# The Do's and Dont's of Outsourcing Your Call Center

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## Making the Decision

Thinking about outsourcing your Call Center? This isn't a small decision. The emergence and growth of e-business over the last ten years has positioned the Call Center as the first, and in many cases the only, contact customers have with your company. The level of service and communications provided by the Call Center has become a vital link in the chain of maintaining highly satisfied customers. So why would anyone even consider outsourcing this critical function? The simple answer is economics. Large Call Center's, utilizing the latest tools and software, providing around the clock coverage, and following "best practices" processes are costly to operate. Outsourcing has proven to yield as much as fifty percent savings annually. If you could get the same level of service, or in many cases better service, at a saving of fifty percent, the question quickly changes from "should you outsource?" to "how can you do it?"

If any of the following apply to your business, outsourcing your Call Center should be considered:

1. Yours is a fairly new company with good growth potential. You have a need for a Call Center but haven't yet invested in building one.
2. Yours is an established/growing company and project Call Center workload that will require a significant expansion of your current center or expanded hours of coverage.
3. Your company has an established Call Center and is experiencing difficulty retaining skills and controlling costs

Outsourcing with the right “Partner” can provide a relatively quick solution to any of these problems.  Assuming that you have made the decision to outsource your center, let’s now focus on the do’s and don’ts of:

- Selecting the right Partner
- Negotiating the contract
- Transitioning the workload
- Managing the relationship

Following this guidance will greatly improve your odds for a successful implementation, but don’t rely on this as your only source.  There are numerous articles and publications on this subject, many available at no cost on the Internet.  You should consult at least three good sources to gain a more complete perspective on how to properly undertake this important mission.

## Selecting your outsourcing ”Partner”

The emphasis here is on the word “Partner”.  The firm you select for this role is performing some of your most critical tasks and acting as the primary interface with your customers.  There is no room for a vendor relationship here.  This must be a partnership where both companies are focused on achieving the same goals and objectives.  Therefore, your selection of a partner should be done through a very disciplined process with a specific set of criteria for evaluating the capabilities of any potential partner.  The Request for Proposal (RFP) is the best way to accomplish this.  This process allows you to specifically define your requirements and set all the rules for evaluating all the responses to those requirements. The information is sent to a list of six to ten potential partners who you believe can meet your needs. You can find them through a number of sources including, Internet searches, recommendations from friends and business acquaintances, industry associations, etc.

All recipients who wish to respond with a proposal are required to do so in a format and on a schedule that you define. Usually the potential partners will have some questions or need some additional clarification of some points in your RFP. A question and answer period is usually identified for this activity. This can be done live, via teleconference, or in writing. Whichever method you choose, it is important to provide all the questions and answers to all potential partners. This helps maintain a level playing field and avoids potential future problems.

The delivery requirements are the most important section of your document and will require a significant investment in time and input from various staff members to complete. It is important here to very specifically spell out exactly how you would like calls to be handled. Some outsourcers will attempt to move you to their process. This allows them to be more efficient. It is not likely to be the best solution for you and the really good outsourcers will offer to customize the operation to meet all your needs. If you have process flow maps for your current operation, include them in the RFP. They will make it much easier to understand your processes and enable better responses to your needs. This article won't attempt to cover every possible item to be included in the requirements section, but here are some you should be sure to include:

1. The type of coverage you require – customer service, technical support, telesales, credit card processing, fulfillment, etc.
2. The hours of coverage required.
3. Languages to be supported.
4. Data integration to your systems
5. Escalation procedures
6. Continuous operation – Understand partners disaster recovery plans, number of sites, data mirroring or synchronization, etc.
7. Delivery performance – Response time, fulfillment rates, abandon rates, fix rates, etc.

The RFP should also ask a comprehensive set of questions about the potential partner. These help to build a profile that will facilitate the evaluation process. Some important things to ask are:

1. How long have they been in the outsourcing business?
2. What is their organization structure and who are the key executives and officers?
3. How many clients do they currently support and how many have they lost in the past year? Why the losses?

4. What is their average client size from a call workload standpoint? You would like to find other clients similar to you in size. You don't want to be the little fish in a big pond.
5. What is their financial position? Even private firms should be willing to share this information. You need to have a clear picture of their long-term viability.
6. How many centers do they have, what size, and where are they located?
7. How do they staff and train?
8. What are their turnover rates?
9. What system platforms and tools do they have in place?

The RFP should also include some guidance for pricing. This will allow you to do an apples-to-apples comparison of all the responses. If you don't take the time to lay out a pricing scheme, making a fair comparison will be very difficult, if not impossible. Include the parameters you would like the potential partners to price to. These might include:

1. The average number of calls per month by shift.
2. The expected average duration of each call
3. The average amount of time needed for follow-up and administration after each call.
4. The pricing format you require (per call, per minute, per incident, etc.)

