

OUTWARD BOUND

Chris Robinson, FD of outsourcing accountancy firm QX, doesn't believe in doing things 'on the cheap'. So enamoured was he with the Indian work ethic and way of life, he now divides his time between Yorkshire and Gujarat, writes Liz Loxton

Chris Robinson's Indian adventure began while he was watching a 2003 *Newsnight* programme on outsourcing in India.

The programme showed young Indian call centre workers, enthusiastically selling office products over the phone to customers overseas. It was clear to Robinson that these individuals were not only excited and motivated, but highly educated too. He wondered what would happen if you gave such individuals more rewarding work – if you moved them up the ladder and gave them more complex business tasks to carry out.

At the time, Robinson and his business partners in a medical recruitment company JCJ Ltd were wondering where to site their second office. Robinson, a KPMG-trained chartered accountant, and his partners, former clients of his from his days as an audit partner of a Yorkshire management consultancy, had bought the locum agency in October 2002 and the business was growing fast.

Armed with his bright idea – that placing locum doctors into hospitals and medical practices could be done as readily from the Indian subcontinent as it could from Skipton – Robinson set about researching locations, finding premises and a local partner and employing his first 15 staff – tasks he

achieved by and large over the phone.

The groundwork for the Indian office of the medical agency came together by mid-2003, and the company's managing director was preparing to leave England to spend four months in Ahmedabad overseeing the business's first phase. Unfortunately, she fell ill, and so a problem arose. The overseas venture was already underway and needed management input. Robinson's fellow directors felt that he was the obvious candidate to replace their ailing MD. 'It was a case of "This was your bright idea; off you go";' he says.

Eastern promise

It took him two days for him to fall in love with India, Robinson says, and he fell heavily. 'I just loved it. I loved the people, loved the excitement of the place. So I called my wife and explained that when I returned to England I wanted to talk to her about moving to India for a couple of years. When she started speaking to me again she agreed to come out and look.' A two-week holiday in January 2004 succeeded in winning her over to the radical move and in July the couple and their three sons aged eight, five and two, began a three-year stay.

By the time Robinson arrived in India, the business focus was already beginning to change. The medical recruitment

business had attracted a series of compelling offers and by the end of 2003 had been sold, but with a two-year earn out. Robinson found himself looking for new opportunities. 'Out there, I talked to a lot of CAs and found we spoke the same language,' he says. 'Being a former colony there are a lot of similarities in education and business practice. There's a Companies House, and India's company law is structured very similarly, for instance.'

So his next 'what if?' led him to explore outsourced accountancy services. QX, which stands for quality and excellence, opened its actual and virtual doors with five chartered accountants, four of whom are still with the firm, and an initial focus on payroll work.

Keen to overcome homegrown objections to outsourcing accountancy work to India, Robinson focused on employing the brightest CAs he could find and then bringing them on secondment to the UK, not just to learn the firm's procedures, but to gain a greater understanding of UK culture. One of outsourcing's high-profile failures, Network Rail Enquiries, bit the dust, Robinson believes, because its operators were simply not familiar with the UK's geography and vernacular. If client companies were to be comfortable with the arrangement, they needed to feel at home with QX staff. 'It helps with the

POSITIVE CHANGE

For many people, suggesting that routine work should be outsourced to India is tantamount to handing them their P45.

For Robinson, the key to success lies persuading people that if routine jobs can be done cost-effectively elsewhere, their own jobs can develop along more fruitful lines – for themselves, for their clients and ultimately to the benefit of their practices.

Clients must encourage their employees to see the move as one that will enable them to move up the value chain. 'You've got to add more value to clients. Without staff buy-in it won't work.'

cultural awareness and that helps build a better service,' says Robinson.

One of the objections to outsourcing is that it over-emphasises cost-cutting in order to make returns. Robinson's answer is quite simply that he 'doesn't do cheap': employing CAs, using high quality telephony links to ensure that calls between the UK and India aren't afflicted by delays, clicks or fuzzy lines. It's all there to provide a reassuringly high level of service.

He's also adamant that QX has staff in sufficient numbers to cover the workload, with the three-level peer review and sign off that people are used to in the UK. The wage differential, he says, enables him to put the right number of staff on the job. 'The Indian team allows for attention to detail. This is not something we sell as a cheap product. The wage arbitration in India means we can afford to employ the best people and pay them the best rates.

We use it to our advantage.'

From payroll, which has the advantage of being easily defined and delegated, the firm expanded its offering to accounts preparation and management accounts. Management accounts, says Robinson, is attractive because it is a regular service, but it is more difficult from a marketing point of view. 'Really the focus of this business is towards accountancy practices,' he says.

