## You Can Sell Here From There

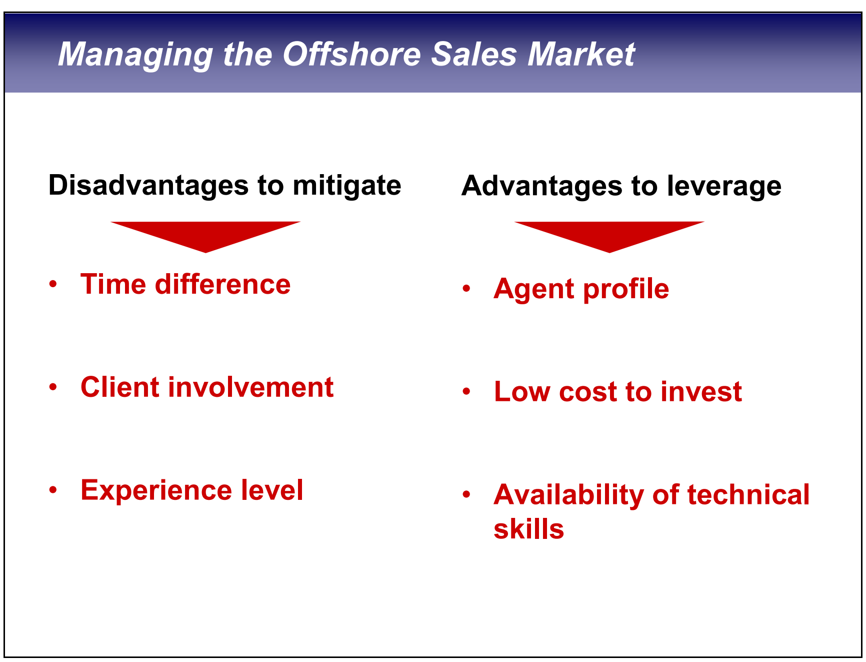
*Derek Holley, co-president, eTelecare International*

Offshore call center outsourcing is growing in acceptance and scale, but can offshore call center agents make effective telemarketers? The answer depends on how the outsourcer and the client handle the inherent advantages and disadvantages of offshore sales programs. Companies that understand the offshore playing field can substantially increase sales volumes, improve quality, and lower costs.

The primary advantage that offshore operations offer is lower costs. But companies need to see this as not only an opportunity to save money, but also to invest time and resources in driving performance. For example, lower labor costs, make it cost-effective to permit agents to spend extra time on each call, rebutting and handling customer concerns rather than pressing for a quick sale. Lower labor costs can also make it cost effective to recycle leads and penetrate deeper into call lists. As a result, companies can pursue sales opportunities that are not sustainable at on-shore prices.

Offshore labor pools also offer a better quality of agent than is available on-shore at the same or lower price. Countries such as the Philippines and India produce hundreds of thousands of college graduates each year, graduates who enter job markets with high unemployment and high underemployment. Here, employers will find large pools of well-educated, highly motivated candidates well suited for high-value sales.

Of course, the offshore market has disadvantages as well. Many candidates for offshore positions will lack the command of English required for sales work. Others will have heavy accents. Cultural differences can play a large role also, making it difficult for offshore employees to conduct sales with American consumers. The fact that offshore employees frequently must work late shifts to call during American selling hours can also affect quality and service levels. Finally, companies that outsource offshore can find the host country's unfamiliar regulations and tax laws confusing.



Given the broad advantages and disadvantages of offshore programs, it is clear that location matters. The Philippines offers a number of advantages that mitigate possible concerns while leveraging all available advantages. From a language and culture perspective, the Philippines is closer to the United States than any other offshore market. English is the official language of business and higher education in the Philippines, and Manila's 95% literacy rate exceeds that of United States. Local accents sound natural to American ears, and young Filipinos are culturally tuned to America. They watch American television and follow American pop culture. More than 400,000 Filipinos graduate college every year, and these graduates are familiar with U.S. speech patterns and slang, enabling them to relate to buyers through conversations instead of just reading a script. The importance of travel and tourism to the national economy also means that the Philippines has a large pool of candidates who understand the value of customer service.

From this labor pool, outsourcers can draw workers able to assess situations and sell based on identified needs. This is a tremendous asset when it comes to communicating effectively with high-value customers on business-to-business sales programs, such as senior executives. On the consumer side, Filipinos' cultural connections to American consumers, as well as their pro-customer attitudes, help drive sales. When it comes to selling specialized products and services, such as software, the Philippine labor force offers a large pool of candidates with technical and advanced degrees at affordable rates.

