THE TAYLOR REACH GROUP INC.
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CUSTOMER REACH®

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Dumb Outsourcing Mistakes Bright Contact Center Executives Make

We recently wrote an article outlining 'Ten dumb things, bright contact enter mangers do' and we were surprised by the response from readers and by the number of downloads and forwards we received. So we decided to follow up the general contact center management, with some more specific guidance for center manager as they look at outsourcing.

It is amazing that otherwise bright contact center executive that often make planned and considered decisions in other areas of their business, somehow seem to have their grey matter neutralized as they charge headlong into outsourcing.

The following is a list of regular challenges and mistakes we have seen bright contact center executives do while assessing and evaluating outsourcing and offshoring.

1. Don't establish why outsourcing is being done or considered in the first place. After all outsourcing must be a good idea if our competitors are doing it.

2. Don't investigate alternative solutions. If you have already decided that you need to outsource your contact center then looking at alternatives can be downright inconvenient. What would happen if you found a better solution?

3. Outsource for the sake of following the trend. It was in Fortune, Forbes or Business Week, so it must be right. The magazine said everyone else is going to India, so we don't want to wait too long and miss out.

4. Travel to the offshore location and check out the hotels and amenities, after all if the bigwigs want to visit they will need somewhere nice to stay.

5. Don't get competitive bids, why do we need them, they just delay the process. Besides a contact center is a contact center and we know we will save 80% so why quibble and delay over a few percentage point of savings.

6. Don't establish objective criteria for evaluating outsourcers and the proposals. Criteria, such who have we heard of, who do our competitors use? Why make it any harder than it has to be

7. Don't underestimate the power of psychic training. I just think a thought here in my office and my offshore outsourcer knows…scary.

Inside this Issue

8. Don't bother to customize your staff training materials; they're fine, besides the outsourcer has an extensive training program built around accent neutralization.

9. Don't be concerned that your offshore partner doesn't understand your customers. Really what aspect of your customer relationship can't be addressed by watching 26 hours of Friends?

10. Don't worry about what your customers will think, they may like the challenge of understanding new accents, words and phrases. Heck, they probably won't notice the change.

11. Just send everything to the outsourcer; they will sort it out at their end…after all they are the experts.

12. Don't involve the outsourcer with marketing/sales meetings that will just confuse and distract them from serving our customers.

13. Just get on a plane, you can find an outsource partner when you land. You can use the time in the air better to figure out how to spend your bonus for saving the company so much money.

14. Don't visit their contact center, why take the trouble, after all they have nice pictures on their website.

15. Don't plan to have to manage the relationship, they are the experts anyway, right and if there is a problem they will call me…at 3 in the morning.

16. Don't budget additional expense to manage the relationship. How much can it really cost anyway to manage a few hundred folks dealing with your most important assets halfway around the world?

What mistakes would you add to the list? Let us know by email at feedback@thetaylorreachgroup.com

Of course there are many excellent outsourcing firms domestic, near shore and offshore. Many of these top flight companies have saved some otherwise bright executives from making these very mistakes. But like with everything else where there a good partners there can also be bad ones. It is the executive that makes the decision that must be wary.

Is a Stronger Dollar a good idea?

