



**StreetSmart** Call Centre

*Leadership through Breakthrough Business Solutions*

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## 10 Principles for Successfully Managing Call Centre Outsourcing

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### **Description:**

The aim of this paper is to provide Call Centre professionals with a guide on how to effectively manage the relationship with an outsource provider. The paper identifies ten principles which should be adopted to effectively manage a relationship with an outsource call centre provider.

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## 10 Principles for Successfully Managing Call Centre Outsourcing

Successful outsourcing of call centre services is all about relationships and how they are managed. The whole process is likened to courting a partner, marrying that partner, and, unfortunately in a lot of instances, divorcing that partner. The ten principles outlined are the ones I have identified as the most crucial to reducing the divorce rate in call centre outsource relationships. This guide is intended for companies currently engaged or about to engage an outsource partner for a significant portion of their call centre work. This is often a major step for an organisation since it usually means handing over the family jewels (customers) for nurturing by a third party. Whilst this is not a guide aimed at selecting a partner there are significant points made about what to look for and what to ask when selecting an outsource partner. I have often come across potential clients who ask questions about outsource agencies that will not help them properly evaluate their compatibility with the partner. Experience in the industry has led me to identify ten basic principles that if properly satisfied will lead to a happy and healthy relationship with an outsource partner.

### 1. Measure cost saving of outsourcing in both dollar, intellectual, and emotional value.

It is myopic to assume that there are aspects of a company's call centre work that can not be outsourced at all. Call centre work is highly specialised and is rarely considered as part of a company's core business. It is concerning how many in-house operations have spent millions of dollars setting up their centre and are still not operating at the right levels of efficiency and productivity. Some outsource providers carry over 30 years of experience delivering call centre work. Fortunately, they have gone through all the trials and tribulations and have learnt from

experience. Why attempt to go through all the pain of “getting it right” in the call centre when you know that some other company has already been through the pain?

The intellectual and emotional cost saving is usually heavily underrated when considering outsourcing. Readers who have undergone this pain will be able to readily relate to my comments. It is crucial that a company has a well-rounded perception of the benefits of outsourcing to properly appreciate the ‘value for money’ aspect of outsourcing. Properly comprehending this value will prevent complacency or thoughts of “we could do it better ourselves”. If these thoughts start creeping in then stop and consider what it would be like dealing with stressed staff every day and managing temperamental technologies. .

## 2. Treat outsource partners as part of your team

It is not sufficient to consider the outsource partner as an entity that is providing services to your company. A successful outsource relationship involves ownership on behalf of the individual(s) managing the relationship with the outsource partner. These individuals usually belong to a single department. It is important that the partner is included as a team member. Once this is achieved the partner should be viewed as a colleague of equal standing. Often marriages breakdown when one partner dominates the other and assumes superiority. I have often seen this as a major symptom of relationship breakdowns in an outsource arrangement.

## 3. Do not set unrealistic goals or be quick to chastise when the goal is not met.

Another destructive force is when a company sets unrealistic goals to test or “show up” an outsource partner. This type of action is unproductive and leads to tensions and suspicion in the relationship. One vital fact to remember is the outsource partner is really part of the organisation it is

serving and so this type of behaviour negatively affects the company at the same time. An outsource partner is not perfect and so perfection should not be sought. It is made up of a group of individuals who are committed to doing their best at serving the company. It is quite rare that an outsource partner will not have this work ethos. The benefit of distance from an outsource partner enables close performance monitoring. This, however, should not be abused by some “good old fashioned horse whipping”.

#### 4. When a problem arises, focus on the solution

As basic as this principle may sound I have come across situations when a problem has arisen and the client cannot move beyond the problem. Moving towards a solution is critical in making an outsource relationship successful. It is inevitable that problems will arise when delivering a solution. How the problem is dealt with can mean the difference between a happy marriage or a miserable existence. The misguided reaction towards the outsource partner is often the result of a false belief that the outsource partner is a perfect being. This belief is often dispelled early in the relationship.

#### 5. Sign long-term agreements with your outsource partners

One of the fundamental mistakes made when establishing a relationship with an outsource partner is each party signs a pre-nuptial agreement (service level agreement) committing to a divorce in about 2 years time. It is difficult for each party to commit to a relationship when a short-term arrangement is signed. The relationship is fundamentally flawed because neither is willing to invest the energy and resources for long-term success. I suggest that a minimum of a 5-year agreement with a further option to extend should provide the foundations for a prosperous relationship. This type of term will ensure a true sense of commitment by both the client and the outsource partner and will enable a higher form of trust to develop between the two parties. Some readers may be thinking that it is way too long to be tied up to a single partner. The wonderful part of been

'tied' up for that period is that both parties will have plenty of time to get things humming just the way you like it. Getting a new partner will mean going all over those teething problems you experienced when you first set up. Of course not every relationship is going to work out. If it is not destined to last that long then a good pre-nuptial will get you a divorce before the term is up.

