

Offshore Outsourcing - A Good or Bad Idea?



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Beyond Philosophy Services:

Beyond Philosophy is recognized as the worlds thought leaders in Customer Experience. We have written three international bestselling books on the subject. Formed in 2002, Beyond Philosophy works internationally with organizations such as IBM, FedEx and American Express to name a few, from our offices are in London, England and Atlanta, Georgia, USA.

We help improve our clients Customer Experience by harnessing our knowledge and experience of practical implementation around the globe. We have proven expertise in de-risking implementations, increase speed of project delivery and saving costs through our engagements. Our tools and techniques are renowned for their practical application and have been tried and tested in many sectors.

Our services are:

Strategic Guidance – We work with all levels of management in an organization and guide them on the decisions that need to be taken to improve their Customer Experience. We start by asking three key strategic questions:

-  What is the Customer Experience you are trying to deliver?
-  What emotions are you trying to evoke?
-  Is your Customer Experience deliberate?

Our consultants work with the organizations to answer these key questions and put in place actions that will improve the organizations revenues, retain customers and save costs.

Training – We have well developed training programs for organizations from senior leadership to front line people. We also have developed specific training for Customer Experience professionals, whom we train and certify on our tools and techniques. We believe in “experiential” training, getting the delegate to feel what their Customer Experience is really like. We use real-life case studies to demonstrate our key points.

Market Insight and research – We specialize in conducting Customer insight on the subconscious and emotional aspects of the Customer Experience. We have developed models, with London Business School, that can predict revenue benefit an organization can enjoy through improving their experience. We put in place measurement tools that can measure the total Customer Experience.

Conference speaking – We have a team of people who deliver high quality conference speeches around the globe on how to improve your Customer Experience.



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In a world that is commoditizing rapidly, even jobs are feeling the effect. For instance, the commodity of answering the telephone and providing “Customer service” is now the subject on many company agendas, as many turn to outsourcing as a way of reducing costs. It feels like a week doesn’t go by without another company announcing they are outsourcing their call centre to India. But how does this outsourcing affect the Customer Experience? In our work with company board members we are quite often asked our view on this subject. For me there are two answers - a theoretical one and a practical one.

The Theory

The theory is that if you outsource your Customer Experience it is perfectly possible to still deliver a Great Customer Experience. Outsourcing itself is not the issue. The real issue is determining what the driver for outsourcing is and how it will be managed when it is remote to you. My fear is that most outsourcing is carried out for the wrong reasons and in the wrong way.

Let me give you an example of how this works. If you have ever been to Disney World in Florida it may shock you to know that in the Disney Market Place there are over 100 franchisees operating. I was personally surprised when I found this out on a “Behind the Scenes” tour we organized. All franchise employees look like “Disney” people. They wear the same uniforms and sport the same name badges. Moreover they have Disney Values and act as a Disney person would do. This is how it should be. How do they do this? From day one, Disney treats the franchise employees as part of their team. They recognize they are an important part of their Customer Experience. The practical implication of this is treating all employees, franchisees or ordinary Disney employees as full time member employees, with the relevant Disney training.

This was best summed up for me when we interviewed Steve Nash, After Sales Director at BMW for our book, [Building Great Customer Experiences](#).

“A former Managing Director of ours made a statement when he said that there are no ‘onlys’ in this business. “Only” a parts picker or “Only” a warehouseman. As far as we possibly can we



tell them what's going on in the business. We make them interested in how many cars we are selling, how many parts we are selling, all those kind of things because it is important that they understand what BMW is doing, how the company is doing worldwide and everything else. They have to recognize that if they fail to pick the right part, somewhere there is going to be a very unhappy customer. It's not just a routine process they are doing." Disney does this. They pay attention to the details and ensure everyone no matter if they are full time employees or not, look the same as Disney employees. In short Disney have thought through the implication of outsourcing part of their Customer Experience and taken steps to manage it. They understand there are cultural issues to consider and issues of measurement which are not just focused on productivity and costs. The other advantage Disney has is geography. Dealing with the cultural differences, and the geographic distance between the company and its outsourced third party can be a real challenge.

The reality for most Companies

The reality is that most companies outsource in order to save costs. Their entire focus is on this goal and typically they pay scant attention to the Customer Experience. Just look at the measures they use. They are heavily weighted to productivity and will add a couple of customer satisfaction measures as an afterthought. Are they doing this to increase value for the customer? No. They are typically doing this to maintain profitability as they are in a cost cutting mode. Why are they in cost cutting mode? Because they are in a commoditized market and they haven't understood that improving the Customer Experience will improve their profitability. Do you seriously consider anyone does this to improve the Customer Experience? No.

The irony is that measures placed on the outsourcer, such as average call handling time and the number of calls waiting, actually results in a poor Customer Experience as agents try to drive customers off the phone to achieve their target. Invariably, outsourcing is purely done for cost cutting reasons and only cursory attention is paid to the impact on the Customer Experience. This is the reality in my experience. The people I have spoken to are effectively putting their head in the sand. In summary, offshore outsourcing is a good idea when properly planned and managed but can too often create new problems and costs that were previously unseen.



About the Author

Colin Shaw is the Founder of Beyond Philosophy, a consultancy, training and Customer research organization. They are recognized as thought leaders in the Customer Experience and are located in London, England and Atlanta, Georgia USA. Colin is an International bestselling author and widely acclaimed public speaker. For further information on the Customer Experience, and to read Colin's blog and videos, please visit Beyond Philosophy at www.beyondphilosophy.com