

Should You Outsource Your Call Center Operations? A Practical Guide

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Not a day goes by that a company somewhere in the world faces the question of whether or not to outsource their call center/help desk/customer service operations. Many have chosen to do so and have been pleased with the results. Others have ventured into outsourcing only to reign back in the operations for any number of reasons, most related to results. The fact that there have been both successes and failures in outsourcing leads naturally to the question: Is there a way to know in advance if outsourcing is right for our operation?

The answer is yes.

As with any significant business decision, your success or failure will depend in a large part to the analysis you do in reaching your decision. Keep in mind that if you determine not to outsource, you are still making a decision – in this case a decision to maintain an internal call center operation. So it makes sense to perform a sound and in depth analysis before deciding either way, to maintain an internal center or to outsource.

In this article we want to present a high level view of the analysis that you must perform in order to determine which course of action is right for you and your business. Our goal here is to provide you with an outline of what you should be considering in your analysis.

Business Drivers

Let's begin by identifying four of the most common business drivers that migrate companies towards outsourcing as a viable option.

1. **Cost Control**

Often a business analysis will point to potential cost savings to be realized through outsourcing. Are your call volumes reaching a level that may require additional capital investments? Are you considering upgrades to your telephony systems; customer relationship management (CRM) software; additional headcount; and increased facility space?

The cost of these investments are often more than the cost of outsourcing to handle your call volumes. This is because call center service providers have already made the investments in technology, facilities, and people, and they share those costs with each of their customers. In effect, you are only paying a portion of the costs while accessing the resources you need to appropriately handle your call volumes.

Your task is to do a complete cost analysis comparing the expenses associated with handling current and anticipated call volumes internally versus the costs associated with outsourcing the same volumes. The caution is to make sure you include future growth to your analysis.

If your call center operations perform several divisible functions you may want to perform cost analysis of outsourcing the level one type functions, those that are simpler and can be performed with relative ease by an outsourcing partner. Remember, some times it is not necessary to outsource all your functions. Rather, by peeling level one type calls to

an outsourcer you may find the economies you are looking for while maintaining more difficult calls for internal handling.

2. Variable Call Volumes

Perhaps your challenge is not based in growth, but rather in call patterns that vary widely making it difficult to staff in an economical manner. If you can walk through your call center one day and see people sitting with nothing to do, while at other times your average speed of answer (ASA) is more easily measured using a calendar than a stop watch, you have a significant operational challenge. How do you effectively handle your calls without paying to support human resources during the slower times? The answer could be a relationship with an outsource partner utilizing shared resources.

Variations in call volumes could be based in seasonality of your business which tends to run higher call volumes and predictable times of the year. Or, you may be experiencing variations on certain days of the week or hours in the day. In either case, utilizing a qualified outsource partner can be your most cost effective means of meeting this challenge.

There are several staffing analysis tools and models that you can and should use to perform an analysis of your human resource needs. These models will not only provide you with pinpoint estimates of your staffing needs, they will also provide information that your outsource partner will need should you choose that direction.

3. Testing Sales & Marketing Strategies

If you are considering testing of new strategies or test marketing a new product or service, you may find utilizing a qualified outsource partner an economical means of completing your test and getting the data needed to make sound business decisions.

A Fortune 500 company approached us while in the initial stages of a test market of a new service. This company had effectively tested a telemarketing application to perform lead qualification and appointment setting for their field sales personnel. The problem was the test sample was very small and the company needed more data to determine if the results they had experienced would be realized on a consistent bases. The solution was to outsource a test of the same strategies in order to generate enough volume to yield a statistically valid result.

We helped select an appropriate outsource partner, assisted with the necessary training, and managed the outsourcer on behalf of our client. Within four weeks there was enough data to justify moving forward with the strategies and the company launched an internal call center to perform the lead qualification/appointment setting functions. It was extremely successful and the business grew from \$0 to \$250 million in annualized revenue within four short years. More impressively, 65% of every new dollar generated by the business could be traced directly back to an initial call center contact.

The other upside to this story is that if the strategy had proven ineffective the company would simply have ended its work with the outsourcer. They would not have had to displace internal employees or find other opportunities for them in the company. Using an outsource partner for testing applications nearly always makes more sense than utilizing internal resources.

4. *Shift in Business Model(s)*

There are times that businesses make significant shifts in strategies, E.G. moving from 9 to 5 customer service to 24/7 by 365. Such a move requires resources that are willing to staff second and third shifts....or, utilization of an outsource partner that runs a 24/7 by 365 operation.

Yet another example would be the decision to add bi-lingual or multi-lingual capabilities for your customers. Again, finding these resources can be a challenge, particularly based on the location of your center. It may be far easier and more economical to utilize a multi-lingual call center to meet your needs.

