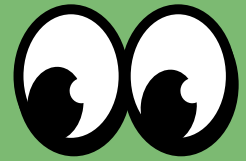


The modern support team's guide to BPO

Understand what's driving the
customer service outsourcing trend and
how to leverage it for your support team.



If you've been curious about customer service outsourcing lately, you're not alone. A report from IT services and consulting company CGS found that 79% of organizations already are or have plans to start outsourcing customer support in 2022.

It's not a stretch to say that customer support departments are rapidly moving toward leveraging business process outsourcing (BPO). According to the same CGS survey, 26% of organizations rely on some combination of one or more BPO vendors and an internal support team.

There are many factors driving this trend—all of which were accelerated by the pandemic. Businesses learned the hard way that they were poorly equipped to operate in the new paradigm that was rapidly materializing out of urgent necessity. Between remote work, online-first business models, and rising customer expectations, many in-house teams found they could not survive without leaning on outside help.

As a result, the global value of the industry—which was estimated to be worth \$92.5 billion in 2019—is now projected to reach a value of \$405.6 billion by 2027.

In this guide, we'll discuss:

- The different types of BPO and how outsourcing works
- What's driving the customer service outsourcing trend
- How BPO helps organizations deliver efficient customer support
- 5 steps you can take to get buy-in for customer service outsourcing
- Everything you should consider when evaluating a BPO vendor

BPO FAQs

What is BPO?

Business process outsourcing is when a company delegates specific business functions to a third-party vendor.

Whether it's the accounting firm your company outsources payroll to for its hundreds of employees or the small but mighty marketing agency that manages your company's social media presence, BPO is an incredibly common practice. In the US alone—which outsources more than any other country in the world—nearly 68% of companies leverage BPO for one or more services.



What are the different types of BPO?

As you might have guessed, there are a lot of options when it comes to choosing a third party for business process outsourcing. There are three main types, which are really based on where your company and the BPO vendor are located.

- Onshore (or local) outsourcing: This would be a company located in the same country as your business, whether the distance is 2 or 200+ miles.
- Offshore outsourcing: An offshore BPO is a company that's located in a different country than where your business is.
- Nearshore outsourcing: While very similar to offshore outsourcing, this entails working with a vendor in a neighboring country. So if your company is located in the U.S., working with a BPO vendor in Mexico would be considered near-shore outsourcing.

How does BPO work?

It all starts with a lot of up-front planning and excellent communication, but once your BPO relationship is up and running, the vendor will take the services you contracted it for off your plate. You set the terms, so you can be as hands-on or hands-off as you want.

As for what that involves, think of the types of tasks your support team is responsible for. Typically, there are three primary types of customer support activities—all of which can be supported by BPO.

1. Product or technical issues

When you have a huge volume of customers calling in with complex problems that require a lot of explanation, agents can quickly find themselves overwhelmed. You can end up with long hold times, not to mention stressed agents.

Business process outsourcing helps to ensure you have a reliable team of agents at the ready. While agents who work for the BPO vendor won't necessarily have all the answers, you can head off issues by providing well-documented resources, such as a knowledge base. Successfully pulling this off requires both starting and maintaining an accurate database where agents can find all the information they need to resolve customer issues.

2. Order processing

Even in today's digital world, some customers prefer to make purchases over the phone. This type of support isn't complex, but it is tedious. Processing these orders can suck up time that could otherwise go toward more valuable work.

One thing to keep in mind when it comes to BPO is that you can pick and choose what you want to outsource versus what you want to keep in-house. In this scenario, outsourcing order processing and similarly simple requests can free your agents to work on the more complex cases mentioned above.

3. Upgrade or renewal requests

Companies that offer subscription-based products or services—which includes everything from weekly snack boxes to annual software licenses—often receive calls from customers looking to renew or even upgrade. Sometimes support agents transfer the customer to a sales agent, but they can also be trained to help a customer with this request.

