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CONSIDERING OUTSOURCING YOUR CUSTOMER SERVICES OVERSEAS?

Article prepared by Ian Parker January 2006

The cost benefit of moving my customer service call centre operation overseas seems compelling. What else do I need to consider?

Whilst the outsourcing of customer service operations, particularly call centres, has been an established way of doing business for some time the trend to move operations abroad (or 'off-shore') has been far more recent. For some activities and industries the pursuit of lower labour cost locations is not new but for call centres it has been a dramatic departure. In the past few years the business and general press have been full of announcements of jobs being shed in the UK and call centre work being moved overseas, with India dominating this trend.

This rush to India and other low cost offshore destinations is creating much customer service and brand reputation challenges to the extent that some companies are coming back on-shore. A number of banks are now using that fact they have UK based operations as a source of competitive advantage. Getting the location decision right first time will protect your reputation and enhance your competitiveness.

There are two distinct angles from which to view an offshore decision: one from the company's perspective, the other from the customers' perspective. For truly customer-focused companies this amounts to the same thing!

From the company's perspective the primary reason for offshore outsourcing is cost saving. Labour costs in India are typically 20% of the costs in the UK, although call centre wages are rising. The headline business case looks compelling. The savings benefit starts to narrow when the costs of running a remote operation are included. For example UK based management, the costs of international communications (although 'voice over IP' is now the preferred option for many companies), travel and accommodation costs, seconded trainers, recruiters and team leaders, support of IT applications and the intangible but real costs of attuning the offshore centre to the culture of the UK market.

From the customers' perspective the impact of offshore outsourcing can be difficult to predict. Experience over the past few years suggests that most offshore locations can

deliver basic, straightforward customer service where the variation in types of call is low and adherence to a clear script is required. Where the requirement is for greater variation in the call, more relationship building with the customer, greater enquiry and objection handling, and selling skills UK customers feel less satisfied with an offshore call centre. The choice of which business processes and customer interactions are relocated offshore is critical. The headline cost savings on which the decision may be made can be wiped out through customer dissatisfaction and even defection if the calls centre experience is unacceptable.

Outsourcing your customer service call centre activity is a complex and critical decision, considering going offshore adds another level of uncertainty.

At Link Management our Customer Management Practice has expertise and experience in helping companies make the right decision for their call centres.