AGILITY FACTOR

Outsourcing in Today's Contact Center

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Can your operation benefit from outsourcing? A look at the options and considerations for developing an effective strategy.

Contact center outsourcing is a multibillion-dollar business. If you are in a leadership position in a corporate contact center, chances are you either have some agreement in place now or you did at some point in the recent past. As business process outsourcers (BPOs) continue to expand off-shore and near-shore choices, it is reasonable to expect that the amount of outsourcing in our industry will continue to rise. It is clearly here to stay, and the good news is that nearly everyone can benefit from it.

The Pros and Cons

Outsourcing is a subject that usually elicits strong feelings one way or the other. The economically inclined tend to favor it, as there is always some place in this global economy that can do the work at lower cost. Yet price is far from the only reason to consider it. Many contact centers have improved operations substantially through outsourcing, and can cite a number of benefits to these types of arrangements:

Speed of delivery. An outsourcer knows how to get a new project started quickly.

Available technology. Outsourcing vendors have all the technology in place, and it has been tested through real-life trials.

Limited investment requirements. Under typical circumstances, a client does not need to make a substantial upfront investment when contracting with an outsourcer.

Disaster recovery. While usually not the main objective, sending calls to a completely different site or operation strengthens the contact center's disaster recovery plan.

Despite the potential benefits, there are those who are reluctant to consider outsourcing. Political reasons (external and internal) may sometimes be involved, especially when the organization considers going offshore. Concerns about customer impact and perception are also cited. When you consider the number of customers that a contact center touches each day, it's easy to understand the discomfort. In fact, some level of concern is healthy — after all, nothing is more important to your company than a strong bond with your customers, and that bond is forged by the contact center. Handing over the reins to another organization is no small matter.

For those a little hesitant to explore outsourcing as an option, take heart in knowing that it does not have to be an all-or-nothing proposition. Many contact centers utilize outsourcing in conjunction with in-house centers. Call dispersion is accomplished a number of ways in these mixed environments:

Discrete call types. By using a different toll-free number or a specific selection on a menu, only certain types of calls are sent to the outsourcer.

Call percents. A certain percent of traffic is routed to

the outsourcer based on expected capacity levels at in-house and vendor sites.

Overflow. The in-house center handles whatever it can. Once the queue reaches a certain level, additional incoming calls go to the outsourcer (sounds great, but making it work can be very tricky).

An Array of Options

Outsourcing need not be confined to transaction handling. Virtually every staff assignment within a contact center, from hiring to forecasting to systems maintenance can be outsourced. Since it is difficult for many contact centers (especially small to mid-sized ones) to maintain such a diverse range of functional expertise, the outsourcing of staff assignments can often be a great way to tap into skills that otherwise would be difficult to develop organically.

A great example of the value of support function outsourcing is forecasting and scheduling. These skills are critical to success yet are often lacking in the people-centric environment of a contact center. Forecasting and scheduling are latecomers to the outsourcing party and the options right now are still limited, but many contact centers would benefit by looking into this as an option.

So with all of these options, how do you start to build an outsourcing strategy? Begin by recognizing that this is a key strategic decision that requires substantial thought and analysis. The sidebar on page 3 ("The Outsourcing Decision") contains examples of off-the-cuff reasons for and against outsourcing that too often drives the final decision. With all the options available today, there is far too much at stake to give this a quick brush-off.

When you're ready to develop an outsourcing strategy, a great place to begin is to assess where you are against where you could be. You can do this with a grid that charts the level of contact handling and support function outsourcing that exists in the current environment, as illustrated in Figure 1. In this example, an organization that sends 30% of its calls to an outsourcer and handles all staff functions internally, except for system maintenance, would show up in the bottom left-hand quadrant.

More important than where we are on the grid, though, is where we should be. Many factors influence this, and this type of chart helps you to see more clearly how the impact will vary based on the horizontal (contact handling) and vertical (support functions) axis. An organization that views customer contact as critical to survival may be hesitant to move out many (or any) contacts to a vendor for processing, but may be motivated to tap into the very best outside vendor specialists for support functions. Conversely, a company that is strong in management training and development might handle all the staff assignments, but may be interested in finding vendors to handle some level of contact activity — especially those that are not deemed as core to the business.

Making It Work

While we have all likely heard of at least one horror story related to outsourcing, many more arrangements have succeeded than have failed. The occasional bad experience can usually be traced back to poor communication, unclear expectations and/or poor planning. Quite often, the client is just as culpable as the vendor is when the relationship sours.