## 6. Establish clear and concise communication lines on both sides from the outset

Any marriage needs clear, concise and frequent communication. Experience has shown that outsourcing relationships have a high tendency to deteriorate when there are too many different individuals managing the relationship. My number one rule when I establish an outsource relationship is to map out the communication lines for the key players so individuals know who are the leaders for each department (technology/telecommunication/training/operational) and who are the ultimate leaders (Project Managers). Unclear and misdirected communication can often lead to a poor start to the relationship. Often the company will require some guidance as to how to properly communicate, but once established the project and its future have a high probability of success.

## 7. Ensure your program is not to be conducted in a call centre managing multiple high turnover campaigns

I am not totally against high turnover campaigns but they should not be mixed with long-term stable programs. Multiple campaigns require a transient work force and lead to a scrambled culture in the call centre. A call centre without a core identity can not deliver superior service under any circumstances. A transient culture leads to poor work ethics and a disinterested attitude amongst both junior and senior staff members. Dealing with multiple campaigns is probably the single most damaging handicap for an outsource provider delivering a long-term program. Companies seeking a successful outsource partner should demand their

program be delivered from a call centre only dealing in a similar program to their own.

## 8. Ensure your outsource partner has a staff turnover rate lower than yours.

Look closely at your outsource partner's figures when they claim they have low staff turnover. Ask for proof and an explanation of these figures since they usually represent some of the most enlightening insights into your prospective partner's wellbeing. Would you have married your partner had you known that their longest past relationships lasted a maximum of 3 months? This principle is closely tied to the above. It is imperative to understand that a call centre service is delivered by a group of people not machines. If these people are poorly trained and skilled then the program will fail. Likewise an outsource partner may claim to have an exceptional training program, but if they are unable to keep long-term staff then the program is not worth while. CSRs are continually learning on the job and refining their skills to accommodate a particular program. The success of any program is linked to a stable homogenous culture that breeds content amongst its staff. Successful recruitment and management of call centre staff is a real art form and is unquestionably the largest contributing factor to whether a service will be delivered effectively with an outsource provider. A low staff turnover rate is a vital statistic.

## 9. Do not be misled by high technology solutions.

The temptation is there, now more than ever, to succumb to the wonderland of call centre gadgets and gizmos when designing a call centre service. I have spoken to a number of call centre managers who insist that their call centre's competitive advantage is their lack of an IVR. There is a growing number of call centre professionals who are closely listening to what their customers are saying about the service they deliver and are responding by trimming away obstructive technologies. Don't get me wrong. I will often implement solutions that utilise the latest

technology when it suits the occasion. The best high technology solutions are those that are transparent to the customer on the other end of the phone line. Beware of outsource partners that focus very heavily on technological solutions. They may be lacking in other areas.

## 10. Believe and trust that your outsource partner is genuinely committed to achieving joint goals

It does not matter how many lawyers and how many advisers you speak to or how ironclad your service level agreement is. If you do not have a shared common belief or trust that the outsource partner is committed to achieving joint goals then the program is likely to fail one way or another. As much as this principle is intangible it still remains one of the most essential ingredients to ensuring a successful outsource partnership. I strongly suggest that the agreement reflects the desired level of engagement required by each party. It is critical that the engagement model is going to properly reflect how hands-on or hands-off the client wants to be. We are now seeing more models that reflect joint-venture type arrangements because it suits the buyer's desired engagement level.

If you get the arrangement right from the onset then you are likely to file it away once it is signed and not have to constantly refer back to it to determine your "rights". Do not pull it out to determine every bit of detail once the parameters have been understood by both parties. By all means use it to verify certain points but apply trust in managing your relationship. It may be an old fashioned belief, especially in this litigious era, but it's more powerful than any ironclad legal clause that a \$500 an hour lawyer could ever construct. Trust is earned and as long as there is good footing the long-term agreement should yield a positive and mutually beneficial understanding between the two parties. A few good meals and some grog usually help here.

There are a number of sceptics who have totally excluded the notion of outsourcing their call centre services. The two main reasons are either a bad experience or the belief that in-sourcing yields superior results. These reasons may be justified for some but in the majority of cases, where outsourcing has not worked well, there has been a fundamental flaw in the relationship itself. Outsourcing is all about relationships and effectively managing that relationship on both sides. Unfortunately, there has been minimal literature on this subject as the focus for selecting an outsource partner has traditionally been on technology, cost, and grade of service issues. Hopefully, over time, a better understanding of what makes a successful call centre outsource will be identified and the focus will reflect a balanced mix by incorporating relationship management as part of the equation. The ten principles outlined are intended to provide a philosophy to be adopted and practiced by both parties. This philosophy will help form the basis of a successful relationship with an outsource partner.