Companies that outsource in the Philippines will find financial, legal, and tax systems that are modeled after those in the U.S. The Philippine Economic Zone Authority (PEZA) has established developmental zones that are tax exempt for the first five years, and the country's labor laws are not particularly onerous.

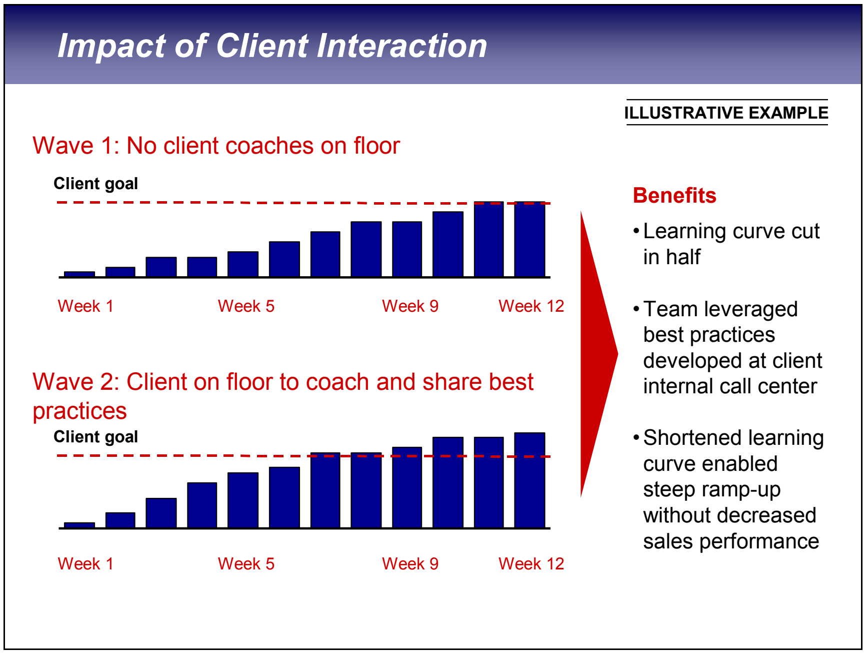
**Mitigating Concerns, Leveraging Advantages**

Wherever a company chooses to outsource, it will need to apply specific techniques to mitigate the concerns offshore work can present. Three problems frequently cited by outsourcing clients are: poor third-shift attendance, little sales experience on the part of the staff, and a general feeling of disconnection from an outsourced program. Each of these problems can be solved by investing in employees and management, as described below.

For example, a combination of night-differential pay and rotating schedules will boost schedule adherence and reduce absenteeism. We found that these measures cut third-shift absenteeism by 10 percent and helped us find agents who prefer night schedules.

The lack of sales experience can be overcome by careful hiring. Recruiting only from top universities and combing each candidate's background for evidence of achievement will help outsourcers find smart, motivated performers. In general, offshore employees are more likely to consider call center work a career and not a temporary job. These employees will have lower attrition rates and higher job satisfaction. More importantly, these are employees who will combine a thorough understanding of the product or service for sale with a commitment to mastering the sales process.

Investing management resources will keep clients connected to their programs. The low costs of offshore sales makes it affordable to maintain a client presence in the outsourcer's call center. This presence not only enables a client to keep tabs on their program, but also make a real contribution to its success. Using dedicated client sales coaches on the production floor, for example, can leverage the client's expertise, facilitate steeper program ramp-ups, and shorten learning curves.




Beyond mitigating their concerns regarding offshore outsourcing, companies can significantly leverage the two key advantages offshore outsourcing has to offer, specifically: the large candidate pool and its low costs.

This combination of low costs and low attrition should encourage companies to make investments in their employees, investments that can pay off in both immediate and long-term improvements in sales rates. These include investments in: training, management, quality, coaching, and analysis.

Investments in training ensure that every employee has a strong set of call center skills before they begin client-specific training. This should include comprehensive training in sales, as well as educating agents on the culture and background of their potential customers. The benefits of such programs include shortened learning curves, better rapport with customers and, most importantly, sales levels at or above those of in-house call centers.

Investing in management by maintaining low supervisor-agent ratios can pay off through more extensive coaching for every agent. This coaching can include immediate post-call reviews, one-on-one coaching sessions, and personalized development plans that feature stretch goals and bonus incentives for improvement. Low supervisor-agent ratios will help management track team performance through reporting and analysis. In addition, the extra attention paid to employees will help managers identify top performers and slot them for advancement.