This is another example where you could use some help from a BPO vendor to take care of a relatively straightforward request and give your in-house agents some breathing room.

Why are more companies outsourcing customer support?



Your support organization has probably felt a number of changes over the past few years. For many support teams, the most noticeable theme is an uptick in the number of customers reaching out for support. A recent survey from McKinsey & Company reveals that 61% of support leaders are reporting an increase in contact volume—a trend that many expect will continue.

An increase in demand isn't inherently bad. If anything, it just goes to prove how valuable your customer support team is. But things become more complicated when you consider the full picture. These days, customers have come to expect support teams to be available everywhere—and to respond promptly. This means businesses now have more channels to forecast, staff, and monitor.

What's more, the same McKinsey & Company survey found that nearly 50% of customer support leaders have seen an increase in attrition rates within the last year due to the following factors:

- Recruitment efforts from competitors
- Dissatisfied employees
- Lack of career growth opportunities
- Poor work-life balance

Add to this the reality that most organizations are interested in thriving—not just surviving. A Gartner poll of customer support and customer service leaders shows that the top priorities for organizations right now are to grow their business and improve operational excellence.

While it may be tempting to think about how to cut costs from customer support operations, customer satisfaction is one of the most effective ways to win and retain consumer support when the economic going gets tough.

That's because the level of service a customer receives from a business can make or break their perception of the company. In fact, research from Salesforce found 91% of consumers are likely to become repeat customers after having a good support experience. Compare that to 70% who said they are likely to look elsewhere if it takes hours to get help from someone in support.

Both literally and figuratively, businesses can't afford to make their customers feel that way. But many underestimate just how detrimental poor customer service can be. One report from 2018 claims the cost of poor customer service is \$75 billion per year—and that was up 20% from just two years prior.

Of course, delivering exceptional service at scale is a costly endeavor. And with many companies bracing for a potential recession, support departments must find creative ways to do more with less. It might not seem feasible, but organizations have been doing just that for decades by strategically outsourcing different functions.



How do companies benefit from BPO?

There's no one-size-fits-all approach to how companies use BPO to scale or gain leverage for their support operations. That said, a support team's reasons for doing so generally fall into one of two categories: expansion and optimization.

Using BPO to expand support operations

BPO providers are adept at sourcing and placing talent quickly. As such, a support team might use BPO to gain access to talent pools with specialized skill sets that aren't available in-house, or to implement a new support channel faster than in-house recruiting teams and internal processes can support.

In situations where the company is looking to expand its support operations into other countries or 24×7×365 availability, BPO providers grant them access to native speakers of that country's language or the ability to staff up at all times of day using agents located in other time zones—often at a fraction of the cost.

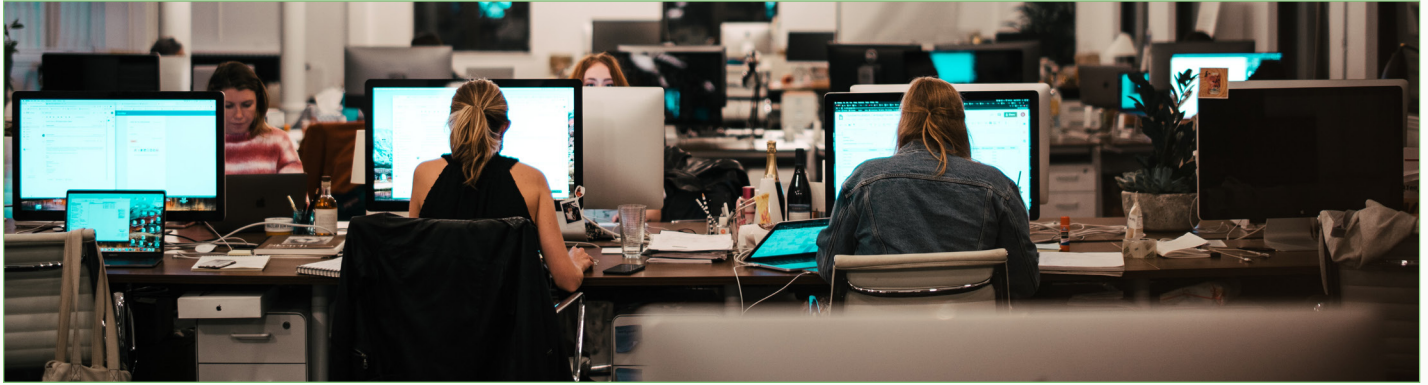
Using BPO to optimize support operations