Staff inside

His aim is to persuade managing partners that not only do Indian accountants do the work to a high standard, they also free up management time, enabling partnerships to focus on their own business development. And that's a benefit that should be passed right through clients' practices. 'If the staff don't buy into it, it won't work,' he says.

LOSING THE STIGMA

OUTSOURCING ISN'T JUST A CHEAP OPTION

The business case for outsourcing is often made on the basis that an outsourcing services provider will take on bulk work that it can process cost-effectively due to a technologically advanced approach coupled with low wages.

QX, however, has shown that it is also possible to take on small amounts of work, relying on the professionalism of its staff in Ahmedabad to turn accounts preparation and tax computation work around quickly and to a high standard.

One of QX's clients, a three-partner firm based in the Midlands, uses the service for just that reason. When at full strength, the team of 13 can cover its workload. But from time to time, the practice falls prey to staff shortages. If headcount falls to 11, for instance, staff may well find themselves working seven days a week and into the evenings to keep pace.

QX offered a 'no fuss'

entry into outsourced accounts to this firm by agreeing to work on a small scale. After a meeting with business development manager Ravi Kurani, the firm asked QX to undertake accounts preparation for one of its clients in November and another the following month.

With these trials going well, the Midlands firm passed on accounts preparation for another three clients in January. The partner who contracted QX says the completed work is of a high enough standard to use as a basis for face-to-face meetings with the client.

The firm's entry into outsourcing has been deliberately steady and small-scale. Its main benefit is that it helps the firm to address skills shortages if a member of staff has left. The firm's aim is to increase the amount of work it outsources based on a growing portfolio of work – its fees are up 15% year on

year. But there is no desire to cut headcount. 'A lot of the [outsourcing] firms we talked to seemed to want us to commit to decreasing our number of staff. We want to grow our firm by a combination of increases in work, headcount and outsourcing.'

While the benefits and business case seem clear, there is, however, a great deal of reticence around this way of working. Accountancy firms have outsourced work to other firms for decades within the UK and standard terms and conditions allow for work to be subcontracted. But often firms don't like to draw their clients' attention to the detail of who carries out the work and where. QX's Midlands client, for instance, would only speak to *Best Practice* on a no-names basis. The battle has clearly been won on the quality front, but outsourcing evidently has some way to go before it wins broader acceptance within the profession.

'They have to understand that it's more rewarding to be doing a business plan than a bank reconciliation.'

Outsourced services may also provide the means for small and mid-tier firms to get over the staff retention hurdle, he believes. 'A lot of newly qualifieds move on,' he says. 'Staff retention in the medium and small firms is a big issue. Quite often in peak times they don't have the staff base.'

In fact, losing a member of staff or two is often the prompt for small firms to approach an outsourcer, but the quality controls at QX make this model more than just a means of solving a staffing crisis, he argues.

'It's often only when they get further into the process that they see the advantage of the peer review.'

QX has certainly seen strong growth.



From five chartered accountants plus a small management team in 2003, it has grown to just under 100 members of staff. In April last year, Robinson took on an Indian business development manager, Ravi Kurani. Kurani has spent the last six years working in business process outsourcing in India, with two years in accountancy outsourcing, and since he joined QX, the business has acquired 15 accounting firms as clients.

Robinson wants to double in size over the next 18 months. The firm recruits people most months and puts an emphasis on having a high ratio of qualified CAs in order to maintain the peer review. There's a rigorous testing process to assess candidates' technical abilities and their English language skills.

Other than technical ability, he's not big on rules in the workplace and

initially struggled to prevent staff from addressing him as 'sir', but largely, the cultural mix is a happy one. There's an Indian work ethic and enthusiasm with a relaxed English management style.

'If you employ intelligent, motivated, well-educated people you don't have to go around waving a big stick – and that's not always the case in India.'

Robinson's choice of location was something of a happy accident. At the time of his arrival, Admedabad, also known as the biggest village in the world at five million people, only had two buildings with internet connectivity of sufficient quality for an outsourcing business and the state of Gujarat was heavily criticised for its failure to ride the first wave of IT and communications outsourcing that had been transforming the country's economy. But there is

something to be said for avoiding the mistakes of early entrants into any new industry. Gujarat is now seen as the powerhouse of India with 12% growth per year compared 9-10% for the country as a whole, Robinson points out.

On a personal level, his love for the country shows no sign of abating. As the business expands, he continues to divide his time between the firm's UK base in Skipton and Admedabad. From schooling, to travel, to meeting local people the three years spent in India have also been fantastic for his family, he says, turning three young boys into seasoned travellers. And all, he maintains, quite by chance. 'If someone had said to me five years ago that I'd be working in India, I would have thought they were mad.'

www.qxlttd.com