

THE NEXT BIG THING

Rise of offshore BPO

PRIVACY LAWS

What do they mean for you?

LEGAL RISKS

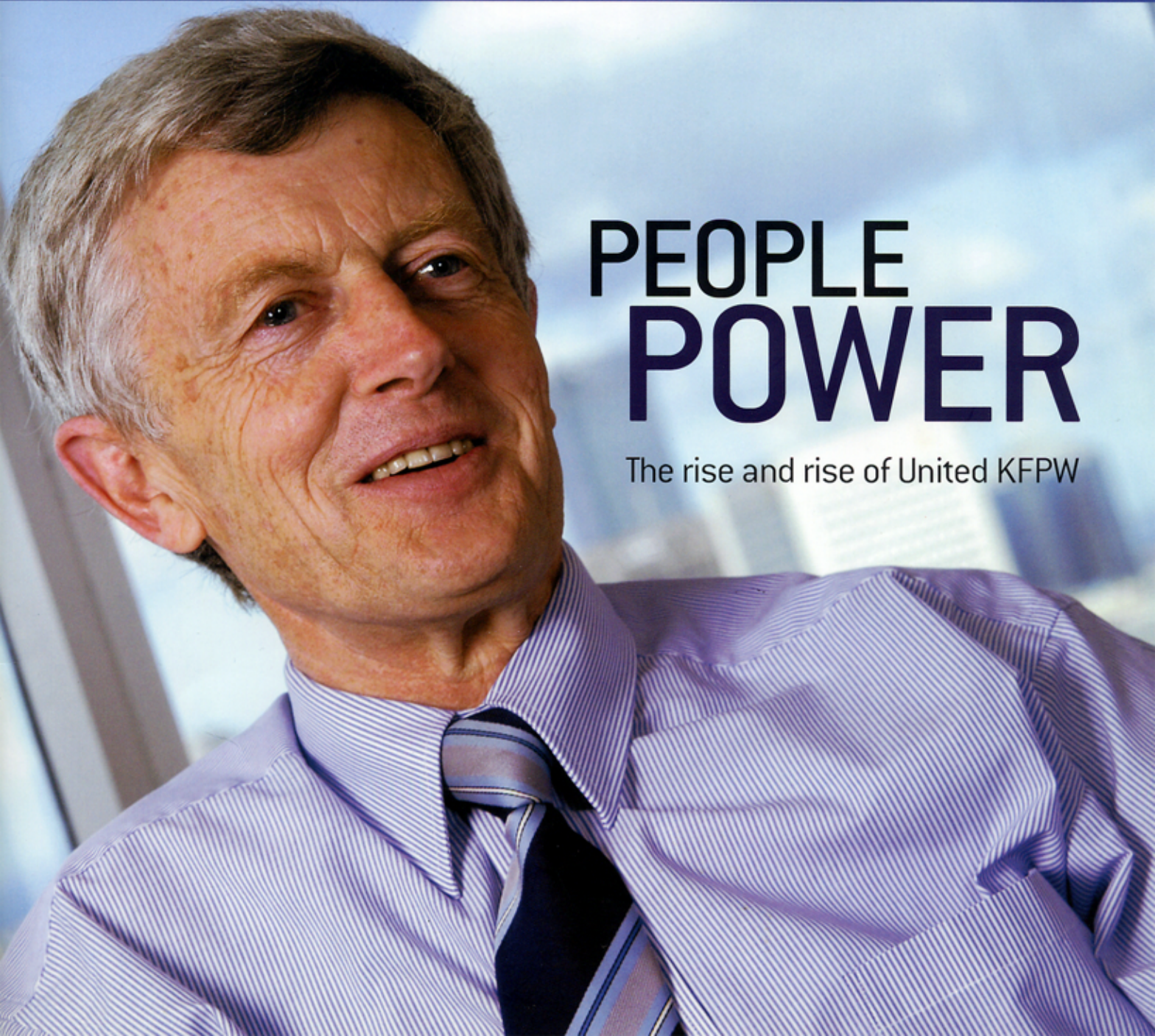
Untangling the red tape

BACKSOURCING

Is it a better way?

CORPORATE  
**OUTSOURCING**

September / October 2003



**PEOPLE  
POWER**

The rise and rise of United KFPW



## Ask the right **QUESTIONS**

How do you know which contact centre is best for your business? **Andrew Brydon** reveals how to manage the contract

**O**utsourced contact centres are a relatively new industry in Australia, but the rapid growth of the sector and the speed of technological change can be a challenge to executives responsible for purchasing outsourced solutions.

