Have You Considered the Hidden Cost of Savings?

In the post-recession environment, business managers are mindful of any opportunity to reduce budgets and increase revenue.

This is understandable, and many companies have seen their fiscal health improve as budgets are tightened and assets and investments maximized. It is crucial, however, that managers consider three key questions before making a major cost-centric change, especially if their company is subject to the fast-paced scrutiny of online media, customer reviews, or investor demands:

1.) How will our customers respond?

2.) What are the costs of making and maintaining the change?

3.) What is the long-term outlook of the change?

This thought process is essential when a company considers transferring a critical function – like inbound or outbound customer service – to an outsourced contact center partner, or changing their current partner for cost-centric purposes.

1.) How will our customers respond?

Customer response will vary brand-to-brand, so it is critical that brand managers understand their particular case. As a new service program ramps up, it must be handled seamlessly in an expert and professional fashion that will not disenchant customers.

This ramp-up process is key. If the contact center function is being taken overseas or far afield from its current structure, there is a distinct chance that the logistical and technological challenges will negatively affect customer experiences.

It is notable that Americans have an overall preference for U.S.-based job creation post-recession; that preference is thought to extend generally to brand actions.

2.) What are the costs of making and maintaining the change?

Any change to contact center structure or sourcing will come with upfront and maintenance costs.

It may be tempting to jump at an opportunity that, at face-value, appears to save money via lower cost-per-hour/minute or other operations metrics. However, the tangible and intangible costs of building out a new program, hiring and training agents and ensuring that managers and back-end systems are capable are expensive investments not always reflected in prospective balance sheets.

Travel and other logistics-based maintenance commitments are also worth consideration. These are expensive investments that can negatively impact customer experiences if they are mismanaged.

At a minimum, all of these factors should be considered alongside potential customer responses to the change.

3.) What is the long-term outlook of the change?

Short-term gains in revenue by making an adjustment might be far outweighed by long-term losses when customer reaction and maintenance costs are fully considered. While it is difficult to predict both factors, managers have a responsibility to do all they can to mitigate harmful outcomes before they happen. This is especially true when investor concerns are also at stake.

Overall, proceed with caution, and do not underestimate the possible hidden cost of savings associated with offshoring or dramatically altering your customer service program. Above all else, make sure that any third-party partner you employ is capable of expertly navigating and addressing these questions with you.