



***how to succeed and not succeed as an offshore
outsourced call centre company.***

***By Rob O'Malley
Call Centre People***

www.callcentrepeople.com

01789 268494

WWW.CALLCENTREPEOPLE.COM

**1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS**

Introduction

My name is Rob O'Malley and for 15 years, I was one of the leading figures in call centre outsourcing, managing and owning some of the leading call centres around the world. In 2006, I retired completely from the outsourcing business to focus exclusively on my call centre recruitment business. As the offshore phenomenon grew, I was lucky enough to be able to work on consultancy projects for many offshore call centres looking to establish themselves. Many people continue to approach me asking how to grow their businesses and I am happy to share my experiences.

To explain how to develop a profitable offshore call centre company would take so long that you would probably not read this entire e-book. However, there are common features of all of those companies which fail and I want to share those with you. I continue to see the same mistakes being made by companies who set up today and in many more companies who are simply trading water.

The market for offshore call centres today is far more competitive than in 2000. There are far more vendors, agent availability is limited and margins have reduced dramatically but are now starting to plateau. The triple digit annual growth of offshoring has ended and we are likely to see the demand for offshore call centre services grow by single digit percentages over the next 10 years with some areas including outbound telemarketing seeing a decline.

This book focuses specifically on the UK market. With current exchange rates, the UK market is potentially the most lucrative but is also the most complex. The rules I outline in this e-book are essentially the same for The US market but there are some aspects where there are slight differences. For example, US businesses are typically more cost-driven and less conservative in their approach. American mid-sized businesses in particular will often allow some leeway with their offshore vendors in return for a significant price reduction. There is no such leeway in the UK market. Also, the size of The United States means that many more businesses are used to buying services without meeting. This is not true in The U.K.

Over the years, I have informed many offshore call centres about these mistakes. Most but not all will typically agree with my points and then go and continue to make the same mistakes. They are often overwhelmed by what is required to succeed and will either take on board some of the points or ignore the advice completely. Unfortunately, these companies are doomed to failure.

Recently, an Indian call centre company approached me 1 year after I had given them the same advice that I will repeat in this book. They asked me where they were going wrong. They were continuing to make the same mistakes as I had mentioned the previous year. It is for this reason that I am confident that some people who read this book will listen to my viewpoints and then continue on their existing approach. I can guarantee that they will fail.

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

By failure, I mean that they will never run a company which operates profitably and on a scaleable basis. Over 90% of them will cease to trade within the first 3 years of business. The remainder will only survive due to the investment made in them by their shareholders....an investment on which they will never see a return.

I'm also aware that a lot of people who read this book will be responsible for running operations which fail to meet the basic principles outlined herein but they have no impact on the overall strategy of how the company strategy is decided. They often find themselves frustrated because of these issues and hopefully, this will book will allow them to appreciate that they aren't going insane.

Remember that this book is not giving you a guarantee on how to run a successful call centre company. However, I can guarantee that if you don't follow every one of the steps outlined in this book, you will fail! It's not a question of if, but when!

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

The Competitive Marketplace

This book is not designed to discuss the pros and cons of offshoring call centre activity. There are plenty of studies which have been published which discuss this. Most of which generally determine that offshoring is a bad thing. However, many of these have been commissioned by individuals or companies with a vested interest in the UK call centre industry. It's also worth noting that very few of these discuss the practical implications of trying to homeshore all these agent positions which include the cost implications and from where these additional agents would be sourced given the already competitive marketplace for labour in The UK. Many industry observers now opt for the viewpoint that the success of offshoring is yet to be determined. However, this is far too simple. The truth is that the success of quality offshore operations is certain as is the failure of those which are average or sub-standard. Hopefully, this book will enable you to clarify what is determined by quality. However, it is very important to comprehend the state of the marketplace before understanding the rules under which you would need to compete. My personal view on offshoring is that there is a very limited demand for average offshore call centres and what limited market there is will soon evaporate. An offshore call centre has to be as good in every aspect as its British counterpart and better in certain areas. This book is designed to highlight those areas.

In 2000, almost anyone could set up a small to medium sized offshore call centre and offer potential clients 30-50% discount. They would be inundated with applications from highly qualified candidates. They could call up British businesses and eventually would convince someone that it was a good idea. The offshore call centre could then do the work, receive minimal if no complaints from the people they spoke to and expect a margin on the work of about 50%. That may oversimplify the whole situation but it's not too far from the truth for any Indian entrepreneur with a basic understanding of how the business works.

