

CRMI Retail Client Abandons the Philippines and Chooses the USA

What is the real cost of offshore outsourcing?

One of our clients had the perfect scenario to compare CRMI contact center costs and benefits with a large, offshore call center located in Manila, Philippines. The client owns several retail catalogs, and routed their calls for ordering and customer service to CRMI as well as to an offshore call center. It was the perfect scenario because this client could directly compare true cost and performance of CRMI vs. the offshore center. After two years, these are the conclusions reached by our client and communicated to CRMI:

1. CRMI rates for services performed in the USA were 38% higher than for the same work performed in the Philippines, however,
2. The average total dollar volume of orders taken by CRMI was nearly double the offshore call center,
3. Up - sell/cross - sell goals set by the client were exceeded by CRMI but fell far short offshore,
4. CRMI consistently attained goals for special sales and promotions, while the offshore center did not,
5. Customer Service scores at CRMI were consistently higher every single month,
6. CRMI got the order correct the first time. Returns on orders taken by CRMI was five times lower than orders taken offshore
7. CRMI was able to gain the confidence of customers and was able to comfortably discuss the client's product offerings. At the offshore center, foreign agents had difficulty moving off script, and often could not explain the products to the customer.
8. The true value of CRMI exceeded the offshore location by several hundred thousand dollars per year as reported to us by our client.

Bottom Line: **Our client moved 100% of their calls to CRMI in 2009.** The numbers support their decision. The value CRMI delivers far outweighs the offshore labor cost.

A typical call center in India, the Philippines, or Latin America may have 3,000 to 5,000 agents and be located in huge cities where labor is plentiful and cheap. They seek large accounts. Offshore companies typically do not want small call volumes, so they ignore a large part of the US market for outsourcing. Turnover in an offshore center is high, up to 100% per year as agents frequently jump from one center to another. It is not unusual to see 100 or more agents in training each and every week. Long-term agents are atypical. Company loyalty is not needed because call center jobs are plentiful. Agents are trained to stay on script. The offshore agent may not be able to describe a product or service beyond the script because of cultural differences between the country and the US. Products and services available in the US may not exist offshore, so when an agent is asked a question that does not have a scripted answer, they often cannot improvise. While offshore rates are low because of very low wages compared to the US, more and more companies are bringing work back because offshore costs are rising, customer complaints are numerous, customer service is sometimes frustrating, and therefore cost savings may not be what they first appeared to be. In an attempt to lower costs, companies may actually be incurring higher cost due to lost business, incorrect orders, poor service, and the need for constant training, travel from the US, and US supervision of the offshore operation. Any of these costs destroy the original low, offshore rate. Finally, if a dispute arises between a client and an offshore outsourcer, and it turns into a legal action, that action must be pursued in an offshore justice system, far different from the US, and far more expensive to pursue or defend.

Compare offshore to the CRMI operating model for outsourcing:

- CRMI operates in prosperous, rural towns in the US. Wages are lower than big US cities.
- Being in a rural setting means CRMI is one of the larger employers. This also translates to a loyal workforce. In Vermont, we have numerous long-term employees.
- Our centers are smaller, typically 250 seats. The agents know each other and assist each other when needed.
- All agents are American and competent in American culture; they use many of the various products that they support for our clients, so they can easily describe features, functions, and benefits. They are not scripted unless our client requires that.
- We hire disadvantaged/disabled workers who consistently rank among our top performers.

- A loyal workforce always translates to high customer service scores. Not only does CRMI score higher than offshore sites, we meet or exceed the scores of our clients' own internal centers.
- CRMI's pricing model is flexible to meet the needs of our clients. We do not use complex, binding contracts. If you do not like our service, just stop sending us calls. After 10 years, we have never lost a client because of CRMI pricing or service – not one.
- Not only are you in charge of the contract, you are in charge of reporting and can receive reports customized to the way you want to look at performance, daily or hourly live updates from CRMI Supervisors, per minute reporting on calls and agents, or we will operate on your system as an extension of your existing operations.

If you are considering outsourcing, CRMI would like the opportunity to speak with you about the CRMI difference and our capabilities for:

Inbound call management

Order taking

Cross-sell, up-sell, or promotions

Data entry

Email and Chat support

After-hours or weekend support

CRMI, large enough to handle your outsourcing needs, small enough so you will think of us part of your company.