

Offshoring Technical Support Centers: Challenges and Best Practices

By M. M. "Sath" Sathyanarayan

Many North American companies are saving billions of dollars each year through overseas outsourcing, or "offshoring," increasing amounts of their technical support center operations. Others have been less successful, sinking unexpected resources and funds into initiatives that don't generate the expected return.

Outsourcing technical support center operations to low-cost providers halfway around the world makes sound business sense to more and more organizations today. Available talent at competitive prices, affordable telecom costs, and technology enabling remote management has driven the proliferation of offshore technical support centers. Unfortunately, many organizations run the risk of launching into offshoring without fully understanding the issues. The following areas are highlighted in this article as factors which drive or derail an offshore initiative:

- What are the hidden costs?
- Which projects make the most sense to offshore?
- How do you attract and retain the right staff?
- How do you transfer the technology and processes unique to your organization?
- How do you address cultural issues?
- How do you address intellectual property and privacy issues?
- How do you gain visibility and control of offshore operations?

The purpose in writing this article is to share lessons learned on this timely and controversial topic. Our purpose is to neither promote offshoring nor petition against the decision, but to help you make an informed decision by citing the elements that we find are the most often overlooked.

Understand the Hidden Costs of Offshoring

While the wage comparison is guaranteed to be enticing, many organizations have grossly underestimated the hidden costs. Most notably, organizations have underestimated the ongoing attention that must be paid to employee training. In addition to traditional Rep training, the hidden costs arise for voice coaching and training on cultural issues. This training is on going. With turnover running at multiples of that typical in North America, the costs of recruiting and training are greatly multiplied.

A second, often underestimated cost is that of duplication in management, technology, and communications. Many organizations, after trial and error, have realized that they need to keep an onshore operational presence that is somewhat duplicative to that established offshore. When considering the offshoring costs, it is wise to utilize some of the financial models that have been developed for this purpose.

Finally, the most important cost is that of customer satisfaction and loyalty. Many organizations are now seeing significantly lower customer satisfaction with calls handled offshore. Many of these organizations have spent the last decade declaring the customer

experience as the number one priority, only to quickly forsake this goal for lower cost servicing. Organizations must do a more diligent job balancing cost reduction in their operation with its potential impact on customer loyalty and future revenue generation. There is grave danger in cutting costs today only to find that customers buy from competitors the next time because of poor customer service. Customer satisfaction levels must be carefully weighed against measures of the lifetime value of your customer.

Establish Project Selection Criteria

Not every project is suited to offshoring. A suitable project should include one in which there is clearly measurable performance, a manageable level of interface to rest of the organization, availability of skills abroad, and the ability to retain offshore talent. It is also necessary to pay extra attention to contextual and cultural knowledge that the offshore entity must possess.

Attract and Retain the Right Staff

Hiring the right technical support analyst has been a key challenge to the offshoring effort. While India offers a highly educated workforce, some companies experience 30 percent or higher turnover in their staff. Although the wages offered are enticing, job-hopping and ladder climbing are increasingly common. The staff historically hired has been young and highly motivated to progress quickly. Our best advice, based on our experience, is to follow many of the same rigorous selection processes that are well-proven in North America.

- Utilize sound, validated testing processes. If you have on-shore and offshore operations, the selection process should be applied consistently. Include a "service fit" measure to gauge candidates' suitability to work in a technical support center environment. This measure will predict analyst's commitment and retention. Also be sure to include a measure of the analyst's communication skills.
- Assure that all analysts are put through the testing process.

Proactively Manage Performance

The offshoring effort has been explosive. North American companies are expecting offshore operations to ramp at almost unimaginable rates. For example, one U.S.-based technology company alone sent 3,000 frontline jobs offshore in the past 12 months. Coupled with 30 plus percent turnover, success requires careful and systematic performance management.

- Start small and build. Successful organizations have begun their offshoring initiatives with pilots. Figure out the right processes, procedures and staffing, and build on those successes.
- Stay involved. Early adaptors mistakenly thought that offshoring meant that the headaches were now sent miles away. We now know that offshoring means that the headaches are guaranteed to be 24 x 7 and solutions seemingly out-of-reach.
- Implement an effective call/case monitoring program. The program must evaluate the traditionally monitored call/case

handling skills, accuracy and compliance. Moreover, monitoring must also capture the voice of the customer, as well as tracking of first contact resolution, transfers, hold times, response times and causes of customer dissatisfaction. Be sure that the monitoring evaluators listen to calls and view cases in a way that is reflective of the customer experience. This is best done within the home location.

- Communicate! Institute regular management reviews, make adjustments accordingly, and clearly articulate expectations. Lack of communication has been the source of many derailed initiatives.

Address Intellectual Property and Privacy Issues

The concepts of intellectual property protection and privacy are not uniformly understood or adhered to around the world. This issue takes on further importance when you consider that many offshore companies work for a number of customers. It is not uncommon to find that the organization your company wants to work with is also working with your competitor. Intellectual property and privacy issues pose multifaceted challenges and must be addressed in that fashion.

In a recent case, an offshore employee was reported to have misappropriated sensitive information. Both the U.S. laws and the local laws of the offshore country were employed to deal with the situation. Remedies were sought both from the overseas company as well as from the individual responsible.

About the Author



M. M. Sath Sathyanarayan
President



<http://www.GDCInc.biz>

Sath is a leading authority on offshoring; he is author of the book "[Offshore Development and Technical Support - Proven Strategies and Tactics for Success](#)", a practical guide for executives to successfully launch and manage offshore initiatives. His experience in the industry spans 25 years. During the last 14 years he has focused on offshoring -- initially as a Fortune 500 corporation executive leading offshoring, then as start-up CEO utilizing offshore resources, now as author and consultant in offshoring. His key strengths are Offshore Strategy, Business Models, Cost/Benefit Analysis, Vendor Identification and Evaluation, Offshore Risk Assessment and Management, Relationship Management, Investment Planning, Contracting and Improving Offshore Operations.

E-Mail: sath@GDCInc.biz

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