Many businesses that outsource customer service say it enables them to prioritize core operations.

If a company is not particularly efficient when it comes to handling certain aspects of the business—or if there aren't enough resources to do so in-house—it makes sense to outsource those processes to a well-oiled machine instead of recruiting, hiring, and training new people.

According to 70% of executive's polled in Deloitte's Global Outsourcing Survey 2020, cost savings are the primary motivator for outsourcing.





When customer support teams are fully in-house, the cost of operating is high. It's not just the labor for each employee, it's the additional overhead that comes with every individual on the team—from the cost of the physical space itself down to every light bulb, notepad, and paperclip that's housed within it.

By some estimates, in-house wages are roughly double the rate a BPO provider would charge.

That's because everyone needs equipment, everyone needs training, and everyone must go through a hiring process. These things don't just cost money, they require time and resource investment from other in-house employees. So, it's easy to see how in-house costs can quickly grow out of hand.

There are several pricing models that BPO providers use to deliver their services, with the two most common types being attended and productive. An attended model means your company pays a flat rate per agent hour, week, or month. With a productive model, you're only paying for time agents devote to doing work specifically for your organization—that doesn't include lunch breaks, internal meetings, etc. In some cases, you might work out an arrangement that focuses on outcomes, as in you'll only be charged for solved cases.

More often than not, an all-inclusive structure based on productive hours worked tends to be the most

common and straightforward. With this pricing model, BPO providers help customers save money and accurately predict their costs.

Because BPO providers are powerhouses of efficiency, they can bring down their overall operating costs in ways in-house teams can't. This enables them to offer their services at cheaper rates.

The cost-saving benefits of outsourcing become even more apparent when the BPO provider is located in a country with cheaper infrastructural expenses such as rent and utilities. Support teams gain access to highly qualified talent pools in parts of the world where the cost of living and, as a result, the cost of labor are cheaper.

Many support operations use BPO providers to help with contact center functions. Some companies might choose to outsource all their contact center work while others might route easier customer inquiries to a BPO provider so their in-house teams can focus on handling escalated tickets as quickly as possible. Contact center work can even be divided between outsourced and in-house teams by channel.

But contact center functions aren't the only way a support team can benefit from BPO. BPO providers can also augment support teams by handling additional functions such as training, documentation, and quality assurance.

Securing buy-in for customer service outsourcing



Knowing that it's wise to go the BPO route for your customer support operation doesn't do much good if you can't get leadership to sign off on the idea. So, here are five steps you can follow to get approval for customer service outsourcing.

1. Determine what you plan to outsource

One of the key advantages of customer service outsourcing is that you have tons of options for how you divvy up the work between your internal team and your BPO vendor. To determine what the best breakdown for your organization is, think about what your biggest pain points are.

Are you struggling to manage service-level agreements as contact volume increases? Are you launching a new support channel that your agents aren't familiar with? Are you struggling to fill overnight or early morning shifts?

ICMI suggests asking yourself these questions to ensure success with customer service outsourcing:

- Is this something that's core to your success? If so, avoid outsourcing it so you can have control where you need it most. For example, you wouldn't want to outsource complex problems that require in-depth knowledge of your products.

