layoffs. “There’s going to be a huge kickback for the organization in public terms, in community terms, and in business terms if they simply let a large amount of their workforce go,” Niederer says.

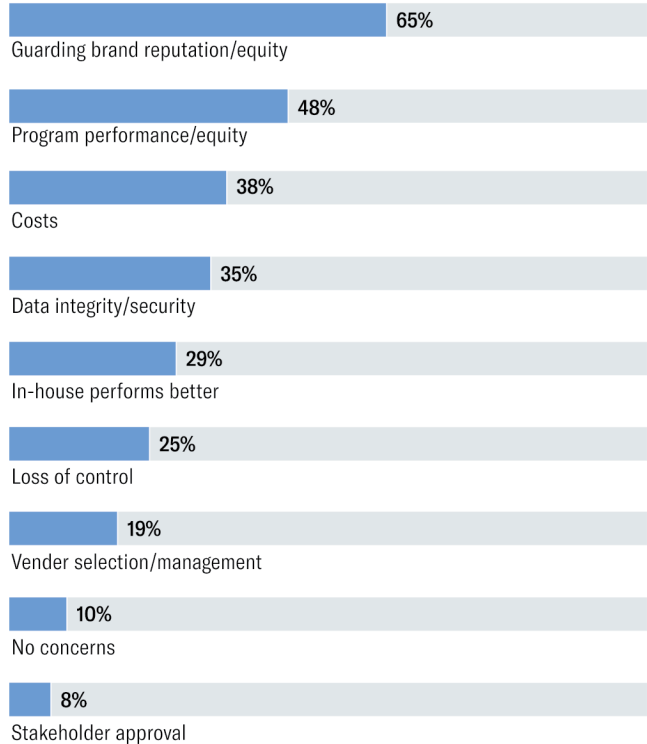
Rebadging also offers legal protection for employers in many jurisdictions around the world. In the U.K., for example, outsourcing falls under Transfer of Undertaking regulations, which protect employees’ rights when the business or service they work for transfers to a new employer. “If you do a rebadging rather than a traditional outsourcing, you are respecting the workforce,” Niederer says. “In addition, there may be some issues if you are dealing with union positions

FIGURE 2

Protecting Reputation

Companies want to ensure outsourcers safeguard their brand equity

What concerns, if any, does your organization have about outsourcing in general? *Select all that apply.*



Source: Execs in the Know, February 2024 survey

that may affect how you can approach outsourcing in the first place.” For example, traditional outsourcing, which can involve layoffs or rehiring processes, is more likely to trigger union grievances and legal challenges; rebadging, which essentially preserves the existing workforce, is less likely to be seen as violating existing union agreements regarding wages, benefits, and working conditions.

For employees, rebadging often leads to enhanced career opportunities, since the shift can elevate their standing within the organization. “With most organizations, customer service is a cost center,” Niederer says. “Whereas if you’re with an outsourcer, you’re part of an opportunity for them to make revenue.”

Rebadging can benefit employees because BPOs typically offer sophisticated training capabilities and faster skills development than do other industries. Hill-Wilson notes that BPOs

lead the way with real-time conversational analytics able to spot any knowledge gaps or skills shortfalls and then generate personalized refreshers on topics such as compliance guidelines or problem-solving techniques. As he says, “After just a three-minute module, and bang bosh I’ve learned something new. Back in the day, a service advisor could be waiting for up to a month before any formal feedback or coaching was offered.” Leading BPOs are also using creative options like gamification to appeal to the learning needs of Gen Z workers.

This combination of job security and career enhancement allows employees to both retain their positions and reinvent their careers, while organizations maintain valuable institutional knowledge and gain access to new capabilities.

Partner Selection

Before beginning the evaluation of a BPO, Leggett notes the importance of a company understanding its underlying motivations for shifting its noncore functions to a BPO. Is it to help improve processes? Is it a cost play? Is it to improve CX?

The 2024 ISG Market Lens BPO Study found that industry knowledge is the key factor in picking a BPO, cited by more than half (53%) of the survey respondents. **FIGURE 3** This capability was followed by the overall cost of operations, talent availability, and tech infrastructure.

“Great outsourcers are those that create long-term tight partnerships with their clients, offering advice and continuous transformation and improvement of both customer-facing and noncustomer-facing processes,” Frost & Sullivan’s Menutti says. “These providers help clients actually achieve better business outcomes rather than merely hit the requested key performance indicators.”