If that same company started now, they would now struggle to win business due to the massive competition. They would charge less for their services than 7 years ago and they would struggle to get anywhere near enough applicants. Eventually, the call centre would pay more to get staff who wouldn't be as good as the staff they would have had 7 years previously and they would be more likely to leave within the first few weeks of employment. The call centre would receive far more complaints from a British public often disillusioned with previous experiences of offshore call centres. In many cases, they would have won this project through a middleman who would take a substantial cut and the call centre would struggle to get paid.

So why is it that in such a short space of time, the industry has changed so much? Quite simply, this is business in the modern globalised world and offshore call centres are now experiencing the same competitive landscape experienced in any mature industry. With few barriers to entry, the number of call centres has risen dramatically and many new developing countries have

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

been keen to establish their own \$ or £ earning industries. It does not mean that a new offshore call centre cannot be successful. It simply means that every vendor now needs to work to the rules outlined in this book or they will certainly fail. Even centres which had been profitable in the early stages of offshoring are not immune to the pressures of the industry. "First mover advantage" stands for little as increasingly demanding clients find themselves in a market with excess capacity. I was recently fortunate enough to meet The CEO of an Indian call centre which 5 years ago was highly profitable but today is on the brink of liquidation as they had failed to follow the steps I outline in this document. Many people will remember when IBM made the biggest corporate loss in history. At the time, I thought it was impossible that a market leader such as IBM could ever lose so much money at a time when the demand for technology was increasing. Quite simply, they did exactly the same things that they did during their profitable times but had failed to realise that the marketplace for technology had changed dramatically. The same is true of offshore call centres today. In the past 10 years, the rules have changed dramatically and call centre owners need to know them and implement them.

In 2001, I wrote the "Future of offshore Call Centres" in which I made a number of key predictions. At the time, I was told by competing parties that I had been premature in my predictions. The "Pro-UK Based Call Centres" said that there would be no explosion in offshore call centres that I had predicted in the short-term. The "Pro-offshore" camp said that I was premature in predicting what I termed the end of "The Honeymoon Period" where there would be a backlash from consumers, companies home shoring their business and high attrition rates amongst staff. In reality, I was not premature enough in each case! The explosion in offshore call centres happened quicker and on a larger scale than anyone had imagined. This led to a rapid decline in service from offshore call centres as they grappled with rising wage inflation and astronomical attrition. The media started saying that people were not happy with offshoring and survey after survey seemed to support this rhetoric. The honeymoon period for offshoring has well and truly ended but as with the end of any honeymoon, those who work at their marriage are often successful.

Even in the face of a media frenzied backlash, many executives continued to favour the idea of "offshore". The Chairman of HSBC famously said that his workers in Asian countries were superior to their British equivalent. Then in recent years, we have seen a number of high profile businesses predominantly in the finance sector actively promote their "UK only call centres". In 2006, Channel 4 produced a documentary highlighting data protection failures in India's call centre industry. In early 2007, Lloyds Bank announced what appears to be a scale-back in offshore operations which seemed to many of the uninformed that this was the beginning of the end for offshoring. But just as many people thought offshore was dead, Barclays announced that they will be sending more jobs overseas. The fact is that the triple digit growth in offshoring has ended but the buoyant British economy does not have the labour capacity to cope with the complete home shoring of

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

all the jobs from India and elsewhere. Also, where would all the additional money come from to pay British workers instead of Indian ones? The British consumer is highly price-sensitive and despite the perceived public dislike for offshoring, there is little evidence to suggest that consumers would pay more for home-grown customer service. I recently listened to a talk from a Norwich Union executive about their offshoring to an Indian vendor. They had done research after research and discovered that customers who had been put through to the Indian call centre were no more likely to cancel than those who were serviced in The UK. At the same event, I spoke to another client who used an Indian vendor to conduct their outbound telemarketing. The results achieved in India were identical to those achieved in The UK. Both of these companies use the same outsourced provider and I can tell you categorically that they already follow every aspect I detail in this book.

A recent study found that 73% of customers who have dealt with an offshore contact centre found them worse than the UK. Why do I tell you this? It's not to put you off the idea of establishing an offshore call centre or to suggest that you leave the industry. It is simply to ensure that you are aware of the perception of offshoring. Whichever company chooses an offshore call centre is taking a risk and as British business is naturally risk-averse, then without fully adopting the strategies I outline in this document, you have absolutely no chance of long-term success. The actions of any successful offshore outsourced vendor must be based around operational excellence and reducing this risk (or the perception of risk) from would-be clients.