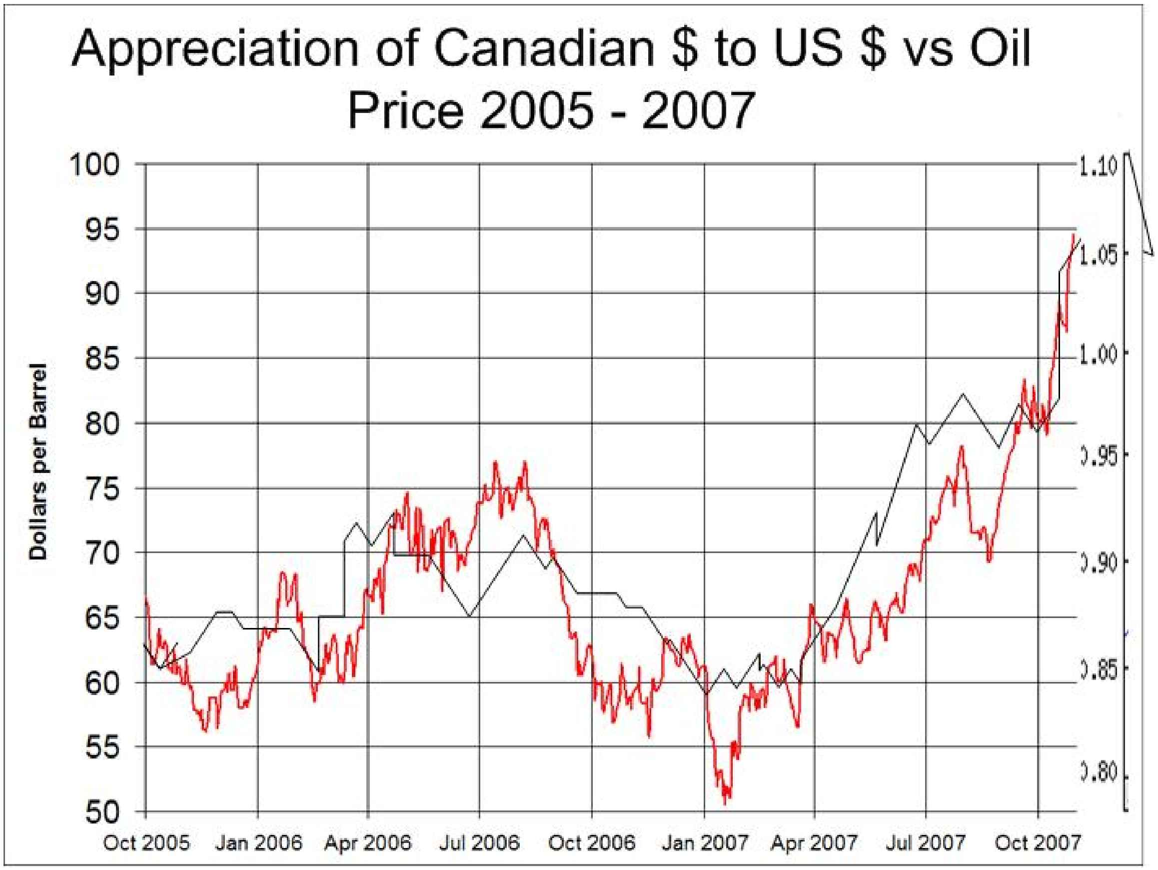
The Canadian dollar has been on a rollercoaster of late, rising steadily from sub $0.70 cents US to an unprecedented $1.10 US. We've all heard about the new found purchasing power of the 'Loonie'; and seen the lines at border crossings increase dramatically as shoppers rushed off to Buffalo to spend their new found wealth. The Canadian economy has been surging forward on high job creation numbers, increasing trade surpluses, record oil prices and weakness of the US dollar.

Over the past few months we have heard increasing rumblings from the manufacturing, auto and forestry sectors that the strength of the 'Loonie' was a risk to business and that Canada could not compete with the dollar so high. The call and contact center market is not bullet proof in the face of these changes. To the contrary, the increasing value of the Canadian dollar has placed the viability of many centers at risk.

So where will this end? Is Canada shifting from being a low cost location, the preferred location for US contact centers seeking lower cost operations, to being a high cost location from which centers will flee to find lower costs in India, Malaysia or the Philippines? Will we see the day when call and contact center are moving to a US location to secure lower operating costs? Is Iowa the new India?

But what is the real problem? Is it that the Canadian economy is so strong that our dollar keeps rising; or is it that the US dollar is so weak and keeps falling? It is an interesting question and one that can have grave impact upon operators of any business.