Ensuring a Smooth Transition

Experts say successful rebadging requires detailed advance planning, realistic timelines that account for complexity,

comprehensive training programs, regular progress monitoring, strong communication strategies, and governance frameworks.

Working with their BPOs, organizations should establish detailed transition plans that address both operational handoffs and cultural integration as well as any employee concerns. Leadership must demonstrate visible commitment and clear communication about the strategic rationale for the change, making it clear that rebadging is about putting their people first since the process keeps teams intact and avoids any knowledge or support gaps in the transition.

“Keep consulting with the teams and commit time to ongoing communication. Make it clear by your engagement that you are listening and want to help everyone understand and be positive about what it means for them personally,” Hill-Wilson says. He stresses the importance of maintaining employee confidence through the transition. “At the end of the day, those contact centers are still very much powered by people and the productivity of people. A company’s success is a function of those employees’ motivation and their willingness to be motivated.”

Employees should clearly understand how the transition will work and how they will be impacted individually. Natalie Henfrey, procurement transformation lead for Europe at The Hackett Group, a consultancy based in Miami, says this includes knowing when specific changes will be made, what the employee will need to do in the change process, when the employee will be trained on new systems, and any impact the rebadging will have on the employee’s benefits. She says, “Employees need to understand the nitty-gritty of how the transition will work, and they want access to someone who can answer any questions they have.”

New systems and processes require comprehensive training programs. Organizations should allocate sufficient time and resources for employees to become comfortable with new technologies or procedures. “If you work with a good partner, you can train them to speak in the right brand voice

“So many contact centers need transformation at a technology level. However, this transformation must balance efficiency with effectiveness and human emotional intelligence.”

Martin Hill-Wilson, founder of BrainFood Consulting

so that the customer has the feeling they’re talking with someone who really is part of the organization,” Nexxworks’ Van Belleghem says. “The human approach can be exactly the same, whether it’s your own employee or it’s someone who is part of an external party. It’s just a matter of making sure that the training is done in a proper way.”

While proper training and communication can help the process begin soundly, strong governance structures are required to ensure long-term value creation. The transfer of employees requires deeper integration of processes and technologies, as both the company and its BPO must align systems, workflows, and corporate cultures. A more robust governance structure is needed to mitigate risk and provide a framework of continuous improvement, ensuring that the company and its partner regularly review processes, costs, and outcomes in search of optimal approaches.

Companies should put particular emphasis on creating specific metrics that track both operational performance and employee satisfaction during and after the transition to the BPO. Effective governance requires careful attention to both quantitative and qualitative metrics. Van Belleghem believes the most important metric during the transition period is the first-call resolution rate, which is the percentage of customer issues that are resolved in a single interaction. Beyond metrics, doing qualitative assessments is crucial to ensure the rebadging is operating smoothly and effectively. “Spending time in the contact center—really feeling it yourself, feeling the vibes, hearing it yourself—is important,” Van Belleghem says. “It will give you a sense of the quality of the transition.” When organizations and their BPOs focus on these critical elements—leadership commitment, detailed transition planning, and performance tracking—they are positioned to achieve the numerous sought-after benefits of rebadging while mitigating risks from the transition.

Conclusion

As organizations face increasing pressure to deliver exceptional CX while managing costs and maintaining cultural continuity, rebadging has emerged as a strategic solution that addresses many of the issues that come with traditional outsourcing models.

“So many contact centers need transformation at a technology level,” Hill-Wilson says. “However, this transformation must balance efficiency with effectiveness and human emotional intelligence.” The balance between empathy and efficiency points to rebadging’s unique value proposition, since the approach enables organizations to embrace technological innovation while preserving the critical workforce elements that drive customer satisfaction.

Successful rebadging requires organizations to execute across three critical areas: selecting a partner that has stellar capabilities and is aligned with the organization’s values and goals for the rebadging, managing the transition with sensitivity to both operational and human factors that arise, and establishing governance frameworks that support long-term partnership success.

As Van Belleghem says, “Do not limit yourself to merely seeking efficiency. Really think about how you can use a rebadging arrangement to improve your customer service. Ask what you can do now that you have this talent pool and expertise, since you are now working with a company that has customer service as its key business.”

In a time when CX increasingly determines market success, rebadging offers organizations a path to transformation that preserves what works at a company today while enabling innovation tomorrow. When executed properly, rebadging creates a partnership model that positions a company to deliver the world-class CX that is needed to compete effectively in an ever-evolving marketplace.



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