We have also started to see a number of companies such as RBS, Nationwide and Northern Rock publicly state their opposition to offshoring. This has been backed by the British media which always makes a huge issue of anything to do with offshoring. However, it's worth noting that the British media has always (and continues) to be against call centres in The UK. Since their explosion in the 1990's, British businesses have been attacked for the loss of customer service attributed to call centres and poor working conditions for their employees. The media backlash against offshoring may simply be viewed as an extension of this. With the tabloid media renowned for its nationalistic mentality, any loss of jobs to foreigners always makes good headlines.

In a few short pages, I have described the contrasting opinions on offshoring. On one hand, British consumers don't like offshoring but there is little evidence that they switch suppliers as a result (at least in the short-term). Some companies are beginning to homeshore but the number of offshore agents is still growing. So what is the real story? I've always tried to remain objective in my viewpoint on offshore call-centres. I have owned by own offshore call centre and have also helped companies home shore their work. My company recruits people for British and offshore call centres and so I have no vested interest in either side "winning" the argument. Some people are now suggesting that the jury is out in relation to offshoring. The real story is more complex. My years of experience here and abroad have shown me that the days of the poor or average offshore call centre (or those perceived as

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

being that) are numbered. In the coming years, the number of offshore call centre companies will actually drop with only the best surviving. Many of the existing facilities set up by naïve outsourced vendors will simply be bought cheaply by the successful ones.

Many companies will continue along the same process of failing to comprehend the conservative nature of the procurement process in large British businesses and they will be out of business very soon.

There are 7 rules which you need to follow in order to be successful. These needs to form the foundations of your company.

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

Rule 1: Do not Apply the Same Principles as Other Industries

I was once asked to meet with a group of investors who wanted to set up a call-centre. Having checked out their financial credentials, I discovered that they had made 100's of millions of \$'s in an array of industries. Among their business interests was a large textile manufacturing company. They still had many clients but had move production to China where wage costs were even lower. They had a large amount of properties in an area of Southern Manila which they wanted to develop into call-centres.

At the first meeting, they took me to the decaying site which had been the home of their textile empire. They discussed how low their salaries could be in the area which suffered from high unemployment with estimates ranging from £75 to £120 per month. The "leader" of the group then estimated how much extra profit they would make from making the salaries £75 per month. They then took me to their "call-centre" which was a warehouse. I was amazed that anyone would seriously consider such a facility for a call-centre. On my way back to Manila, I realised why they thought it was a good idea. Developing countries have been successful in a number of industries by doing things very, very cheaply. Whether it's stitching footballs in Pakistan, growing coffee in Laos or making running shoes in Vietnam, entrepreneurs made money because labour is cheap. Some might say that the employees are exploited but that is a conversation for another document. These industries have become even more competitive with the emergence of China and bosses of these companies have put further squeezes on wages and eliminated anything which could be considered a luxury (such as an indoor toilet). The call centre industry is very different and the mindset of those establishing call centres has to be different too even if they have experienced huge success in other industries. Call centre agents whether at home or abroad are not people living on the poverty lines and are not vulnerable to exploitation in the same way as low-skilled manual workers. Of course, the main driver for call centres being moved to countries like India is cost but if the issue is that the lowest cost wins, then why are the successful vendors in India normally the most expensive? The relatively low wage costs in offshore destinations actually gives the forward-thinking call centre owner an opportunity. In The UK, wage costs are 60-70% of the cost of running an operation and so salaries have to be kept relatively low. In India or The Philippines, a 10% salary increase can make a big difference in quality but not in cost. Of course, salary is not the only issue and in my opinion is one of the weakest issues. Lower rent costs means that offshore call centres can afford quality buildings with reasonable facilities for their staff. Some of the most successful call centre companies have gyms, quality canteens, games rooms, karaoke and even sleeping facilities. Some provide transport, educational opportunities and even crèches. Successful companies have to control costs but the high rate of the £ means that a call centre does not need to be the sweat-shop in the same way as other industries in developing nations.

