

Outsourcing our Customer Service Department

Outsourcing customer service has been a major practice carried out by many Companies. By hiring the services of customer service departments they are assured of leaving their customer servicing to the professionals. (Tanner, 2004). Recently, call centres have come up to offer customer services to companies' customers. These call centres are very efficient because they ensure that they carry out market research about companies' products and in turn advice the companies on emerging trends of tastes and likes of the customers in the market. They also offer quality services which ensure that customers' loyalty is maintained. (Axelroth, et al.2001)

It has been established that hiring, maintaining, and training of staff to offer customer services is usually expensive to most companies. Therefore, many companies prefer outsourcing customer services. However, a problem has arisen in the companies using cheap outsourced customer service. There are instances where call centres can disappoint by offering sub-standard customer services. (Joan, et al.2001). Instances where phone operators barely speak English have been recorded. As a result the danger of losing clients and customers is great. The building of returning clients by companies is also thwarted. Some people criticise the outsourcing of customer service as not only being bad for the business but also unethical. They believe that this practice will not allow customers to be clearly understood and their needs to be effectively met. (Tanner, L. 2004).

The two conflicting views call for research to be done to determine the best decision that any company should make regarding its customer service department. A research proposal identifying the problems and opportunities regarding the outsourcing of

customer service should be established to be used as a benchmark in deciding the right move that companies should make. (Joan, et al. 2001).

Introduction

Customer service has been employed by many firms to increase their profits. There was a time when customer service was considered a luxury and that it did not have a huge impact on a company's relationship with its customers. It has now been established that the service is very crucial to any company which considers expanding further and maintaining the loyalty of its customers. Customer service should not be considered as an option but as a need. (Axelroth, et al.2001)

According to research carried out recently, it has been found out that companies that do not have customer service departments lose up to 40% of their revenues which could have easily been avoided if they had sought the services of a customer service department. The customer service department has many functions which include:

- Ensuring quality of products is up to standard
- Working towards maintaining customer loyalty
- Training companies' employees about phone etiquette
- Carrying out market research
- Providing customer feedback

However, there have been instances where companies cannot afford to hire, train and maintain customer service staff. Because companies already know the benefits of customer service departments, they had to come up with alternatives real fast. This explains the birth of outsourcing of customer service. (Tanner, L. 2004). A company such as LSO (Life Science Outsourcing Inc.) has had its customer services outsourced by different companies from time to time. The company's goal is to offer guaranteed

customer satisfaction. The company recognises communication as being a vital aspect in meeting their goal. Their customer service department works together with the sales staff to ensure that they meet a company's needs effectively in relation to offering quality customer services. (Leonicio, 2001)

Literature review

It is recommended for Small and medium size companies to consider getting into the outsourcing customer service business because it is more affordable when compared to maintaining a customer service department. There are many benefits associated with outsourcing customer service. The first one being, that a business can be kept running even when its management is on vacation or has to take sometime off the business due to unexpected emergencies. Call centres have always been associated with quality customer service provision. (Tanner, L. 2004). They are capable of:

- Processing orders
- Issuing resolutions for irate customers
- Issuing order tracking
- Up-selling products
- Find solutions to declined credit cards,
- Providing customer feedback
- Ensuring that company's goals are kept consistent with the company's marketing behaviour. (Axelroth, et al.2001)

Outsourcing customer service has been proven to enable a company handle competitions with ease. This is because it is in a position to respond quickly to the needs of customers thus giving it a competitive edge over other companies in the market.

Research done by different people show that outsourced customer service which is professional should be considered as an investment rather than an expense. (Joan, et al. 2001). It is believed that call centres have systems put in place to carry out quality control. There are companies which reveal that call centres have enabled them to keep in touch with their customers and this in itself has played a role in the companies' overall growth and expansion and at the same time, has enhanced their marketing strategies. Kevin Barr who is a call centre managers believes so much in the customer service department. He confesses that companies can only do better when they know their customers' needs and how to meet them. This is only possible when the companies access customer service. The call centre in which he heads knows what it takes to make customers happy. He goes ahead to say that it is pointless for a company to access customer service which is not professional as it will risk losing all its customers. (Leonicio, 2001)

