Taction's call center in Waldoboro Maine

Are You Ready for Outsourcing?

By Amelia LaRoche

When should your company's internal call center seek a partner? The lure of an external contact center's 24/7 availability, glossy brochure showing smiling agents, expensive technology, and the promise of weekly reports, should all be pushed to the side until your company takes a long inward look.

Perhaps this inward look has been prompted because your internal contact center isn't performing the way it once did. Changes in key performance indicators might include increased abandon rates, a shrinking average order value, or an average handle time that's flat while the average speed of answer increases. Perhaps agents are being asked to fill shifts on short notice, your staff is wandering away from the customer-centric days of old, or frontline management has become complacent.

If this is the case, you'll probably find one of two things, says Matthew Goldman, an analyst at Gartner. "You are out of sync with customer expectations or you have a capacity issue." In other words, you don't have enough agents on staff, or your customers aren't happy with the level of service they are receiving.

He cautions that operations metrics "help you point to a symptom, but they may not reveal the source of the problem." Sometimes the symptom is the result of an error or anomaly. Did the billing department mistakenly move the decimal point a few spaces to the left on the 14,567 invoices it sent out last week? A sudden spike will surely result when numerous customers call to say that the sofa they bought was listed in the catalog for \$516, not \$51,600.

If your customers are calling because they are unhappy with your products or services, outsourcing won't fix the problem. "If it's really an increase in volume, you should now consider two options: scale your own company or find an outsourcer to increase capacity," says Goldman.

Your considerations must encompass a thorough understanding of your current costs – your *true* current costs. Keep one thing in mind: while most companies think they know their call center costs, the truth is, they do not.

Are you including the price of want ads, the time your HR person spends recruiting and interviewing, as well as the formal and informal training required by your agents? What about setting up and maintaining complex technology systems? Are you paying someone to run reports and perform quality control? What about the additional costs of rewards and incentives, holiday bonuses, staff meetings, lunch breaks, parking lot and break room upkeep, and numerous other factors that are often overlooked?

As closely as possible, determine how much you pay for each transaction. Can a third-party vendor provide the same or higher quality of service for equal or less money? Even if it is cost neutral to add an outsourced provider, if you choose the right partner, you will gain significant benefits, including conversion of many fixed costs to variable costs, access to industry experts on technology, benchmarking statistics you can compare to your own numbers if you continue to use your internal contact center for some functions, a reduced error rate, improved customer satisfaction, lifetime customer value, and higher average order values.

Outsourcer costs will vary depending on many factors, including whether you engage a dedicated team or a shared team (sometimes known as a pooled team). Shared teams handle more than one client at a contact center because each client alone doesn't have enough contact volume to merit a dedicated team. Typically, shared clients pay only by the minute for the time agents handle their customers' calls, which includes talk and wrap time (this cost is beyond any fixed monthly costs or project fees).

Dedicated agents answer calls for only one client and are usually trained more intensively for that client than shared agents. For some clients, a dedicated team may actually end up costing less than a shared team, depending on the amount of volume they generate. The client is charged an hourly rate, regardless of how many calls, emails, faxes, or other contacts are made. Based on call volume and other needs, you and the contact center should determine which model will work best at the lowest price, provide better results, or both. Then the contact center will conduct vigorous forecasting to ensure that agents are not idle – agents don't like that, and it's not good for you, either.

Examine your scalability. If you choose to do so, can you grow your contact center to meet ramped up demand or anticipated growth or change? If you take this route, is there a decent labor pool available near your facility? If you add another facility, are you prepared to stretch your internal resources for its start up? Can your budget handle the initial outlay of costs? Staffing considerations should take into account whether management will have to be increased and whether current managers will commute to the new center.

You may decide to outsource a smaller segment of business before you expand your in-house call center. Perhaps you are about to introduce a new product line – or expand into a new market segment. "If you're not sure about long-term or enduring success, consider using a third party until you have a better idea of customer expectations, and then determine whether you can bring it back in house and still remain in line with your objectives," says Goldman.

Finally, consider your performance. Are you meeting or exceeding your goals for customer service? If a third party can serve your customers just as well, or better, for the same amount of money or less, consider outsourcing as a way to free up your company to focus more fully on its core competency. If nothing else, adding an element of variable cost may be a wise decision as your company grows. Consider that newly freed up resources can create opportunities that will serve your company well, including capital expenditures that befit your core competencies.

Through it all, keep an eye on your customer and what he or she wants. "Your customer care strategy should be guiding your decision making," says Goldman. "Understand what you're trying to achieve from a service perspective. Understand your organization's strategy for customer care. That's what drives these other objectives."

Once you've taken all factors into account, and you are completely clear on your objectives for customer care and how much they will cost to meet, you may decide to engage an outsourcer. If so, keep some simple dos and don'ts in mind:

DO:

- Get executive buy-in before you outsource.
- Consider hiring an impartial consultant to help you determine whether you're making the right choice.
- Find a partner who understands your customer care objectives and has a proven ability to meet those objectives.
- Find a partner who understands your culture and shares similar business values.
- Keep an open mind about the services provided by your new partner so that you don't miss opportunities. Listen to their ideas and benefit from their expertise gleaned by serving other customers and setting up and running call center infrastructure.
- Find a partner whose facility is located in an area where there is an available labor pool and which you will enjoy visiting on a fairly regular basis – pick a contact center located in a place you like.
- Work with your partner to survey your customers to ensure that your outsourcer is meeting their needs and creating a positive impression that will lead to repeat business. Crafting a neutral, unbiased survey is an art in itself and it pays to hire a firm that specializes in this arena.
- Learn how to read the reports your outsourcer provides and take advantage of such services as real-time monitoring.
- Make random test calls, emails, and other contacts before you make a final decision on an outsourcer, and then again after you've hired the outsourcer.
- Agree on service levels and expectations, including abandonment rates and hold and answer times.
- Agree on methods for first-call resolution, how much empowerment agents will be given to handle problems, and where escalated calls will end up.
- Plan a seamless communications process so that your contact center knows as much about what's happening with your business as possible, from catalog drops, to media events that will affect volume, to the week your internal customer service manager will be on vacation. The more information you can provide to your account manager or other point person at the outsourced contact center, the better.
- Make sure your due diligence includes client and financial reference checks, a thorough audit of the contact center's IT capabilities, and disaster recovery systems.
- Hire an outsourcer you like. Don't run all the numbers and perform excellent due diligence just to end up with an outsourcer that, well, *grates* on your company's nerves.

DON'T:

- Lock yourself into a long-term contract with no exit strategy.
- Hire a vendor whose agents don't sound fresh, enthusiastic, and informed when serving your existing customers.
- Underestimate the time it will take to manage the relationship. Just because you've outsourced your customer service, it doesn't mean you don't have to think about customer service any longer.
- Let an alluring sales pitch keep you from performing due diligence.
- Focus so closely on one element of operations, service, or strategy that you lose sight of others. For instance, if cost is the main reason you've hired an outsourcer, don't lose sight of quality. If you hire an outsourcer because you want 24/7 service, make sure they are still providing the level of service that your customers have come to expect. ■

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