Rule 2: Have a Vision or Find Someone With One

In my early days in the call centre industry, I worked for a company called Merit Direct who were later bought by SITEL. When the executives from SITEL came to visit their new acquisition, one of them said “We don’t have any inventions. We sell a person sat on a phone behind a computer”. It’s this apparent simplicity which makes anyone think that they can set up an outsourced call centre and ensure that most of those fail.

If you look at some of Britain’s most successful companies, it’s often very easy to see how the character of the person at the top is reflected in the company. Without Alan Sugar’s style, it’s hard to see how Amstrad would have survived in the highly competitive electronics business. Richard Branson’s creative approach and blatant self-publicity attracts creative people to work for him and this is indisputably represented in the Virgin brand. During my student years, I always knew the people who would go for a summer job at The Body Shop and they were always people who shared the same values as Anita Roddick in terms of animal cruelty or social responsibility. John Caudwell had a similar attraction for people who just wanted to sell and make money. Even within multi-million pound organisations such as these which employ 1000’s of people, the influence of the person at the top directly influences the type of service that company offers, the people who buy their products and the people who work for that company

As the call centre industry is all about people (people managing people who speak to people) the visionary at the top is even more important. When you look at the successful British home-grown call centre vendors, you will always see that it was always established by a visionary entrepreneur. I include people like Andrew Pearce of Inkfish, Chey Garland of Garlands, Bibi Bajwa of BPS (Teleperformance), Martin Shields of Merit Direct (SITEL). There are many more and I apologise to those not included. These people all had a strong vision of how call centres could be run better. Their passion meant that they were able to attract people to work for them who showed similar values. All of these people had a clear understanding of what was needed to be successful in call centre operations and put it into practice. There is also evidence to suggest that when these visionaries sell their shares in the company and move on, there is always a change.

At one company that I did some consultancy work for in Asia, I met their board of directors. After a few minutes, they brought me in the person they had chosen to be The President of their call centre company. His name was Constantino Yap. He was introduced as the “international call centre expert”. I decided to probe as to why they had referred to him as such. I discovered that he had developed software for IVR machines in The United States. As he talked me through his experiences, the investors stared with their mouths opened waiting for me to be amazed by his ability. When he left the office, one of the investors turned to me and said “And he’s cheaper than you would think”. I asked them what value Constantino would bring to the company as

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

“President” of their company. One by one, they explained to me that he had worked in America which was “international” and that “IVR’s” were used in call-centres. I tried in vain to discover what Yap’s vision would be for providing call centre services. In the end, I realised that the board had little idea for what was needed to set up a call centre vendor. I also realised that Yap clearly was not the visionary that this could needed. I assume he was intelligent as most technology programmers are but programmers don’t usually make good leaders of call centre companies. The board did not heed my advice on the need for a visionary and went into liquidation after squandering \$11Million of their investor’s money.

I feel that this is an extreme example. This company had clearly seen \$ signs when they had heard about call centre offshoring. Among the board, there was no clear vision and I understand that may well be the case. However, if they were serious about winning in the call centre business, then they needed to bring in a visionary from outside. Not all of the visionaries in the global call centre industries are business owners. Many are Managing Directors with a clear focus of what they want to deliver. In the offshore call centre industry, I believe that there are about 10 such visionaries currently in such roles. Despite the huge talent pool in countries like India, these people are rarely in the call centre industry. Of course, one of the challenges in India & The Philippines is that the well educated entrepreneurs who would be able to fulfil these roles don’t get directly involved in the running of the company. Most of these people have multiple businesses and would rather work in their businesses where they can work normal shift patterns. However, in the successful companies, they have brought in external talent to be this visionary. Some are from overseas but many are from the host country. In a nutshell, if you want to establish an offshore call centre, ask yourself whether you are a visionary like the people I mentioned earlier and whether you can commit yourself to this venture 100%. If you are not, then find someone who is and employ them.

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

Rule 3: Your Business Development Team Need to be Quality and be Based in The UK

If there's one thing which is common among all unsuccessful offshore call centres is that they don't have a UK based presence to do their business development. For too long, the role of selling outsourced call centre services has been underestimated and any call centre vendor who thinks they can sell remotely to the British market is in delusion. Outsourced call centres who fail to have quality UK business development people simply fail to appreciate the culture of British businesses and the decision making process which takes place among many successful British executives.