With an industry as mature as BPO, though, the failures should be rare. There are a few key things you need to keep in mind to help generate a positive outcome for everyone:

Have a robust selection process. You have many choices out there, so use the diversity of the marketplace to your advantage. The sidebar below ("Vendor Selection: Making the Right Choice") shows some of the key elements that will greatly enhance your chances of finding the right vendor partner.

Implement clear and realistic objectives. Outsourcers cannot perform miracles. If you are unable to provide them with much advance notice about events that will impact call volume, for instance, you cannot expect them to meet aggressive service level standards — unless, of course, you're willing to pay for it.

Understand the cost basis. Outsourcers can charge per minute, per call, per agent-hour, per sale or a number of different ways. Each one affects the motivation

The Outsourcing Decision: Motives that Rank High on the Discomfort Scale

Our team at Service Agility has worked with many clients grappling with the outsourcing decision. On initial discussion, we're always interested in what drives the move to outsource. Sometimes we hear very thoughtful reasons while, other times, the motivation throws up a red flag. Here are some of the common "red flag" reasons behind outsourcing:

1. "It's broken — let's just outsource and be done with it." Consider that some of the reasons why the internal contact center is broken are strategic and may not go away when you outsource. Poor interdepartmental communication, lack of corporate buy-in to the importance of service, and ill-conceived performance objectives are some examples.

2. "Everyone else in our industry does it." The state of service in many industries today leaves much to be desired. Before deciding to follow the pack, make sure that it's not a pack of lemmings headed toward a cliff.

3. "We don't have a choice — we have to cut costs." There is nothing wrong with cost reductions playing into the decision, but it should not be the only consideration. If it is, be prepared to get what you pay for.

Of course, we also talk to contact center leaders who are decidedly against the idea of outsourcing. There is nothing necessarily wrong with that either, but again, there are some reasons behind this decision that also throw up a red flag:

1. "Our calls are too difficult — no one else could do this." Many of you are running very complex centers that successfully negotiate a myriad of challenges. But with all due respect... someone else can do it. In fact, there are probably a lot of someone's doing it right now.

2. "Our customers would never allow it (outsourcing)." If it is designed and implemented properly, an outsourced center can provide great service. If customers get great service, they really don't care who signs the paychecks.

3. "Outsourcing is just not something we would do here." Nothing stays the same forever. Leadership changes, market conditions change and customer expectations change. If the benefits to outsourcing are substantial for your operation, you should be considering it... and sooner or later you (or someone else in your company) will.

and behavior of the vendor, so you need to choose a basis that most clearly matches the key objectives of your operation. For example, if you think first-call resolution is the most important metric, you should not pay an outsourcer on a per-call basis.

Finding the Right Match Is Key

The great diversity of choices in the outsourcing market makes it an attractive option for just about any contact center. Understanding the possibilities and matching them to organizational values and opportunities is the secret to developing an outsourcing strategy that is right for you. ⓟ

Figure 1: Assess the Impact of Outsourcing on Your Operation

Degrees of Outsourcing

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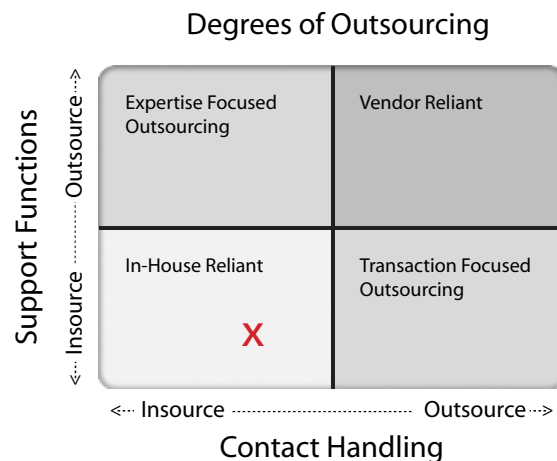
Vendor Selection: Making the Right Choice

Client satisfaction with an outsourcing partner ranges from exceptionally high to !*#&#!. Variations in the vendor selection process can typically explain a good portion of the difference. Those that have positive, win-win relationships that last for many years did the following, at a minimum, during the selection stage:

- Identified the evaluation factors and rating scale in advance of distributing the RFP
- Provided potential vendors with a very comprehensive description of the operation and freely answered all questions during the selection process
- Ensured that the evaluation committee included key departments and at least one person with contact center outsourcing expertise (even if that was an outside consultant)
- Visited the finalist's facilities before awarding the business
- Focused on signing a contract that was viewed as a win-win and the beginning of a long-term relationship.

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