

2003

**South Africa's**  
**Most Promising**  
**Companies**

Corporate Research Foundation

**FINANCE**  
WEEK



**IDCS**

BEYOND OUTSOURCING™

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**International Development and Change Services (IDCS)**  
**is an outsourcing operational implementation**  
**company. It takes the operational objectives or strategies**  
**designed by a client's strategists and consultants,**  
**implements these through its total end-to-end operational**  
**implementation solutions and continues running**  
**on an outsource/co-source basis.**

Flexibility and innovation /	★★★★
Growth markets /	★★★★
Quality of management /	★★★★
International orientation /	★
Human resource priorities /	★★★

**IDCS' BUSINESS MODEL** is at the cutting edge of its field. It operates in five service areas: field services, back-office administration, training services, human resources and labour broking. Although there are niche operators in each area, outsourced operational implementation is still a relatively new concept. IDCS thus has no direct competitors. It has experienced massive growth in revenue over the past three years, with no marketing, and 'conservatively' expects to double revenue by early 2003 as a result of marketing initiatives.

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**IDCS**

**BIGGEST PLUS**

Outsourcing has only started its growth trajectory in South Africa, according to international projections. IDCS has taken the concept of outsourcing beyond what corporate functions would have imagined they could outsource.

**BIGGEST MINUS**

Operational outsourcing is a new and cutting-edge development, and IDCS still has some way to go to overcome people's lack of understanding and knowledge of the concept.

**THE NUMBERS**

IDCS is a private company and therefore does not publish its results. It employs approximately 1 000 members of staff.

**THE PEOPLE**

Chief executive, Suzanne Ravenall, created the IDCS business model based on years of experience in Europe.

Only 33 years old, Ravenall is the founder and entrepreneur behind IDCS. With her experience as a business consultant, she is astute enough to realise that entrepreneurs may be good at developing a business idea, but not necessarily at running a business. However, she has a frank understanding of her strengths and weaknesses, and has assembled a management team that complements her in terms of skills, consisting of people from varying backgrounds with a wealth of experience.

**THE BUSINESS**

Corporate South Africa and government alike are top-heavy in strategic thinkers and lightweight as far as operational implementation is concerned. The challenge is not a lack of new projects, but addressing the lack of discipline or ability to take a project to completion, or the absence of focus on quality implementation of the basics.

'Ten years ago, the demand for implementing new products, better efficiencies, greater customer efficiency, intimacy and service levels

existed, but not to the same intensity as it does today,' says Ravenall. At the time, many companies employed business consultants to obtain advice on their strategies and projects. But Ravenall believes that clients usually already know what may be wrong with their business and what they want to achieve. 'What they are really looking for is implementation expertise,' she says.

IDCS' business is based entirely on operational implementation in its five core areas, and its introduction to the market met with considerable success – too much too soon, in fact. 'We initially took on well-known clients who offered no room for growth,' she admits.

'So our success is closely linked to how we implement and manage our philosophy of obtaining clients who offer an appropriate opportunity for growth. Client companies hand a desired outcome to us and we implement it. But we go a step further and run the company's entire operation, or parts thereof, for the function in question.'

IDCS invests in improving clients' processes, raising the skill and effectiveness of the workforce, introducing world-class management systems, and implementing suitable technology for the measurement and delivery of the client's complete operational process.

'We do not claim to know more about clients' businesses than they do – our expertise lies in operational implementation. In each of our five areas of operation we have developed an operational toolkit, which we unpack in each company, because operations in these functions are generally the same and only a small portion requires a tailor-made approach,' says Ravenall.

Its five functions are interlinked. For instance, managing clients' staff and taking them on to its own payroll requires human resources (HR) capability and labour-broking capacity, hence IDCS offers an HR-industrial relations outsource facility. This requires back-office administration support, which IDCS offers as an outsource service, too.

'An important part of our business is managing the flow of data. When we sign up a new client, we collate as much data as possible and ensure that this information remains up to date and readily available.'

'We also accept that operational failure can occur in every organisation. We manage such failures for our clients and limit it to 48 hours, while ensuring that the relevant parties are aware of any problems, so that these can be resolved rapidly,' says Ravenall.

#### STRATEGY AND MANAGEMENT

IDCS practices what it preaches. Before it applies any system in a client's environment, it tests it extensively within its own organisation. 'We are constantly developing and improving our systems based on our experiences. Our internal management structures are extremely flexible,' says Ravenall, 'and our flat management structure empowers us to rectify any problems within 24 hours.'

While the market has a firm understanding of the concept of outsourcing, IDCS' business model is in many ways still ahead of its time in South Africa.

'If outsourcing is taken to mean doing what the client is doing, no value is added, but by bringing in best-practices and systems and – most importantly – delivery, we have succeeded in adding substantial value.'

'IDCS has the unique capacity to implement the "whole picture", and not only the basics. We take over the operational pains, provide a solution, and then implement and run these operations on an outsource/co-source basis,' explains Ravenall.

The IDCS business model is built on robust IT systems, processes and methodologies, which enable the company to grow exponentially without strain to its infrastructure. New clients do not necessarily equate to new overheads; they simply get plugged into the system.

For example, IDCS offers clients a totally automated recruitment process, which is managed through a set of computerised business processes. 'The process requires almost no human intervention,' emphasises Ravenall.

IDCS also caters for fast-growing companies, which often fail to document systems and processes. 'Documentation is our strength

and has enabled us to double in size at regular intervals, without the need to redesign,' she explains.