Investments in quality can include the development of a separate Quality Assurance (QA) team. With sufficient resources, an independent QA team can extend its role beyond sales compliance to reviewing ongoing program performance and identifying the specific development needs of both programs and individuals. Together with the program’s operations team, the QA group can help develop coaching plans to meet those needs and correct them quickly. The results will quickly be apparent through shorter learning curves and fewer customer complaints.

Investments in coaching should extend beyond weekly performance evaluations. For example, to meet steep learning curves and performance targets, an outsourcer and client can create a team of expert sales coaches. These coaches can engage in intensive sessions with sales reps that need performance improvement, or drill the entire team on specialized sales techniques. We've seen focused coaching improve the performance of lower-tier performers to median or above in two to four weeks, boosting program-wide performance by 15-30 percent.

Finally, the low rates for technically skilled labor in offshore locations makes it affordable to develop teams dedicated to program analysis and improvement. Hiring analysts to support sales programs and dialer administration can lead to improved lead penetration strategies, better measurements of spiff effectiveness, and a stronger ability to translate data into training and program improvements.

**Case Studies: Inbound and Outbound Sales**

Two case studies illustrate how these techniques can be applied to inbound and outbound sales programs.

<u>Inbound Sales</u>

The first involves an inbound business-to-consumer sales program for a major computer manufacturer. The sale starts with the basic PC box and includes upgrades, peripherals, service contracts, and financing. Our agents need to make multiple up-sells while maintaining low average handle times to help the program achieve its high service level goals. As a result, candidates for the program need a unique combination of sales skills and technical savvy. After a successful pilot, the client moved to quickly multiply the size of the program.

We took several key steps to maintain our sales per hour results during the ramp-up, including:

- Client intervention
- Super Coaching
- Analytics

*Client Intervention*

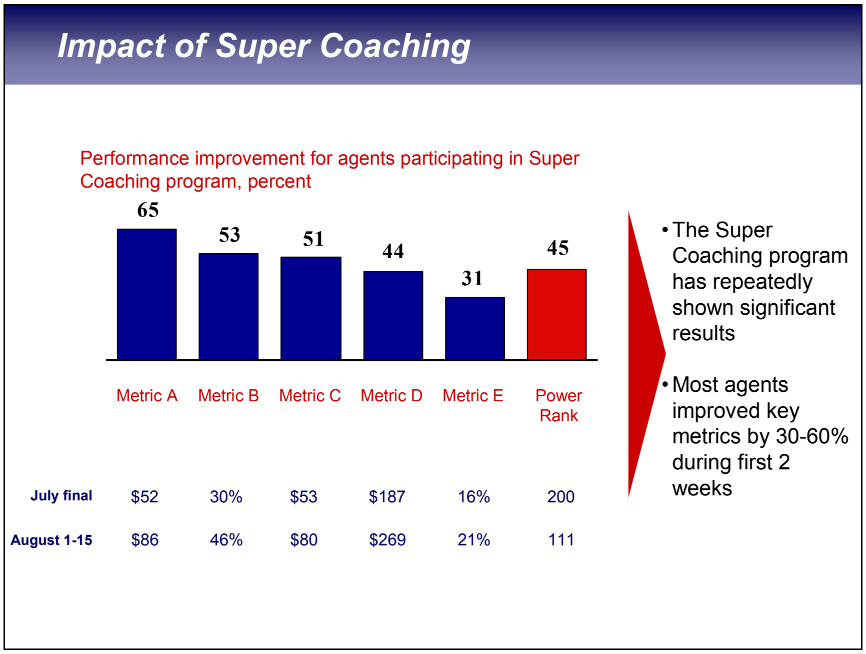
Between five and twelve full-time client representatives were in our call center throughout the ramp-up. These representatives participated in both supervisor training and hands-on sales coaching, sharing best practices from their internal call centers and other outsourcing experiences.

The direct result of client intervention was that the program exceeded goals in close rates, warranty sales, and financing despite the program adding up to 40 agents per week and growing by 500 percent in six months. In fact, because the client intervention was so successful at handing-off best practices, lower client presence was required as the ramp-up progressed.

*Super Coaching*

Our super coaching teams assigned top agents and team leaders to work with bottom quartile performers. Their focused efforts included using flash cards during live calls to address key development areas, more extensive coaching sessions (three to four hours of one-on-one coaching per week instead of the standard hour), and a larger bonus budget to trigger performance.