Outsourcing of customer service should be based upon a lot of considerations. It enables a business to free itself from the expenses and time which is required to maintain a customer care department that is efficient. A business can now get a chance to concentrate on its key competencies. However, it is advisable that outsourcing solution should be made known to a company's customers. It is vital that the call centre chosen to know about the company's products and be able to handle any inquiries by the customers about the company. (Leonicio, 2001) It is very important for the performance of the outsourced customer service to be analysed to prevent risking the loss of customers by a company due to poor quality services provision. West who works in a call centre believes

that customer service should be a combination of talent, experience and technologies that can meet the customer outsourcing needs of company. (Fred, et al.2001).

There have been some instances where outsourcing customer service has been frowned upon and considered to hurt the profitability of a company. Some customers have really been upset when trying to explain their needs to call centres operators who can barely express themselves in English effectively. There are times when the customers' needs are not well understood because call agents don't have a clue about the products that a company deals in. These factors can lead to a company losing customers. Therefore, at times it is more appropriate for a company to hire and train staff that can handle customer care. (Leonicio, 2001)

Assumptions

It is often believed that outsourcing customer service is the best solution to companies that can not afford to train their own personnel to provide customer care services. Call centres are assumed to offer the best customer service that can ever be found anywhere. (Joan, et al.2001). Most business people completely delegate any duties involved with customer relations to these call centres with confidence. Actually, some businesses have reported to have expanded tremendously and maintained customers' loyalty as a result of outsourcing customer service. However, there have been reports about some businesses which have been hurt as a result of the same. Therefore, it is proper to carry out a research study to determine the reasons behind the two different views on outsourcing customer service. (Lolma, et al. 1998)

Hypotheses

There are two types of hypotheses which are going to be tested in this research. These include:

- Null hypothesis
- Alternative hypothesis

Null hypothesis

Outsourcing customer service department of a company helps to increase the profitability of the company.

Alternative hypothesis

Outsourcing customer service department of a company will work towards hurting the profitability of the company.

Methodology

The performance of companies that outsource customer service departments will be compared to those that have their own customer care department. The companies should be in the same size category. That is, small companies will be put in the same category while the big companies will be put in a different category during the analysis. (Lolma, et al. 1998). A questionnaire will be conducted by keen people to evaluate the performance of the companies in relation to outsourcing or not outsourcing customer service. Then after, the companies which outsource customer service will be carefully analysed to explain any differences in their performance. The respective customer service outsourcing companies will also be carefully evaluated to be able to know the competencies of their staff. (Joan, et al. 2001).

Companies which do not outsource customer service will just be analysed as a whole and their productivity determined when all other factors of production are considered to be constant. This methodology will be effective in getting:

- The profitability of companies which outsource customer service.
- The profitability of companies which do not outsource customer service.
- A comparative study on the profitability of the two groups of companies.
- How the competencies of staff in call centres affect the profitability of companies.

The group of companies which exhibits high profitability will enable us to know whether outsourcing the customer service department of a company help profit or hurt the company overall performance. (Lolma, et al. 1998).

Discussions (Recommendations and Conclusions)

As earlier stated, most firms prefer outsourcing customer service department to maintaining their own so that they can be able to concentrate on other areas of production. Most firms have realised increased profits from accessing quality customer care services from call centres. From the research proposal it is expected that companies that outsource customer service make higher profits as compared to those that do not access it. (Fred, et al.2001). A lot of resources are usually used in hiring, training, and maintaining a customer service department which serves to further lower profits. It should however be noted that there are times when call centres offer sub-standard services that can make a business lose all its customers. Therefore, it is very important for businesses to carefully evaluate the competencies of the staff in call centres before outsourcing their services. (Lolma, et al. 1998).

The staff in call centres should be taken through a thorough culture study of the customers they are supposed to contact. They should be conversant with all the products that the company deals with to be able to handle inquiries about the company with ease. The staff should also be very eloquent and proficient in English which is the most common language used when talking to customers. In conclusion, outsourcing customer service departments of a company help profit the company provided that the services offered are of quality and high standard. (Leonicio, 2001)

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