'We have an in-house design capability, which constantly adds to our operations toolkit. We have processes, systems and infrastructure in place that allow the rapid and smooth deployment of operational implementation.'

### OPERATIONS AND MARKETING

IDCS applies global best-practices, but in many respects, says Ravenall, the company is having to think up the rules of the game. 'Although our operation is not unique, the way we go about implementing our model is. After all, if effective operational control were easy, everyone would be doing it.'

IDCS has differentiated itself from other companies by, for instance, employing Total Quality Management (TQM) principles, becoming a certified Microsoft Solution Provider, and achieving BSI ISO 9002 accreditation for quality. None of these are key to its service offering, says Ravenall, but all establish a benchmark. The company's focus on quality is at least partly the result of what Ravenall describes as the 'boring repetitive stuff'.

'Most people like to be involved in strategic thinking, while implementation tends to be drudgery by comparison. Hence, the implementation process is not always managed well inside an organisation. IDCS' focus on quality and systems aims to remove human intervention by systematising processes and, therefore, reducing the potential for error. Our staff are trained to work through the client's processes methodically. This is a specific skill, and we put our people through a rigorous evaluation process to ensure that they can deliver on our promises,' says Ravenall.

IDCS' five focus areas can be implemented either individually or as an end-to-end solution.

'Implementation tends to be drudgery compared to strategic thinking, hence the implementation process is not always managed well inside an organisation'

The focus of IDCS' field services is to help clients achieve service targets and to drive the sale of products through market support and support functions to the sales channels of the client. Classic examples would be customer service, stock, point-of-sale, branding, merchandising, on-site training, data collection, research, and problem solving on behalf of the client.

Its back-office administration ensures that customers are serviced, staff are organised, suppliers are paid and problems are resolved. Companies traditionally regard this necessary function in expediting value delivery as a capital-intensive and resource-consuming cost centre. IDCS' systems ensure that repetitive and time-consuming administrative functions and processes provide timely and accurate information, allowing its client organisations to focus on their core competencies.

Through its outsourced training services, IDCS offers product training and education, focusing on the alignment of product and skills training and development programmes with strategic organisational objectives. IDCS takes on the responsibility for developing staff within a client's organisations through specific training programmes that are relevant to the client's business. The end-to-end nature of IDCS' solutions includes activities such as training staff and writing product development manuals for them, in addition to getting these approved by the South African Qualifications Authority (SAQA) in terms of the National Qualifications Framework.

IDCS also offers clients the opportunity to outsource their HR operations to maximise returns from their HR strategies. IDCS houses all HR-related costs and provides clients' employees with a single point of contact for a range of services. These may include daily management of recruitment, induction, contract management, skills development and industrial relations-related issues.

Business growth is usually accompanied by an expanding payroll, increasingly complex benefits and an explosion in government reporting requirements. IDCS' labour-broking services allow companies to focus on their core business, while IDCS manages all





day-to-day aspects associated with staff management. In addition, IDCS manages all labour-related and industrial relations issues, giving the client access to professional labour consultants, and to a pool of specialist employees available at short notice.

IDCS initially focused on marketing the individual areas in which it operates, to overcome people's lack of understanding and knowledge of the concept of 'operational implementation', but Ravenall believes that the South African market has now matured to the extent that the company can market its full outsource solution, which it is in the process of rolling out.

### HUMAN RESOURCES

IDCS is constantly re-engineering its processes through implementing a Total Quality Management (TQM) system that encourages continuous improvement and provides for decisions to be taken from the bottom up. This process arguably demonstrates Ravenall's management style better than any other initiative within IDCS.

She encourages team members to come up with new ideas. 'Teams are left to make the decisions themselves within a set of well-thought-through parameters, as they are the people who deal with clients every day.'

Much of management's focus is on empowering staff. IDCS creates a tough but competitive environment, but one where staff can take calculated risks without fear of failure, because the company recognises that all successful businesses create environments where people can harness their learning potential. 'These are the people with a will to succeed.'

She believes that too many people have ability, but lack the will to succeed. 'When making recruitment decisions, we look for hunger, operational ability, and a will and passion to succeed,' says Ravenall.

Although others would describe her management style as democratic, Ravenall sees herself as both an autocrat and a democrat. She

'If we deliver the service for less than the contract cost, we reimburse the client with the difference.'



says every good management style is a mixture of both. 'With too much democracy, things don't always get done. Tough decisions sometimes need to be taken quickly, and the team needs to focus on implementation.'

Ravenall puts her own stamp on the company's values and corporate personality. 'In our line of work, honesty and integrity are non-negotiable. These are not glib phrases, but something we can prove to clients. For instance, we charge a fixed amount for implementing a contract and a management fee for our services. If we deliver the service for less than the contract cost, we reimburse the client with the difference.'

### THE FUTURE

Having grown dramatically over the past few years, IDCS is expected to double in size again by early 2003. The repositioning of the public perception of the company from a products implementer to a total outsource operational implementation company will provide much of the growth.

'We are confident that the market will become aware of our uniqueness, and we are already experiencing strong organic growth because of this.' But IDCS aims to attain critical mass, not only through organic growth, but also through strategic acquisitions.

'We do not have any direct competitors, but in each of our five core areas, there are attractive companies that currently do not have the infrastructure we have, but could benefit from access to our intellectual expertise and from being part of a bigger picture,' says Ravenall.

As a relative newcomer, IDCS has been fully absorbed in managing strong growth in its domestic business, and is only now developing international links. Ravenall says a foreign presence will become a reality within the next two years. 'There are some exciting international companies that have an excellent match with our own business model.'