This exercise won't provide you the exact price you will pay for outsourcing your Call Center, but it will enable you to rank the pricing of all the responses.

Your RFP should also include a brief explanation of how you will evaluate the responses. Identify which items in the response will be evaluated subjectively and which will be evaluated objectively. Explain how you will score the overall response and select the finalists.

Publishing a schedule of events is important and will save you the trouble of answering questions and telephone calls later. Be sure to include:

1. The date the RFP was distributed.
2. The date the question and answer period ends and when all questions will be answered.
3. The date the responses are due.
4. When the respondents will be notified of the results.

When the responses arrive you should plan on doing a team evaluation. Select three or four key players in your organization and, using the evaluation method you described in your RFP, ask each to first do an independent evaluation. Then schedule a team session where all the evaluations are compared and three finalists selected. It doesn't have to be three. If it is obvious that only two are really competitive, go with those two or if it is four go with four.

The finalists will then be asked to show you their proposed solution. This should be comprised of a visit to their site, presentations with more details about the proposed solution, monitoring live calls at their center, meeting the management team that will support you should you select them, and finally a list of reference customers you can speak with. If possible visit at least one or two of the reference customers. Face-to-face visits are typically much more effective and will give a truer picture of reference customer's relationship with your potential partner. The team you take along on these visits should preferably be the same team that performed the evaluation. The undoubtedly had a number of questions as they were going through the responses and this visit is the time to be certain all those questions get answered to your satisfaction.

One of the most important things to look for on you visit to their center is the ability of the service representatives to relate to your customers, your products, and the issues customers may encounter with the products. Today Call Centers are spread across the globe. Scripts are often not enough to carry the day when a customer has an issue. The service representative must be able to communicate a confidence that they understand the issue and can help with a solution.

Once all the visits have been completed, reassemble the team again to make the final selection. Notify your selected partner and the other finalists as soon as you make your selection. Thank all for their participation and take the time to inform those who were not selected of the key items that influenced your decision. They will appreciate your frank feedback. Additionally, you might need to come back to them if you are not able to successfully negotiate an acceptable contract with your first choice.

### Negotiating the Contract

Contract negotiation will usually go smoothly. Most outsourcers have blanket contracts that are a good starting point and you will have the opportunity to make changes and additions to suit your needs. Be certain to include a Service Level Agreement (SLA) covering all the major performance metrics that are critical to the success of your processes. Additionally, a performance guarantee or risk/reward scheme should be included. The risk/reward scheme gives the outsource partner the opportunity to earn a bonus for superior performance and the unpleasant issue of facing a penalty for poor performance. This is a great tool for keeping the partner focused on the things you need them to do.

A point sometimes overlooked in contracts is for the commitment of a dedicated Relationship Manager. Most outsourcers offer this. Insist that it be written in the contract as you would for any important commitment. Verbal commitments are exposed to people changing jobs. Get everything important to you in the contract. The Relationship Manager will be your single interface to the partner for all issues and will have responsibility for the success of the relationship. A significant portion of their compensation should hinge on that success and you should have the opportunity to define the measures of success.

Lastly, be sure that the contract has an escape clause that covers your needs. Escapes can be required for any number of situations but the one of concern here is when the partner is not performing as required. The key points to be covered here are the process for notifying the partner of the unacceptable performance, The period of time for the partner to correct the situation and if not corrected, the option for you to exit the contract without penalty. This clause should also cover a requirement for the partner to provide you support through any transition period.

## Transitioning the Workload

You and your outsourcing partner should develop a detailed transition plan. A transition team should be assembled comprised of key staff members from both companies. The outsource partner has done this numerous times and should already have a pro-forma project plan to use as a starting point. The transition plan will vary in complexity depending on your specific situation. If you don't currently have a Call Center and this is a startup, the plan will be less complex than a multi-location Call Center with 24x7 coverage. In either case the transition plan should be documented to include a list of tasks and subtasks with a responsible individual assigned to each one and a completion date agreed to by all. It is a good idea to lay this information out is a Gantt chart format which can also show the inter dependencies of the tasks and subtasks. Here are a few key items that the plan should cover:

1. The plan should include a list of all system interfaces that must be a part of the transition. These should also include switching of phone lines to allow your numbers to be answered at the outsource partner's center. Additionally contingency plans must be in place to allow for fallback if the initial transition tests fail.
2. Test all call scenarios prior to the cutover. A thorough "internal" test plan should be a part of the transition plan. This test should be performed successfully prior to attempting to handle any live calls.
3. The transition plan should be laid out in phases so that the initial phases will carry low volumes and have minimal impact should problems arise. Staging can be done by shift or by routing calls from specific geographies will low volumes.
4. The disposition of your current personnel can be the most difficult part of the transition both operationally and emotionally. In most cases they will be out of work as a result of the transition. They have served you well in the past and you need them now throughout the transition timeframe. Work closely with your human resources staff to develop a plan that is fair to the personnel involved and also provides them some incentive to stay through to the end of the transition. Some considerations might be some additional financial bonus and outplacement services for those willing to stay on.