- Can you outsource something that's a core competency for the BPO? Playing to the BPO vendor's strengths alleviates pressure from your organization without sacrificing quality.
- Is there something a vendor is better at than you? If a BPO provider has greater expertise with troubleshooting issues in real time, make use of it.

It's also a good idea to remember that outsourcing isn't a negative. In most cases, working with a BPO vendor means working with specialists who are exceptional at what they do. One CCW Digital report points out that having BPO agents in a region your organization is expanding into ensures agents know the language, terminologies, and behaviors of the area.

With that type of team on your side, great customer experiences are sure to follow.

2. Start initial discussions about BPO with leadership



You know the importance of backing up your ideas with numbers. It's a key part of your job, so you're probably eager to start gathering information to illustrate the tangible benefits of working with a BPO vendor. But hold off on compiling charts and graphs—at least for now.

The last thing you want to do is devote hours of work to gathering data and building your case only to be told “no” by leadership. Instead, try introducing the idea in a less formal way to help warm stakeholders up to the idea of outsourcing customer service.

Start with some overarching reasons for why it's a good idea. According to [ICMI's State of the Contact Center report](#), the most commonly cited benefits of customer service outsourcing are:

- Lower operating costs
- Higher productivity
- Improved staffing flexibility
- Expanded hours
- Higher quality

3. Make a formal business case for customer service outsourcing

Whether you're outsourcing to optimize or outsourcing to expand, you should be prepared to explain how you arrived at your decision. If you're launching a new channel, make it clear that this is unfamiliar territory for your internal team and detail the training and resources it would take to get them up to speed. You can then contrast that with how much more cost effective and efficient it would be to launch that channel through outsourcing.

Of course, you need concrete numbers to back this up. You can run calculations yourself by making some safe assumptions. For example, it's generally accepted that your [actual in-house hourly rate for agents](#) is about two to two-and-a-half times more expensive than their base hourly rate because of the costs associated with benefits, training, facilities, and more. This means your actual cost for agents that make \$20 per hour is \$40 to \$45 per hour. But the rate a BPO charges covers all expenses.

You can pretty quickly come up with a good estimate of your potential cost savings going this route, but there's an even better option. If you're already starting to reach out to BPO providers, they would be more than happy to help you draft a full return-on-investment analysis leveraging their actual numbers. They want your business, so ask them to help make their case.

If you present compelling evidence on how working with a BPO is going to benefit your organization, leadership will quickly come around to the idea.

4. Talk to your internal team about working with a BPO

How do you bring up the topic of outsourcing customer service without causing alarm? It's all about how you frame it. Instead of immediately jumping into how you're going to begin working with a vendor to help the company, start off by assuring them that their jobs are safe. Make sure they understand that outsourcing has nothing to do with them underperforming or failing to deliver exceptional service.

After you've had that initial conversation, explain how working with a BPO provider future-proofs the organization and benefits them. This will depend a bit on what exactly you're planning to outsource. If you're outsourcing to expand operations into a new region, you might tell your team that this alleviates them from having to learn new cultural norms and working odd hours. If you're outsourcing a particular type of request, let them know that they can now focus on issues that warrant their attention more than simple, tedious requests or problems they might not be currently equipped to handle.

Whatever the case, make it clear that leveraging a BPO vendor means they can focus on the things they're knowledgeable about and enjoy doing.

It's also a good idea to talk about what will happen next. Go through what onboarding will entail so your team understands what to expect. Talk about how you'll train BPO agents, what tools they'll be using, and how they'll fit into the overall structure of your support department.

It's all part of change management. And if you do it right, it will also ensure that your BPO agents feel like an extension of your team once they start.



5. Get approval from all relevant stakeholders

You're in a good place once you have leadership and your internal support team on board with customer service outsourcing. Now, you can set your sights on getting approval from all other stakeholders within your company. After all, making the move to working with a BPO vendor affects nearly every department across the organization.

Consider your IT department, for example. They will likely have a lot of questions about security protocols and how you'll ensure that the BPO vendor has access to only the information they absolutely need.