In 2001, I was asked to assist a company who had spent \$US8Million in establishing an offshore call centre company. The investment had come from a group of wealthy Asian investors who had been convinced by a large software company to establish the business because there was a rising trend towards offshoring. The investors had paid out vast sums of money paying consultants to show them how to establish such a company and vast more amounts in license fees to the software company who had come up with the initial idea. Their call-centre had a management team of 15 well-groomed, highly educated people who all sat in expensive leather chairs. The call-centre had the most up-to-date equipment and was beautifully decorated. For 3 months, they had sat in their fitted out offices waiting for the work to come. The investors had heard that I "fixed" this type of company and wanted to pay me ridiculous amounts of money to do just that. I asked them who was doing their business development and the answer was that "we can do things a lot cheaper here and so British business will outsource their work to us to save money". I asked the same question in a number of different ways until one of the investors showed me part of their business plan stating that "we will win business by being cheaper than UK call centres". After an hour of the conversation continuing in the same vain, I told them that on the face of it, it looked like they had a call centre which had the potential to be marketed. I then went on to tell them to explain to them how British businesses would procure such services and gave them some contacts of 3 British BDM's who may be able to sell their services and how much they would likely cost. I called all 3 of the BDM's I had recommended a few weeks later and none of them had been contacted. 1 month later, I was called by one of the investors asking me if I knew anyone that wanted to buy their call-centre. I did not but a few months after, I met the group who bought it. The original company had sold off their assets and lost \$5Million of their total investment. The simple moral of the story is that "If you build it, they will not necessarily come".

Some people adopt a half-hearted approach to this. Someone who sells call centre services need to have a mixture of contacts, expertise and personality. Selling call centre services in such a competitive market is complex and the decision making process is often fraught with lengthy and hard-fought negotiations. In The UK, the demand for people who can do this is highly competitive. The major UK call centre companies have learnt that employing

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

someone who has not done this is always a huge mistake. Selling offshore call centres is even more complex.

There are other companies who believe that they can fly in to the UK, attend a few meetings, maybe attend a conference and then take the leads back to their home country and work them from there. Again, this simply does not work. When given the option of buying services from a company with a UK sales presence or not, any British company will choose the former. I recently met the MD of a medium sized offshore call centre with operations in Africa. Despite having spent in excess of £100,000 on marketing in the past 12 months, they have not won a single piece of business as a direct result. Every so often, a communication comes from trade bodies in The Philippines saying that the country's rapidly growing call centre industry will be targeting Europe, by which they mean The UK and Ireland given that they lack of proficiency in other European languages. I have seen many executives who have visited the UK, talked at conferences and never won anything. Having lived in The Philippines, I have seen some of these call centres and some are of high quality. However, the only significant UK work to be outsourced to Manila is a direct result of a permanent UK sales team. You MUST have a permanent UK business development presence in The UK or you will not succeed.

Another very common mistake particularly among smaller centres is to effectively outsource their business development. A whole industry of people and businesses known as consultants, brokers or middleman has sprouted from nowhere. All of these companies are interested in their own profits and have little interest in delivering long-term, quality or profitable business for the centres. Serious businesses do not use the services of middlemen who tend to win low-end telemarketing work including pay-per-performance which never generates a profit in the long-term.

The final mistake is just to take on anyone. At one meeting with an offshore vendor, I told them of the need to employ a presence in The UK to win business. He told me that he had a cousin in England who could do it for him. On further discussions, I discovered that his cousin ran a successful chain of video shops in West London. Whilst I fully appreciate his cousin's entrepreneurial flair, running video shops does not qualify anyone to do business development for an offshore call centre. He simply would not have the network of contacts, the experience or the ability to do the job.

To reiterate, any successful call-centre has to have their own directly-employed, professional business development with the experience of doing a similar role with another outsourced provider. There are no alternatives to success!

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

Rule 4: Clients Must be Serviced From The UK

In my years of auditing outsourced call centres for clients, I have seen untold occasions where the reason the call centre has lost the client is because of poor client servicing. Imagine the scenario where the person doing the client-servicing is from a different culture to the client.

No successful offshore vendor uses exclusively offshore based account management! It doesn't need to be a huge number of people based onshore. There just needs to be enough for clients to realise that their work is taken seriously. This role acts as the middleman between the UK based clients and the offshore operations. It's a much needed role as professional clients do not want to spend their whole time determining how to manage offshore operations. They want someone locally who can they meet. Otherwise, it is huge risk for the client and as we've already discussed, risk is not something clients like.