To answer this question I looked at the two primary culprits in this drama: the US dollar and the Canadian dollar. Then I looked a third variable as a constant: in this case the price of oil. As we have all read the price of oil has hit record prices of late, recently topping the $100 per barrel price (of course this is in US dollars). What if we could remove the US dollars' decline (or the Canadian dollar appreciation) out of the equation? Well the result might just surprise you…



We can see from the above graphic that the increase in the price of oil (in red) is remarkably similar to the increase in the value of the Canadian dollar (in black). Perhaps this is not too surprising to some as Canada is now regarded as a petro-economy. If we look closer we can see that in Canadian dollar terms little has happened to the price of oil if we price in Canadian dollars.

In October 2005 the price of oil was $63 (US) per barrel and the Canadian dollar was trading at $0.865 per US dollar. Over the 2 year period the price of oil rose 27% in US dollars, but the increase is only 15% in Canadian dollars. So from this we can see that while oil has become dearer, almost half of the apparent increase is due to the weakness in the US dollar.

So what is the impact of this shift on contact center operators? Well India and Philippines have become less attractive to US companies as the value of the Indian Rupee and the Philippine Peso have both increased in value versus the US dollar by 14 % and 21% respectively. So outsourcing to India and similar locations has become financially less appealing as their costs have increased in US dollars. The increase in the cost of Canadian centers has increased even faster and at a higher cost level.

There is little doubt that if the value of the Canadian dollar is sustained at $1.10 or better in US currency there will be significantly job loss, plant and contact center closings. If the US dollar continues its slide then perhaps we would have call/contact centers flocking back to US locations. This is unlikely to occur.

There is pressure in Canada to change interest rates to slow or reverse the appreciation of the Canadian dollar. South of the border there is also pressure to increase interest rates to make the US dollar more attractive to investors. If both happen the Canadian dollar will slide down to parity or lower.

As of this writing the Canadian dollar has shrunk back from the lofty heights of $1.10 to the $0.98 range in less than two weeks. All this means that people, the markets and hype are often overstated. There are always short term pressures to “do this” or to “do that” in reaction to unusual events or circumstances. It is always important to put these unusual events or circumstances in context. Hence the graph shows that the change in the price of oil has been driven by a market perception that the oil supply was at risk. Yet we now have fewer risk factors today than a year ago and that much of the ‘run up’ was due to declining value of the US dollar and not any real or perceived shortage in the oil supply.

In call centers we are all used to unusual and unexpected spikes driven by marketing/sales/operations doing something (without letting us know) that cause every customer, prospect and member of the public to call. These spikes pass. Work call and contact volumes return to the normal forecast or some such previous level. Only if the event is a systemic change to how things are done is meaningful change likely.

The dollars rise and or fall depending upon your point of view is like that. It will return to a meaningful and reasonable level. We will learn to live with it. We did when it was $0.65 and made imports so expensive. We will with a high dollar. Things change. In contact centers that is our daily bread. Things changes. If they don’t, then we do have a problem.

Survey of the Month

The Survey of the Month will return next month

Let us know what topics you would like us to feature in future surveys by emailing us at feedback@thetaylorreachgroup.com

Newsworthy

In this regular column we review the latest news, predictions and trends impacting on the Call Center / Customer Interaction Industry.

English worker in India fired for not being English enough
A British worker of Indian (as in the subcontinent not as in Native-American) descent was sent home from a work trip to India because his boss in India said his accent was "not English enough" according to the Times. His boss in India replaced him with someone who spoke better English. The worker, Chetankumar Meshram filed a racial discrimination claim with the Northamptonshire Racial Equality Council in the UK and won his case last week. Telling his story, Chetankumar said "I was called into a meeting with my boss, who told me I was to be replaced with a better English speaker. I know I speak with an [Indian] accent but my job out there is to give technical advice, not to give expertise on how to communicate. It was an embarrassing and humiliating experience.”
NACC

Contact Center Consultancy Announces ‘Pay for Performance’ Consulting
November 26, 2007- Toronto, ON-PRWeb- Colin Taylor the CEO of The Taylor Reach Group, Inc. (TRG) announced today the launch of ‘Pay for Performance’ value based consulting services. “This new service allows our customers to decide on the value of our consulting efforts and how much they should pay for it. This is a totally new way to value consulting services”, said Mr. Taylor. “Traditionally, a consulting firm charges for a project at a set rate. Then the client waits and sees if the results justify the expense. For many companies they simply don’t want to take the risk and the financial cost for an unknown result. This approach eliminates the risk associated with retaining a contact center consultant.”