Including them in the conversation ensures that you'll ultimately craft a contract with a BPO vendor that covers any potential concerns they have about data and system protection.

You'll also need to go through this process with all other relevant departments, including finance, sales, and legal. Think of these discussions as opportunities rather than hurdles. Your colleagues who work in other areas of the business will be able to bring up concerns you may not have considered. The result? You'll end up crafting a contract that truly meets your needs and keeps your leadership on board.

Procuring a BPO vendor for your support team

Once you have approval from all key stakeholders, you'll need to start comparing different vendors. While this can seem intimidating, it doesn't have to be. Breaking it into two distinct phases can help, and the first is all about quickly arriving at a shortened list of customer support outsourcing options.

Ask some high-level questions

There are certainly many BPO vendors to choose from, but you might be surprised at how quickly you can rule out a lot of those contenders by doing your research.

Start by asking some key questions as you look into different BPO vendors. You can find some of this information—location, company size, rates, and areas of specialty—just by looking through vendors' websites. You might even compare options using the reviews available on websites like [G2](#) and [TrustRadius](#). That said, you'll want to contact individual vendors to uncover answers that aren't as readily apparent.

[Zendesk recommends](#) learning more about the vendor's familiarity with remote operations, whether they're able to overcome technical issues, and how they onboard and train new agents. [Kustomer also recommends](#) seeking a BPO vendor whose culture and values match those of your organization.

Start by asking some basic questions that can help you identify whether it's even worth putting a particular BPO company into the running. Here are a few questions you might consider:

- How familiar are your agents with the types of products and services we provide?
- What portion of your operation is dedicated to customer support?
- Do you have a business continuity plan and, if so, what does it entail?
- What types of tools does your team rely on?
- How do you ensure agents feel supported and motivated?

Reach out to BPO vendors with an RFP

Only after you've done your due diligence can you move into the request for proposal (RFP) phase. Drafting an RFP, collecting responses, and comparing vendors is a time- and labor-intensive process, which means you'll want to have a pretty short list of frontrunners selected first.

So, what does your RFP need to include? Here's what the experts at [Outsource Consultants](#) suggest:

1. Company overview: Provide background information on your organization, including the products or services you offer, how the company started, and your key differentiators.
2. Vision and goals: Clearly outline your overarching objectives, current challenges you're facing, and why you're choosing to outsource.
3. Overview of current support program: Explain support team goals, existing processes, and key metrics used to evaluate success.
4. Timeline for training: Describe the training program in detail and outline the timeframe from start to finish.
5. Estimated contact volumes: Outline contact volume at daily, weekly, and monthly levels and break them down by channel.
6. Ideal agent profile: Describe the persona of an agent that provides optimal service and performance.
7. Vendor expectations: Provide an opportunity for BPO vendors to make their case and include information about KPIs, the company, customer support experience, training protocols, references, and more.

Importantly, the RFP must indicate your budget. Remember that a BPO relationship is a partnership. A vendor needs to know that your quality expectations align with what you're offering for their services.

Your RFP should also include an overview that clearly displays the submission deadline, a point of contact for questions, and next steps in the event of selection. If it sounds like a lot of work, that's because it is. But doing the legwork now will pay off in spades. [Deloitte's Global Outsourcing Survey 2020](#) reveals that the top lesson executives learned related to BPO is that more time needs to be spent on the RFP and vendor selection process.

Once responses roll in, take your time reviewing each one. You'll then identify your top choice and begin the negotiation process, which should involve members from your legal, sales, finance, and leadership teams. Together, you can discuss the finer details of costs and contract terms. While involving other leaders across the organization is essential, make sure your voice is heard. It's important that you don't make the decision solely on cost—maintaining a high-quality support department is essential in the long term.

When both parties have come to an agreement, all that's left to do before getting started is to sign on the dotted line.

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