## Managing the Relationship

Ongoing management of the relationship with your outsourcing partner will be vital to its success.  The outsourcer should have assigned a dedicated Relationship Manager and you should also assign a key individual from your company to have similar responsibilities and to be compensated on how well the outsource partner performs.

Rules for communications between the two companies should be established. These will identify key contacts for assisting is solving any issues that arise. Care should be taken to also implement a system that keep the relationship managers informed of all activities.

Regularly scheduled meetings should be held to review performances and discuss any issues that have been discovered.  These meetings should be chaired by key executives from both companies and attended by the relationship managers and key staff members.  The meetings should focus on the performance of the outsource partner against the metrics outlined in the Service Level Agreement and cover any plans for corrective actions that might be required.  Agreed to actions should be documented for follow-up at the next meeting.  Initially these meetings should be held monthly and as the relationship matures they can be moved to quarterly assuming all is going well.  It is also important to keep the outsource partner informed of your business plans.  New product or services introductions that will impact call volumes or require process changes and/or additional training for the service representatives should be discussed well in advance of implementation. Involving your partner in these plans early will avoid any surprises and enable your partner to provide the support you need when you need it.

### In Summary

Outsourcing a Call Center has many potential benefits to offer including, lower labor cost, a skilled workforce, and improved coverage and service to your customers. Additionally, you can enjoy savings of up to fifty percent. Yes, there are risks but, with careful planning and following the items discussed in this article it can be done correctly with minimal disruption during the transition.

## About The Authors

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Bill is primarily responsible for developing, designing, and implementing high-tech end-to-end service delivery systems. Bill's career has spanned 26 years at IBM where he was credited with many innovations in service. As a line executive was responsible for one of the largest and most successful service organizations in the US. As Vice President of Service Support at Technology Service Solutions he developed and implemented the world's largest multi-vendor support structure and the first overnight laptop repair depot. In 1994, Bill was recognized by the Association for Services Management International (AFSMI) with their prestigious Service Support Management Creativity Award. Bill has been a featured speaker and panelist at numerous AFSMI events.

## About *The INSIGHT Group*

### *Creating Client Value ……*

*The INSIGHT Group* is a management consulting firm specializing in the development and implementation of profitable high-growth services business strategies and plans. In today's high-performance business environment, where customers value the integrated solution vs. piece parts products and support, services are an increasingly important part of the overall business solution mix. *INSIGHT* is composed of highly skilled executives who have demonstrated successful achievements as line managers in Fortune 50 environments.

For further information check our web site at www.insight-group.com

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Scott is co-founder and President of Customer Care Measurement & Consulting (CCMC). CCMC provides measurement and consulting services to a variety of multinational companies pursuing leading edge customer care strategies.

Scott is also a co-founder of Customer Care Alliance (CCA). The Alliance is committed to fostering customer care innovation and best practices through national and international research studies on emerging customer needs and expectations.

Having more than 15 years experience as a leader in the customer care arena, Scott has assisted more than 200 companies and organizations and his work has been featured in *The Wall Street Journal*, *USA Today*, CNN, *The Washington Post*, and MSNBC.

He joined the Council of Better Business Bureaus in 1989 and assisted in the development of BBB Care, the Better Business Bureau's first national customer care program.

Joining TARP in 1990, Scott built a customer care practice founded on significant innovations in customer care assessment and measurement methodologies. During his tenure with TARP, he was a Senior Consultant, Vice President of Measurement, and Chief Operating Officer.

Scott also has hands on expertise assisting companies with their international customer care challenges, having served as TARP Europe's Head of Consulting and Managing Director.

Scott graduated from University of Wisconsin - Madison in 1982 with a B.A. in Psychology and Communication Arts.

## About Customer Care Measurement & Consulting……

During the 1990's, upgraded customer care became an accepted marketing strategy for improving brand loyalty. Companies realized that it costs much less to retain customers than to win conquest sales. Today, billions of dollars are invested each year in a diverse array of customer care initiatives such as liberalized warranty policies, satisfaction measurement, loyalty programs, customer care training, CRM programs and call centers.

The founders of the Customer Care Measurement & Consulting were responsible for much of the original research that led to such widespread acceptance of customer care as a marketing strategy. Further research, however, has found that customer care can be a double-edged sword.

Done right, it can produce a significant, positive ROI. Done wrong, it can be a costly way of losing brand loyalty. Unfortunately, many companies find themselves in this later category of spending much to gain little.

The products offered by CCMC are designed to provide companies with the tools to identify those programs that will produce the highest ROI. In most cases, the recommended upgraded customer care initiatives actually cost less than companies are presently spending on ineffective programs.

For further information check our web site at www.customercaremc.com

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