“In our Pay for Performance consulting service, we meet with the client, define, confirm and agree to the Scope of Work. Based on the program scope, we provide our clients with our proposal and our standard fees for the service. We charge our clients all travel and direct expenses at cost. At the end of the project the client determines how much they wish to pay: our proposed rates, a higher rate or a lower rate based upon the value that they feel they received from the project. The client controls the process.”

Taylor continued, “I suspect we will have clients who both pay more and those who pay less; but based on the comments that we have historically received from clients I expect that we will average rates higher than we receive now”.

These services add a lot value to our clients contact centers and operations. Now the clients can see the value before paying. Eliminating risk for the clients is a great benefit. We believe that our Pay for Performance model will make companies more comfortable with retaining TRG, as they will assess the value of the work we do and they determine how much it is worth."

For more information on TRG's Pay for Performance consulting services contact TRG at 416-979-8692 or by email at info@thetaylorreachgroup.com .

TMCNET

Customer satisfaction levels down, reversing trend

Customer satisfaction levels have contracted for the first time since 2005, according to the American Customer Satisfaction Index for the third quarter, which was released today by the University of Michigan.

At a score of 75.2, the overall ACSI is down 0.1% compared with the previous quarter. However, it is still 1% above where it was a year ago, according to the index.

Because of high consumer debt, and weakened customer satisfaction, ACSI predicts a dampening effect on holiday spending, forecasting fourth quarter spending growth at 2.5%, compared to 3.6% last year.

"There are really only two big things that seem to determine spending for the modern consumer: gratification, which is what we determine with the satisfaction index, and financial obligations," said Professor Claes Fornell, head of the ACSI.

Since financial obligations "are near record levels and overall satisfaction levels are declining, it doesn't bode well for holiday spending or economic growth," Fornell continued.

Many segments experienced improved customer satisfaction, but because of the size of the food industry, this was not enough to offset the ACSI decline in food.

The ACSI score for food dropped by 2.4%. However, customer satisfaction levels increased for athletic shoes by 3.9%; apparel, 2.5%; pet food, 1.2%; beer, 1.2% and personal care products, 1.2%.

DM News

Fake contact centre staff poses serious risk for banks

Fraudulent contact centre staff are emerging as a major problem for financial organizations.

Criminals posing as contact centre agents have been caught using mobile phones, cameras and USB drives to steal customer data, JP Morgan Chase Asia Pacific fraud specialist Iain Johnston told a financial conference in Sydney last week. "We have found incidences where screenshots have been taken by mobile phone or where people are writing texts at incredible speed under their desks," he said.

Johnston said his bank has tightened its hiring policies for contact centres in India, the Philippines, Indonesia and Ethiopia, but monthly staff intakes of between 200 to 600 recruits make the task challenging. While the Indian government has established a national database of contact centre employees to help prevent crime, police corruption in some offshore destinations makes reporting breaches difficult, he said.

Callcentres.net

Customer service continues to draw complaints

Customer service accounted for about 17% of complaints made to the Telecommunications Industry Ombudsman for the 2007 financial year.

The leading sources for concern under the customer service category included service providers failing to act on a customer's request, giving incorrect or inadequate advice or not being able to be contacted. The TIO experienced a 16.9% increase in complaints during the 2006/07 period, led by those related to internet services.

Ombudsman Deirdre O'Donnell said customers who had issues with their Internet service now make up almost a third of the complaint load. "Customer service was a particular issue for Internet service consumers," she said.

Callcentres.net

Cox Makes New Thrust Into The Business Telephony Market

Cox Business, which has already been making inroads into Business Ethernet and VoIP, has launched a managed IP telephony offering aimed at the businesses of all sizes, becoming the second top-tier cable company in as many days to mount a major new thrust into the business market.