Coaching this extensive helped boost the bottom quartile's metrics for up-selling peripherals, financing and warranty agreements by 30-60 percent within two weeks. This improved the group's internal ranking against the rest of the program by 33 percent. Because of these improvements, other agents have requested similar coaching, with similar results.




*Analytics*

Analytics were also a significant part of our investment in the program. We performed drill-down analyses on the program's call arrival patterns and compared agents' performance against key metrics to their tenure with the program. Our objectives were to improve service levels, identify learning curves, and support performance improvements. We gained a better understanding of the learning curve for each metric and used this to develop customized coaching plans for each team. We also learned how to communicate program performance data more clearly with our clients and established realistic goals for program ramp-ups.

*Results*

Combined, these efforts produced significant results in terms of both overall performance and our performance against other outsourcers on the program. Our close rates exceeded those of our nearest competitor by 20 percent, while our sales of warranty service exceeded the client's goals by up to 37 percent. We also met or surpassed our targets on financing agreements for more than 18 consecutive weeks. Overall, we achieved an average up-sell of 114 percent over the base price of a standard PC. Even as the client grew the program from 45 agents to 270 agents in less than four months, our focus on recruiting, training, and management, combined with ongoing client involvement, fostered continuous performance improvement and reduced average handle times.

<u>Outbound Sales</u>

Our second case study involves a business-to-consumer program selling long distance phone service. The pilot started in December 2002 with eight employees placing calls in both English and Spanish. The success of the pilot led the client to ramp-up the program significantly, but we knew that the program needed improvement, with issues that included high absenteeism rates, an offering that was non-competitive in key markets and an unwieldy program script.

To ensure the success of the program during and after the ramp-up, we took steps to address these issues, including:

- Scheduling
- Data gathering and analysis
- Script revision

*Scheduling*
We recognized that the program's schedule contributed to absenteeism. The ideal business-to-consumer schedule has extended shifts on U.S. Saturday and Sunday daytime hours. In the Philippines, however, Sunday is traditionally a day for spending time with family. Consequently, weekend attendance was poor. Based on agent feedback, we responded by implementing a rotating schedule with only one weekend calling day per agent. We also encouraged agents to be flexible in their scheduling.

As a result, absenteeism, tardiness, and attrition rates all declined by 33 percent in the two months following the scheduling change.

*Data Gathering and Analysis*
On the phones, regional differences in competitors' calling and billing plans hampered our agents' efforts to sell the client's service. In some areas, the client's long-distance service was a great deal, while in others, the client's service was priced above its competitors'. Our sales per hour (SPH) directly correlated to the competitiveness of the client's offer, so we developed reports based on customer comments and shared them with the client. From this information, the client developed a new, more competitive calling plan.

To further boost SPH, we developed a lead penetration strategy that focused our agents' efforts on "power hours" across states, list codes, and times called. Instead of plowing straight through the call list, this strategy focuses on calling during the hours in each time zone when someone is likely to answer the phone. The month after we applied the new calling plan and our power dialing strategies, the program's sales per hour increased by 30 percent.

*Script Revision*
Finally, we noticed that our agents had difficulty completing sales calls because of the program's cumbersome script. By analyzing customer complaints and feedback, we identified ways to make the script more conversational, reducing the client's 20-page script to a one-page call flow guide. Customer feedback also drove the development of a more empathetic sales approach that increased our close rates. By improving the overall customer experience, we have continued to improve our third-party verification rates as well.

*Results*
Currently the program has more than 100 employees, representing 33 percent of client's sales volume. Despite rapid growth, however, we have maintained a consistently strong SPH that ranks second among the nine vendors on the client program. Tardiness, absenteeism and attrition are all down, and our customer complaint ratio is now less than 0.1 percent. Because of our analytic strengths, we continue to serve as a source of competitive data for clients.

**Summary**

Offshore outsourcing offers tremendous opportunities for companies to increase sales while reducing costs, but success is not guaranteed. To get the most out of going offshore, a company must take two key steps. First, a company needs to see offshore cost savings as an opportunity to invest in their programs by devoting management resources to training, coaching, and supervision. Second, clients need to select an outsourcing partner who can fully leverage the advantages of the offshore market. Together, these steps will smooth the transition to an offshore program, cutting ramp-up times and boosting sales, while reducing overall costs.

*Derek Holley is a co-president of eTelecare International. He can be reached at derek.holley@etelecare.com.*