Fundamental Questions

Let's move our focus to four fundamental questions that we utilize with companies considering outsourcing some or all of their call center/contact center/customer service operations. These questions require a significant level of research and analysis, but detailed answers to these questions point our clients in a clear direction – one towards which they can move with a high level of confidence.

1. *What are the primary business drivers leading to considering outsourcing?*

Our experience has consistently shown one thing over the years – unless there are clearly identified critical value propositions behind the migration to outsourcing, there will not be sufficient energy and support behind the effort to ensure its success. This has been consistent with every project on which we have provided assistance.

The point being it is essential to include a thorough evaluation of key business drivers in order to answer the fundamental question of whether outsourcing is right for you, your business, and most importantly – your customers.

Are you looking to: reduce costs; improve quality; add to your capabilities; add some technology such as CRM without making the capital investment; expand without adding resources, equipment, and facilities? Identify your key drivers and analyze your options thoroughly.

2. *Is your organization culturally ready to consider outsourcing?*

This can be a difficult question to answer in a pure objective manner and often times companies will lean on a qualified consulting firm to assist with this question. Outsourcing will require complete support at all levels within the organization.

If your organization thrives on a do-it-yourself philosophy, migrating to an outsource solution for your call center operations will be a huge challenge and may likely meet with resistance from some within the organization. There are enough challenges to outsourcing in and of itself. Without a total commitment from all corners of the organization, your outsourcing efforts may not succeed.

It is far better to back off outsourcing than to move forward without full support from all levels of the organization. Part of your initial analysis must include measuring this support and working towards consensus regarding your final decision.

3. What are the activities you should be considering for outsourcing?

The decision to outsource does not automatically mean that you will be outsourcing all your call center functions and activities. Your analysis may determine that only select customer contact activities make sense to outsource while others should remain in-house.

Customer service outsourcing works best for fairly straightforward transactions and support. Products that have complex sales cycles and customer support lines that require in-depth troubleshooting are not as well suited to outsourcing. The chart below serves as a high level initial decision tree:

Is this activity of critical value to the organization?	YES	Outsource or Focus on Internal Improvement	Build/Invest
	NO	Outsource	Outsource or Focus on Internal Improvement
		NO	YES
Is this something that we perform well?			

If the activity is mission critical and something that you currently have solid internal resources with proven competencies, than you may well want to keep that activity in-house and invest in its growth internally.

However, if the activity is less critical, and/or something you do not currently do well, outsourcing makes more sense.

It can be difficult to perform this assessment in an objective manner. We all want to believe that we are good at everything vital to our organizations and particularly, our customers. Can anyone handle my customers better than me? Maybe. Answering that question will go a long way towards helping you determine what, if any, activities you should outsource.

4. What impact will outsourcing have on your customers?

While this is the final question we are discussing it may in fact be the most important. Determining the answer in advance of making your decision can be a challenge. It is not reasonable or prudent to ask your customers this question directly, so how can you project the impact of outsourcing on your customers?

Begin by developing a baseline customer satisfaction measurement. If you are not currently measuring customer satisfaction on a regular basis – start now! The information you will collect will be invaluable to you whether or not you decide to outsource.

Ask your customers what they like about doing business with you and ask them to prioritize their responses. Ask them to rate how easy it is to do business with you. Explore what they like and do not like about your current customer contact operations. Identify the 20% of your customers who likely generate 80% of your revenue and profits and focus on this group as your source of information. Doing so will ensure that you are basing your decision on the right customer group.

Listen to what your customers tell you in the process. Your decision will become much more clear based on their responses. Also, as you learn what it is about you and your operations that your customers value, you can build strategies and tactics to replicate those same things with your outsource partner. If that replication is not possible for any reason, then you may have determined that outsourcing is not the best option for your customers and for you.

Without our customers your business does not exist. Include them and their views in your analysis. Listen to what they have to say and factor that into your decision and your plans. Doing so will help ensure your future.

Conclusion

The decision to outsource your call center/customer service/tech support functions and activities may be one of the most difficult and important decisions you will make. A word of caution – every business is different. Simply following this outline will not necessarily point you towards a clear path and course of action. You may find it necessary to enlist the services of a competent call center consulting company to assist you with this process. Their experience can be invaluable as you navigate through the difficult questions and assessments. Plus, the best firms maintain neutrality about your business, meaning they can leave emotions out of the decision and instead help you base your final direction on objective criteria.

Finally, take your time to do a thorough job of this analysis. In carpentry the adage is measure twice, cut once. And that holds true in the processes around determining if outsourcing may be the right option for your organization. Measure everything, analyze everything, plan everything and you will experience success regardless of your final decision.