

A Guide to Moving Customer Service Offshore

by Daniel Henderson

In today's global economy, hiring call center customer service staff outside the U.S. offers a compelling opportunity to reduce costs and increase customer retention rates. This usually means running part of your business from a remote location, such as the Philippines, Europe, or India. The potential advantages are significant.

But ironically, the ubiquitous technologies meant to increase customer satisfaction and decrease customer service cost – interactive voice response, skill-based routing, and speech recognition – often confuse and aggravate customers. Re-establishing the human contact is becoming increasingly important to companies hoping to improve their customer retention. Technology and financial services companies, among others, are increasingly moving their customer service and help desk functions offshore, realizing both the cost savings and increased customer satisfaction that technological tools alone rarely provide.

The two common models companies use to achieve the benefits of sending their non-critical payroll, call center, and administration services offshore – outsourcing and building your own subsidiary – present numerous challenges. However, with careful planning, both models can be successfully implemented, resulting in shorter-term savings in the case of outsourcing, and longer-term savings in the case of building your own subsidiary.

Planning Your Offshore Strategy – A Walkthrough: Initiating an offshore customer service strategy requires careful planning. The wrong partner, mismatched expectations, and poorly established service level agreements can lead to shoddy process transitions and dissatisfied customers.

Before you begin searching for the right partner – be it a call center service provider or a consultant – it's important to determine your goals. Familiar objectives include reducing costs, making internal resources available, and acquiring skilled resources, technologies, methodologies, and best practices.

Solution providers have varied expertise. Common inbound services include customer service, order processing, and technical help desk. Outbound calling services include telesales, marketing surveys, and debt collection. Understanding and stating your goals is a basic, but important, element in choosing a partner with the appropriate expertise.

From a strategic viewpoint, outsourcing your customer interaction provides the option to rent the process and methodology expertise of either a single solution provider or a consortium.

Advantages of outsourcing include low capital investment, short ramp-up time, and the ability to scale resources up and down as needed. The latter is a notable benefit for project-based efforts, such as accommodating a temporary increase in inbound call volume due to a product release or a market survey or sales campaign.

A second option is to build your own offshore subsidiary, allowing your company to effectively purchase the process and methodology expertise of a solution provider. The risk profile is similar to that of outsourcing, assuming you collaborate with the appropriate service provider to mitigate risks. This model requires larger upfront capital investment and longer ramp-up time. Benefits include long-term cost savings, tighter information control, as well as a springboard to develop other offshore capabilities, such as software development and IT and system maintenance.

The next step is to balance your resources. This establishes the ratio of onshore to offshore personnel, both for the short- and long-term, the location of your data, and project governance. Consider the offsite and onsite interfaces – who works with whom – and document what information needs to be shared.

For example, if you send first level help desk support offshore while keeping second and third level support in-house, a direct communication link is imperative between offshore and onshore operations for triage support.

Depending on whether you outsource or build your own subsidiary, consider the implications of bringing supplemental resources in-house. Relying upon offsite – but not necessarily offshore – account managers and project managers for reporting refinements and service add-ons, for instance, may be economical and efficient. This same configuration, however, likely does not offer the level of attention warranted for your second-level support operation.

Once your resource model is established, you will need to focus on the logistical and technology requirements. Generally speaking, the technologies to account for and understand on a basic level include data storage, knowledge management applications, telephony capabilities, support tools, collaborative work environments, chat (instant messaging) and, when required, video conferencing.

The objective is to distill your strategic objectives to reveal the underlying technical requirements. Fortunately, many knowledgeable telecommunications and call center consultants can assist with this process. In addition, numerous offshore call centers are sophisticated enough to provide state-of-the-art computer telephony integration.

Considerations in Choosing a Partner: The right partner will mitigate the common risks associated with sending key functions offshore, including cultural differences, the complexities of operating in two time zones that are nine to 12 hours apart, overseas management challenges, timeliness of delivery, and quality of product.

Before spending valuable time issuing RFPs and attempting to interpret the various responses, research potential providers. Ideally, a short list of six to eight companies should provide a sufficient range of options.

Common drivers for choosing a solution provider are pricing, relevant domain knowledge, size, stability, references, and corporate culture, including staffing sources, hiring profiles, and management style. Do not overlook the strategic value of vendors with the experience and alliances that can bring strategic benefits to your organization. One example would be a business with biomedical expertise and affiliations that can assist your company in selling your biomedical software in local markets.

In eliminating likely mismatches, document your established objectives, resource model, and technology needs and compare these requirements to the capabilities of the various vendors. Many of the vendors look similar on the surface; however, those with global capabilities are structured in a variety of ways. These include international firms based overseas with sales, marketing and delivery resources in the U.S.; offshore firms with operations overseas and no U.S. presence; U.S. firms with Indian partners; and U.S. firms with Indian subsidiaries. Your stated objectives and strategy will steer you to determine the relative benefits and disadvantages of each.

Looking Under the Hood: Three standard areas to investigate are institutional learning, certifications, and risk mitigation policies and procedures of your potential partners. On a high level, this type of investigation will indicate the maturity of the organization; on a lower level it will allow you to more closely align vendor expertise with your requirements.

Institutional learning includes methodologies, training, and best practices. To understand project experience, examine the successes – and failures – of the organization. Use the average type and size of a project as an indicator of service expertise and familiarity in scaling resources. Make note of the number of current projects, which can indicate customer satisfaction, as well as market climates.

The intent of certification and assessment programs is to ensure professional competency and stimulate call center professionals and organizations to achieve increasing standards of performance. The value of a certification differs depending on the assessing organization, as well as the type of assessment.

There are numerous evaluation programs. The Capability Maturity Model (SEI CMM) assessment evaluates organizations on a rating of one to five, denoting increasing levels of process stability, improvement, and refinement.

While generally associated with software development facilities, SEI CMM assessment can also be applied to call center operations. It is important to distinguish between companies that self-assess and those that employ third-party assessment by a reputable agency. The latter, clearly, will produce the most objective appraisal.

Regarding risk mitigation, your partner should be able to produce plans and policies accounting for business continuity in the case of a disruption or disaster. Detailed disaster recovery plans should account for interruptions resulting from natural disasters, as well as those that are political in nature.

Business continuity plans typically cover four chief operational areas: infrastructure, security, data recovery, and human resource management and transition. First, from an infrastructure perspective, the facility should have redundant and independent communications and power sources. Second, security must be managed appropriately, both physical security and protection of intellectual property. Third, application and data should be stored at an offsite storage or co-located facility, and recoverable in a method that offers version control. Finally, project management continuance, including governance, communications, and performance issues, must be detailed and should ideally include provisions for reallocating human resources.

Conclusion: Sending customer service functions offshore can increase customer satisfaction and, with careful planning, can offer handsome returns. Thorough preparation will lead to fewer problems and a healthy long-term relationship with your partner.

A knowledgeable partner not only will understand your customer support needs, but should also assist in supporting your customers, understanding their needs, using feedback to assist in marketing and sales efforts, and tying this knowledge back into your product and process development cycles. This will ultimately support the refinement of your company's corporate strategy and ensure that it is rooted in interaction with your customers.

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