The profile of account managers servicing offshore clients is relatively defined. Even account managers with experience in a UK-based call centre have to have a degree of flexibility in order to succeed in the role. Any company which believes that UK clients can be serviced effectively overseas is sadly mistaken.

Rule 5: Determine and Implement Your Value Proposition

At last year's Call Centre Expo, there was a large volume of companies from South Africa. Together with the South African inward investment authority, they had taken a large part in the centre of the arena. The slogan used by many of them was "only 1 hour ahead of The UK". I went to speak to 3 different vendors and all talked extensively about South Africa. They talked about cultural similarities, the use of English language and the infrastructure in South Africa. Not one of them talked about the company they were representing. It's important that we determine that location is not a value proposition. 5 years ago, location would be considered part of a call-centre's value proposition but its importance has reduced dramatically over the years. The things which attract one call centre to a specific location will also attract other centres. The bigger the pool of qualified candidates, the more call centre positions will be established there. There may be a limited timeframe in which a call centre's location can be of benefit but it quickly diminishes. In my humble opinion, Manila was one of the best locations in the world for an offshore call centre in 2001 which is why I established a call centre there. Unfortunately, very many people agreed with me and now it is comparable with other similar offshore destinations. In some areas, it still has some competitive advantages but also has severe disadvantages caused by the sheer volume of demand for agents and management. In 2004, I worked with a company who had a great deal of success outsourcing to Romania and South Africa and less success in India and The Philippines. They took on 2 more call centres; 1 in Romania and 1 in South Africa and both were worse than the Filipino or Indian centres. Determined that Romania and South Africa were good locations, they took on another centre in both countries. The 2 new centres were the worst of the 8 centres he had. He then took on a centre in The Philippines which outperformed all of them. The moral of the story is that location almost becomes irrelevant. It is the quality of the vendor which makes the difference.

Imagine that you are the person responsible for selecting which outsourced provider to use, would you select one of the South African centres whose only value proposition was their location? If they were the only company offering offshore call centre services, then you probably would. Given that they are not, they you probably wouldn't. I have no idea how good their operation is but their message simply did not translate into a value proposition to its clients.

Every successful offshore call centre needs to differentiate themselves. For many buyers of call centre services, the market often looks highly commoditised. They want to buy someone sat on a phone behind a computer. 4 years ago, I did some work for a telecommunications company who wanted to select a number of offshore vendors. The client wanted a broad range of suppliers in different locations to minimise their risk and wanted to be actively involved in the decision making process. Shortly before I started my project with them, he had contacted over 100 offshore call centres that he had found on the internet asking them to put together a proposal. On my first day, we

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

looked through the proposal. I laughed as I read the first one which was from a call centre in Bangalore who apparently were experts in inbound, outbound, technical support, back office processing and IT programming in 14 different industries including telecommunications, healthcare, charities and Government. My client seemed impressed until he read that they have 30 positions for staff (which presumably weren't full given the enthusiasm with which they had completed the tender document). In the infancy of offshoring, I fully understand why companies would try to get any piece of work they could to pay their bills. However, in the more mature market, expertise is the key. I do not believe that any 30 seat call centre could be an expert in more than one area. I often struggle to believe that any 1000 seat call centre could be experts in any more than 3 or 4. Any buyer of offshore call centre services is buying your ability to add value to their business. If you have proven experience in a particular discipline, then this must be displayed in your marketing and more importantly displayed in your operation.

Always remember that being cheap is not a value proposition. It may form part of your value proposition but successful call centres will never be able to compete on cost with unsuccessful ones. Your value proposition consists of your management team, your specific industry expertise, your experience and the type of work you do. Trying to say that you are good at everything is interpreted by prospects as being good at nothing. As the expression goes "Jack of all trades. Master of none". Successful companies target specific industries and truly understand what their clients do and what needs to be in order to service their business. I strongly recommend that you adopt the same approach.

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

Rule 6: Average Performance is not Good Enough

“A British outsourced call centre vendor can achieve a degree of success by simply being average to good. An offshore call centre can only achieve any degree of success by being excellent”.

Have you ever heard the saying “Nobody ever got sacked for buying IBM”. This statement is (or at least was when IBM really were the premier hardware vendor) especially true in The UK? There are very few examples of British companies whose primary customers are businesses who have succeeded by being the cheapest. This is in stark contrast to companies who service consumers where the likes of Easyjet, Talk Talk & Matalan have been immensely successful. The majority of British consumers want to save a pound here or there. It’s the reason why open-air markets are so busy and it’s the same reason that millions of people switched (or tried to switch) to free broadband from Talk Talk. We like something cheap, or even better, something for free. It’s part of our culture as Brits.