Cox's offering, dubbed the Cox Business VoiceManager, is a telephony platform that integrates the desktop phone, PC and wireless devices. "Cox Business is the first cable provider in North America to deploy a fully-owned and managed IP telephony service that addresses the needs of the broad business market," the company bragged, announcing its new service.

The Cox move comes a day after Comcast, in a major move into the small- to medium-sized business (SMB) market designed to lure customers away from rival telcos. It said that it had teamed up with Microsoft to offer broadband business customers a free web-based suite of business services, including "corporate class" e-Mail, calendaring and document sharing (TelecomWeb news break, Nov. 14).

Cox, meanwhile, said that it is targeting all sizes of businesses, from SMB to larger enterprises, with its offering. It also differs from what Comcast is doing in that Cox is offering telephony services, rather than business services. Still, the important thing is that there are new moves by two of the three biggest Cablecos in the U.S. (Comcast is number one, Cox is number three) to significantly strengthen their assault on the business market.

Cox outlined a laundry list of feature for its new Voice Manager service, naming just about every VoIP-based feature available including: Find Me/Follow Me; Auto Attendant and Personal Status Manager; Remote Office, Sequential Ring and Call Notification functions that allow one number to be pointed to desk, home and mobile phones, and simultaneous ring and voicemail alerts ensure that calls and messages don't go unanswered; An administration console that allows every employee to adjust communications preferences from a Web portal; Unified Messaging that puts voicemail and e-mails in a single window; and a Personal Call Manager that logs call history on the desktop.

Cox, in announcing Business VoiceManager, didn't say where it was getting the wherewithal to offer such a complete and complex VoIP suite, but that's hardly either news or a secret. Back in June Broadsoft had put out a press release that it had landed Cox Business as a customer who was going to use the "BroadWorks VoIP platform as the foundation for its next generation IP telephony service."

Initially Cox is making its new Business VoIP service available in its New England system, which serves customers in Connecticut and Rhode Island. The service is scheduled to roll out to two more Cox markets before the end of the year, the company said without disclosing which markets. Cox added that it "will aggressively expand to additional markets in 2008."

Cox claims it already has 200,000 business customers for the voice and data business services it has been offering, out of a combined total of about six million residential and business customers.
TelecomWeb

Inside TRG

In this regular column we discuss what is happening with The Taylor Reach Group, Inc. and with our related companies.

New Services
This has been an exciting fall for us at TRG; we have secured a number of new clients and launched some new services. In particular we are excited about two specific service offerings: Managed Service and Pay for Performance consulting.

TRG Managed Services may not fit with your view of contact center consulting, and frankly, it didn’t fit with mine until I realized the number of calls and emails I would get from clients as they prepared to go into planning, quarterly, and performance or budget meetings. Before they shared their performance, strategies or goals they wanted a litmus test. They wanted to ask our opinion about how they were doing…. Were the results good? Were their goals reasonable? How did these stack up against others in their vertical? What would we add?

These may seem like small questions and in fact they generally didn’t require a great deal of time to answer, we simply needed to understand the organization, it’s goals and aspirations for the contact center and had to have a historical view of the center to put the information in context. What did surprise us was the frequency of the questions. We began to see a market opportunity here.

So we asked our clients what they felt they got from the process and received answers such as “we wanted an independent view of how we were doing” and “We wanted to see if our goals were reasonable” or “ We wanted a dry run to review the numbers and ensure we could answer senior managements questions” and lastly “did we include everything we should have in the budget, are our assumptions reasonable?"

Based on this feedback we were sure we did have a service opportunity, not traditional or large projects, but rather small micro projects in 1 to 2 hour blocks of time. For less than a $1,000 per month our clients could have 10 hours of our time and use TRG as a sounding board, an advisor or a reality check.