Many executives remain in such positions for only two or three years, and newcomers may be on a steep learning curve when drawing up tender and contract documents.

This was highlighted recently when a new client asked, in all seriousness, whether they should supply the White Pages in electronic format as their database. So here is a guide to what you should discuss with potential suppliers.

**What are their strengths?** Some companies focus on softer inbound campaigns, others focus on outbound cold prospect campaigns. Make sure you draw up a short list of companies with appropriate expertise.

**Does the prospective supplier have a corporate affiliation with a trade or professional association, and is it bound by a code of ethics and best practice?** Conflict of interest is a legitimate concern. There was a recent case where an outsourced provider used a client's database in a campaign for its direct competitor. You need to sign a confidentiality agreement to protect all intellectual property, and check the supplier's staff confidentiality and compliance agreements.

**“CONFLICT OF INTEREST IS A VERY LEGITIMATE CONCERN. YOU NEED TO SIGN A CONFIDENTIALITY AGREEMENT TO PROTECT ALL INTELLECTUAL PROPERTY.”**

**How good is the database?** There are reputable organisations that provide up-to-date listings for whatever market segment is required. If the database is needed for an acquisition campaign, for instance, it would exclude existing clients and privacy opt-outs. The performance of a database will usually affect future data selection.

**How advanced is their technology?** CRM database software should give you almost limitless functionality, enabling data to be imported and exported in a variety of formats, and giving you flexibility to access data through standard software packages or to directly import it into your own system.

Electronic scripting, document management, contact history tracking, extensive reporting, direct merchant facilities and web integration allow such software to be tailored to meet the specific needs of each campaign.

**Is there a clear service level agreement?** Poorly drawn up service level agreements can cause a great deal of angst. They should clearly set out what you want to achieve and how this will be measured – for example, fixed price guarantees, a dedicated account manager, a dedicated customer service team to ensure consistent results, induction and ongoing training, monthly review meetings and quality review. In setting up a reporting system, be very clear about your objectives, the sort of analytical reports required and their frequency. You may need daily, weekly and monthly reports, and up-to-date information at any stage. If the campaign is not working, your supplier should suggest action, such as changing the script, the offer, the call times or days and even the database records.

**How do you set KPIs?** Your suppliers should suggest their own KPIs, because this is one way you can check how well they understand your business. KPIs should include records contacted per hour, contact percentage rate, conversion rate percentage and average handling time.

**What about back-up and disaster recovery plans?**

A full disaster recovery plan should be in place, including constant back-up of data and off-site facilities in case of a natural disaster. There should be a guarantee of immediate technical support from the outsourced provider's suppliers, particularly if you operate around the clock.

**How transparent are the supplier's costings?** Value rather than price should be the major driver unless you are outsourcing a commodity service. But at some stage you will want to compare costs, and this can be very difficult if suppliers compile them in markedly different ways.

A one-page template can set out variable information related to telemarketing, cost calculations per contact, staff and associated operational costs, cost calculations per sale, set-up costs and establishment fees. This gives you the total cost of the campaign, the final cost per contact and the total cost per sale.

**How good are their HR and training practices?** There is a high turnover of staff in Australian contact centres, and you don't want improperly trained or lax staff let loose on your customers. You are entitled to ask for evidence of proper employee screening techniques, psychological testing, customer service testing and telephone testing. Check their training practices and ask exactly how staff will be educated about your company and product.

**Are your cultures aligned?** It is important to ascertain whether your business systems, processes and IT capabilities are compatible, and whether you have similar business ethics, standards of professionalism and attitudes to HR and staff development.

**Do you want a one-off campaign or a quality relationship?**

There is a strong tendency for contact centres to be used on a single campaign or project basis, largely because of a lack of understanding of the benefits of a longer-term preferred supplier contract. □

Andrew Brydon is managing director of BMS Telecorp

## SUPPLIER CHECKLIST

1. Is the scope of the supplier's services aligned to your requirements and objectives?
2. Do you have clear terms of agreement, payment terms and an exit clause for change of circumstances or non-performance?
3. Does the contract align with customer service procedures and policy, and privacy and procedures policy?
4. What is supplier's level of indemnity?
5. Does the supplier's technology and CRM align with your technology?
6. What is the supplier's commitment to training contact staff?
7. Do you have clearly understood KPIs and management reporting?