However, if British consumers felt that buying cheap products or services may mean that their wife would leave them, then they would think differently about their purchases. Well, the situation in British businesses is very similar....someone who selects a major supplier that performs so poorly that it negatively impacts their business is likely to lose their job. They are highly unlikely to lose their job for choosing the most expensive supplier and are unlikely to get much reward for choosing the cheapest. It’s for this reason that these corporate decision makers are very risk-averse.

If we examine all of the offshore call centre operations that have been successful (of which there are relatively few), every one has processes and technology far better than the typical call centre in The UK. The successful offshore call centres have facilities far better than their British equivalents; far more of them have quality standards in place such as Six Sigma, ISO or COPC. In the UK, performing to a globally accepted quality standard is a “bonus”. Many subscribe to the viewpoint that it is essential in offshore call centres. I do not agree entirely but every offshore call centres needs to subscribe to some form of system where a consistent and quality service is delivered to the client at every point. In recent years, a number of the unsuccessful offshore operations started using phrases such as “We work to COPC standards” or “We are working towards Six Sigma standards”. When probed deeper, it’s quite clear that these companies don’t have such certifications and any serious buyer would dismiss them at this point partially because they don’t have the certification but mostly because they have tried to misrepresent what they do. In 2005, I explained this concept to an Indian call centre owner who went in great lengths to tell me that he had not stated that they had COPC certification. In hindsight, I think I had offended him. He misread my statement that I considered him to be a liar which I did not. In the same way, he had misread the reactions of British people to his statements about accreditation. British people are naturally cynical. Many of us think that

salespeople are automatically trying to “pull the wool over our eyes”. Any statement which appears misleading in any sense will turn off prospects. In this particular case, I certainly did not believe that the company performed to any standards. It appeared that he had simply read what successful companies do and try to reflect this in his marketing without any input into his operational delivery. This is another reason why any successful offshore vendor must have British Business Development Personnel.

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

Rule 7: Control Your Own Destiny

An often over-used phrase in the offshore call centre industry is that of “partners”.

Firstly, I will define what I mean by partners; partners are not clients and not suppliers. Some may say that successful client-supplier relationships are partnerships but they are based on each party understanding and benefiting from the relationship. The partnerships that I am referring to do not meet these criteria. I am talking about 2 different entities from different continents forming some form of joint venture to try to build a complete call centre outsourced vendor.

Partnering was never such a common concept in the domestic UK outsourcing market. Outsourced vendors own their own operations (although they probably rent their building and possibly lease their technology), win their own clients, service them and deliver the operations. Some of them have outsourced their recruitment or possibly their technology but they can fundamentally state that they have their own operations. Partnering has become particularly popular in offshoring often in an attempt to overcome the cultural divide or reduce the learning curve. I have witnessed many Asian-based companies who have done joint venture agreements with British entities. The idea seems sound. The British company brings the contacts, the clients and a degree of industry expertise. The Asian party brings the local knowledge, local contacts and more often that not, the bulk of the investment. The overall idea being that together they can deliver the whole service. Without the British party, the Asians have an empty call centre and without the Asian party, the British entity has some ideas and contacts but no real business. At least, that's the theory. In practice, every single one of these partnership arrangements WILL fail. The difficulty with forming any joint venture or partnership is that the good intentions never result in any long-term worthwhile business with each party having their own agenda. These problems are only exacerbated by cultural barriers. There are many reasons why such partnerships fail.

Firstly, the British (or Western party) will buy into the idea to rapidly reduce the learning curve in establishing their own call centre in a foreign country. In the short-term, the partnership may appear to succeed. However, after the initial set-up phase, the British party fails to see the local party contribute greatly. After all, the international party has learnt some of the ropes in the host country and they are the ones bringing in the business. However, the local party generally doesn't recognise this and with effective control over the operation, the partnership eventually fizzles out or the international party establishes another partnership or goes it alone.

Another reason is the cultural differences which exist after some time into the relationship. Business (and decision making processes) in developing countries are far slower than in The UK. Outsourcers by their very nature

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

have to be reactive to client demands and unless this can transcend into the mindset of how the operation is run, this is doomed to failure.