The second service offering: **Pay for Performance Consulting** came about after discussing with some current and former clients the barriers they had encountered in retaining a firm like TRG. The single biggest challenge they had to overcome internally was the risk…"We pay a lot of money and we don't really know what we get for it". Having spent many years on the client side we understood this issue and while we do guarantee a 300% ROI on implementing our Recommendations, that doesn't really help us get in the door in the first place. So we decided that the only way we could make it easier for companies and organizations to engage us was to eliminate their risk, by taking the risk ourselves.

The result was launching our Pay for Performance consulting services where we provide an estimate for a project based on a detailed scope of work and then execute the project with the client's agreement. But it is the client who determines what value they received from this exercise and they decide what to pay.

For more information on TRG's Managed Services or Pay for Performance consulting please call us at 416-979-8692 or email us at info@thetaylorreachgroup.com

Compendium of Contact Center Knowledge Volume 4- Early Bird Discount

We will be publishing our fourth annual compendium including each issue of Customer Reach© published in the past twelve month this fall. We have kept the price the same as last year $69.95 (US or Canadian funds). But if you order yours before December 15th you can save almost 50%, advance copies cost just $35.00 and you can pay by check, invoice, money order or Paypal (just email us you request and we will send you the payment link).

Share with your Friends

This issue of Customer Reach® is being read by more than 5,500 senior call and contact center executives worldwide. We are always looking for new points of view and new subscribers, so please feel free to pass along you issue to you co-workers or anyone else who you think may appreciate it. You can also suggest they subscribe to receive their own copy they can do so at the following link subscribe-taylorreach@v2.listbox.com .

TRG New Office

Now it's official on December 1st, TRG we moved to a new Head Office location at 19 Mercer Street, Suite 302, Toronto ON M5V 1H2. You can still reach John Cockerill directly at 647-271-4678 or Colin Taylor directly at 416-276-9068, or call us in our new location at 416-979-8692.

$35 - Compendium of Contact Center Knowledge Volume 3

104 page book is a compendium of 10 issues of 'Customer Reach®' the call and contact center newsletter published by The Taylor Reach Group, Inc. 54% of readers have implemented change in their center employing ideas they first read about in Customer Reach®.
Discounted from $69.95. $5.00 for shipping and handling. GST charges apply for Canadian orders.

Case Study

In this regular column we review the successes that TRG has been part of.

TRG helped an established services organization dramatically improve their service through an integrated approach to service delivery.

The Challenge:

This very successful services organization faced a number of challenges; high turnover, low agent productivity, incomplete and inadequate training materials. All of these deficiencies lead to continued poor service performance. The company's service level was very unsatisfactory with very few calls being answered in 20 seconds, and more than 35% of all calls abandoning. They sought out the guidance of TRG to improve the service performance of their call center.

The Process:

TRG conducted a complete end to end assessment of the call center, its processes and those processes that impacted on the call center. TRG developed a call center operational model and worked with the center management and staff to implement a model that incorporated new approaches for;

- Hiring,
- Training,
- Monitoring,
- Coaching,
- Staffing,
- Forecasting,
- Quality assurance,
- Call routing,
- Staff Budgeting,

The Solution:

New hiring practices were implemented to recruit for the desired skill sets. The process mapping resulted in revision to many of the processes to align them better with the objectives of the business. A number of these processes involved groups outside of the call center operation. The result of including these non call center processes was a significantly better alignment between the company objectives and those of the call center. Workforce management was introduced to support more accurate forecasting and scheduling.

The Result:

By implementing the TRG Model, the company improved the service level more than 1200%, reduced abandoned calls by more than 75%, Improved First Call Resolution by more than 50%, Reduced Average Handle Time by 25%, increased customer Satisfaction and Loyalty by more than 10%. All of this was achieved in less than 4 months!

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The Taylor Reach Group, Inc. provides Strategic and Operational customer interaction consulting and advisory services that deliver Operational Innovation breakthroughs in Contact Center operations.

The Taylor Reach Group, Inc. includes the call and contact center consulting company (The Taylor Reach Group Inc) as well as: Telepoll, Canada Inc. which provides Data Gathering, Customer and Employee satisfaction surveys and Outsourced Quality services. Teleffective, Inc. which provides B2B telesales services

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