

## **TO OFFSHORE OR NOT TO OFFSHORE**

Weighing the pros and cons

By Carol Tice

Sending jobs offshore is one of the most controversial trends in American business. But increasingly, companies are lured by the labor savings, which can top 50 percent, says Northeastern University international-business professor Ravi Ramamurti.

Offshoring a business process such as a call center's quality monitoring brings a range of challenges. Ramamurti estimates as much as two-fifths of the anticipated savings can vanish if the move offshore is poorly planned and executed. If offshoring is a match for your company's objectives, though, careful planning can ensure your hoped-for offshore cost-savings don't evaporate along the way.

**1. The farther away it is, the harder it will be to manage.** At the risk of stating the obvious, it will pose more challenges to have your quality monitoring done in India or the Philippines than in Biloxi, says Keith Fiveson, managing director of outsource-consulting firm Itesa in New York City.

If you plan to go overseas, you'll need a clearly spelled-out game plan for how call-center managers in the states will be able to track work being done at the outsourcer's offshore locale. Don't underestimate the cost of keeping an offshore project on track.

**2. Get an American onsite.** Companies that send a task offshore and don't send someone from the States to oversee the operation are cooking up a recipe for disaster, says Tim Searcy, CEO of the American Teleservices Association (ATA) in Indianapolis. "If your outsourcer doesn't have someone there, you need to send an expatriate and leave them," he says. It's either that or budget for regular overseas travel to check up on progress at the offshore site.

**3. Losing the accent.** Offshoring call monitoring is a relatively easy task to offshore, because agents are simply listening to calls made by other agents. No customer in the U.S. is hearing their foreign accent.

But cultural issues remain. Every offshoring expert has their favorite anecdote about the problems posed by cultural misunderstandings. Even the most basic parts of a typical U.S. customer-service call will require training for workers in India and other foreign countries. "A 22-year-old in India doesn't know what a credit card is," says Frances Karamouzis, New York City-based research vice president for consulting firm Gartner. "Phrases like 'strip mall' don't mean anything."

The answer, of course, is cultural training. Karamouzis says to be successful, training must be continuous, as programs and products change, and foreign-agent turnover is high. Be sure to figure the true cost of this ongoing training into your offshoring cost estimate, and nail down who will be responsible for the training program, you or your vendor.

**4. Work on cultural mesh.** Ideally, you'll select an outsourcer with a similar corporate culture to your own. If there are differences, you'll need to spell out your expectations clearly. Realize that cultural differences may pose obstacles, Itesa's Fiveson says. Frustration will mount if you call a 3 pm videoconference which your offshore managers amble into at 3:30, because their culture has a different sense of timeliness.

**5. Factor in management costs.** A frequently overlooked budget item in the offshoring plan is the cost of managing an overseas vendor, Fiveson says. Will your staff travel overseas, and if so how often? How many staff will be required to manage the relationship, and how much of their time will it take? Can you use videoconferencing or email to cut costs? "This is generally the highest cost in offshoring," he says, "the cost of continuing to manage the vendor, and the results the vendor is achieving."

**6. Get companywide buy-in.** Before proceeding with an offshore vendor, call centers need to get everybody on a page, Fiveson says. One of the biggest dangers to offshoring success, Fiveson notes, is sandbagging from "antagonists" within your company.

At some companies, sending jobs overseas would be against everything the company stands for. At others, there's a bottom-line focus on doing whatever it takes to stay on top. Consider your corporate attitude and how it will fit with offshoring a task.

The decision to offshore may spring from a corporate desire to save money, stay competitive or focus on a core competency. But those imperatives may clash with some employees' attitudes. The watercooler chatter may include workers saying, "This doesn't feel right." Or "I have a lot of fear around this because we don't know the people." Or "I think they picked the wrong firm so I feel hostile." Be sure to resolve conflicting feelings so everyone will work to make the offshoring plan effective.

**7. Gauge your complexity.** Does your company sell, say, highly technical financial products? The more complicated your product or service and the more frequently it changes, the less likely it is that foreign workers will be able to effectively monitor the calls. They may not understand the drift of what's being said, Northeastern's Ramamurti notes, making their evaluations less effective. The cost of keeping a foreign workforce properly trained for such evaluations may be prohibitive.

**8. Data privacy and security will be more complicated.** Confidentiality and security issues are a high concern when calls are heard by overseas workers, as recent data-theft scandals in India have highlighted. Ramamurti cautions, "Go in with your eyes open and anticipate things can go wrong on privacy and security. You have to train people and have systems to insure safeguards."

**9. Know your country.** One foreign country is not the same as another in the 21st century. Some are hotspots of unrest, others relatively placid. How difficult might it be to visit the country if the political situation there deteriorates? The July terrorist bombings of an Indian train recently have highlighted these questions, Gartner's Karamouzis notes.

"Disaster-recovery and redundancy is an emerging issue with the bombings," she says. Remember, when you choose an offshore company you're not just choosing a company, but a country, with its own unique political, infrastructure, workforce and religious makeup.

**10. Timing is everything.** There are some situations where having calls monitored halfway around the world can be ideal. Call-center managers in the States leave work, send their call recordings off to India, and come in in the morning to completed evaluations. If this response time is fast enough for you to provide effective agent coaching, a far-off quality-monitoring company can be ideal. On the other hand, Karamouzis says increasing

demand for real-time monitoring is being met in places that share U.S. time zones, including Canada and Latin America.