I have personally witnessed the establishment of many of these partnerships and all of those over 2 years old are either no longer operational or the relationship has deteriorated to such an extent that it is no longer effective.

Being part of such a partnership also negatively impacts on the decision of any major company to choose your call centre as a serious prospect. Often the British company will buy into the British vendor but unsure of the control the British party has over the running of the operation, British vendors almost always opt for a lower risk alternative. In such a competitive environment, clients are looking for reasons not to choose a vendor and the element of risk involved in choosing a joint venture vendor is often that reason. If a client signed up with a joint venture company, they are effectively exposing themselves to the possibility of the joint venture failing and this is simply not a risk worth taking. There are even cases where a client has gone into a joint venture with an overseas company to form an offshore call centre outsourcers where this has failed to deliver. In these cases, the British company becomes the anchor (and often the only) client of the new venture. One by one, these relationships are coming to an end. Any outsourcing company which becomes more interested in themselves than their clients is on a slippery road. There are so many examples of companies who become self-involved with take-overs, restructures and internal politics that they forget why they exist. It's no surprise that when outsourced vendors start looking inwardly, they so often fail. A partnership arrangement is just another example of an unnecessary reason to look inwards.

The only clients who would choose such a joint venture are typically clients who fail to perform proper due diligence and no business can be based on this.

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

Conclusion

When deciding which vendor to choose, potential clients are looking for reasons not to choose you. With such a wealth of call centres, any centre which does not meet all of the criteria laid out in here will fail.

The marketplace is continuing to change. The UK's own call centres have had to improve to compete with offshore and they have. They have also been helped by the dampening down in the demand for agents. Many new entrants across Asia, Africa, Eastern Europe and South America have emerged. There is now a new breed of far better vendors who are rapidly moving away from the competition. Consumer expectations in The UK are increasing and they will no longer accept poor quality offshore call centres.

To summarise, every successful offshore call centre vendor needs to have the following:

- A visionary leader
- Excellent operations
- UK business development
- UK account management
- A clear value proposition
- Control over all aspects of your company

These are not “pick and mix” options. Every aspect must be fully incorporated for any prospect of success. At the moment, the consumer perception of offshoring is weak. It is not necessarily based on every communication they have with an offshore call centre but in the consumer's mind, this is irrelevant. As someone who takes an interest in every call centre I call, I have had some fantastic interactions with offshore call centres but this is not the message that the general public receives. It has become such an issue among consumers that every time they hear a foreign voice when interaction a call centre, many automatically assume the quality of the call and the post-call follow up will be poor. However, there is light at the end of the tunnel. The low-end telemarketing industry is in rapid decline and given that many of the sub-standard offshore call centres are in this industry, many of these companies will fold as a direct result. Clients of call centres are no longer able to ignore the messages being received from their customers who don't like offshore call centres. There is no evidence that consumers switch from their suppliers in volumes because they speak to an offshore call centre. However, there is lots of evidence that consumers switch suppliers in the long-term if they are not serviced correctly and the cost of losing these customers vastly outweighs the cost savings of using a “discount offshore vendor”. The need to control costs and the limited labour supply of UK call centres means that there will always be a demand for offshoring. However, it is only the quality ones which implement the things I have detailed who will succeed. When those who don't follow these guidelines go out of business (which they will inevitably do), this will ease the excessive demand for labour and gradually change British public perception about offshoring.

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS

About Call Centre People

Call Centre People may appear to be a recruitment company for the call centre industry but we are different.

When running our own call centres, we were very aware that there was no company who truly understand the call centre industry. In such a hectic work environment, we always needed a company which could help us source quality people first time, every time.

With an unrivalled network of contacts and industry expertise, we established Call Centre People to provide quality operational, client services and business development people for the outsourced call centre industry. Our reputation grew and we started recruiting “vendor managers” for companies who needed to manage their outsourced providers and today, we are also the leader in this field.

We now recruit at all levels for in-house and outsourced call centres across the UK. Our clients include household names who know that we have a passion to deliver on our promises.

If you wish to discuss the issues raised in this document or if you wish to recruit UK business development, Account Management or if you need that visionary to run your company, then please contact us.

WWW.CALLCENTREPEOPLE.COM

1 WOOD STREET, STRATFORD UPON AVON, WARWICKSHIRE, CV37 6JE
01789 268484 / 0845 HOTJOBS