



Outsourcing Telephone Data Collection

Option or Necessity?

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Overview

Telephone research is going to shrink dramatically over the next few years as more of the price-sensitive work migrates to the internet. However, for most small and mid-sized research firms, telephone will still be an important second tool – particularly for customer satisfaction and B2B projects.

As the telephone business shrinks, its dynamics will change

- Supply and demand will be more volatile
- Fewer companies will be able to manage the uncertainty.

If you're still operating an in-house call center you need to rethink your position. You're going to find it more difficult to manage overheads and you can expect your cost and quality to suffer.

If you're already outsourcing telephone work, you need to take a second look at how you're doing it. Too many firms are outsourcing ineffectively – spending too much, and getting too little in return.

I've been in marketing research for over 40 years now. For the last 25 of those years I've specialized in data collection. When I started in this business, interviewers went door to door and cross-tabs were done on card sorters. Door-to door migrated to malls, central location and telephone. The card sorters gave way to mainframes and PCs. None of these changes happened as fast or dramatically as what's happening now between telephone and on-line.

Telephone has reached a critical turning point

For U.S. full service firms, 2005 was the very first time that on-line revenues surpassed telephone revenues. On-line is now the method of choice for most survey research being conducted in North America. *

Telephone is entering a period of significant decline. No one can tell for sure where it's going to level off, but we think telephone could shrink as much as 50% over the next few years. There is a solid core of CSM and B2B business that will probably never go on-line – but everything else is fair game.

This decline will happen quite quickly and will have a big negative impact on companies that are not prepared.

* CASRO Financial Survey.2006



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Outsourcing has already become a fact of life for the large conglomerates.

Without exception, the large international conglomerates have all moved to some form of outsourcing for their telephone data collection. (Sometimes they call it “in-sourcing”, setting up an independent operations unit to service their various consulting units – but from the point of view of the consulting units, it looks a lot like outsourcing.) The conglomerates are outsourcing their data collection for a number of very good reasons. One important reason is to ensure that specialized managers are focused on keeping up with the changing business dynamic. Small and mid-sized full-service companies are facing the same challenges.

Consulting is about analysis and creativity. Data collection is about process control. The management skill sets required for each of these things is diametrically opposed. Make sure you have the right skills focused on the right challenges.

Are you still operating a small to mid-sized in-house call center?

If you are still operating an in-house call center, you need to get out of that business fast, before it becomes an even bigger albatross around your Company’s neck.

As the market for telephone data collection shrinks, your costs and quality will suffer. Your field management overhead will not shrink at the same rate as your telephone volume.

“Lame duck” syndrome will infect your field management team. It will be harder to retain good people and your facility will lag on the technological and methodological improvements needed to stay competitive.

We recently looked at the operations of a full-service firm that had been moving a lot of work to on-line. They still had a 200 seat call center, but were only using 100 lines. However, they still had the full CATI management team in place – enough manpower to manage 200 lines. It seems all these people were deemed “essential” by operations management and they just couldn’t find a way to reduce these costs. Those CATI managers were mostly sitting on their hands and looking over their shoulders. Technical progress had come to a halt. It took this company two years of lost profits to realize their only solution was to outsource the entire CATI operation.



Are you already outsourcing your telephone work?

A lot of small and mid-sized companies have been doing some form of outsourcing for many years. If you're doing this now, you need to take a hard look at the model you're using. Will it adapt to the increasingly volatile market conditions?

- Is your current supplier on top of the latest technical advances and providing up-to-date attention to interviewer training and refusal turnaround?
 - For example, is your current supplier able to record every interview, parse out key segments and play them back for interviewer training?
- Does your supplier handle the whole data collection process for you, or does he just do the interviewing tasks and leave your firm to wrestle with the management headaches?

Make sure you've correctly allocated all the costs associated with your data collection process. If you're not getting a complete service from your supplier, you may be paying more than you think.

Outsourcing is a major strategic shift that *should* deserve top management attention.

Even if your telephone business is declining, deciding HOW to outsource it is still a very critical decision that could have a real impact on your bottom line. Too often, we've seen this decision delegated to the field director. The field director designs an outsourcing model that keeps him and his field management team gainfully employed. The field supplier ends up being used as little more than a temporary help agency.

All the responsibility and much of the cost remain in-house

What *should* you get from outsourcing?

Here are the key benefits our clients tell us about;

- cost efficiency
- improved reliability and quality
- improved productivity for researchers and senior management
- benefits from up-to-date technology and field management techniques
- scalability to handle those occasional big jobs, and also the temporary downturns
- broader field experience and expertise to help improve research design and execution

You may think it's a bit much for a data collector to stand here and say he can "help improve your research design", but I can tell you that, in our own client satisfaction surveys, this comes up regularly as a key reason we keep the business.



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Cost Efficiency

Most people seem to think that data collection cost is all about interviewers, real estate and equipment. In fact, together, these items generally account for no more than 50% of the total data collection cost. A big chunk of the cost goes to field management. If you're retaining in-house field management, you're paying for some of this twice.

Over 80% of the revenue at my Company comes from long-term client relationships. Our best clients typically don't have *any* field management in-house.

- Their researchers and consultants deal directly with our project managers;
- The duplicate cost is removed
- Two-way communication and project quality is vastly improved.

If you've got the right partner, and the right partnership agreement, it doesn't take any longer to call the field house than it does to call an internal field director. The difference is that you've eliminated the middleman and improved communications.

Improved Reliability and Quality

The most common reason we hear for keeping a call center in-house is to "ensure quality". Believe me, you'll probably do better if you can find the right outsourcing partner. You should be able to get higher levels of:

- Interviewing and data quality
- Proactive problem resolution
- On-time delivery and
- Overall cost control.

An arms-length supplier must meet its client's expectations if it wants to keep the business – *the same is not true for an in-house department*. (This is not wishful thinking on our part. It's something we hear frequently from project directors who have to struggle with the service of an in-house call center.)

The key to getting quality from an external supplier is to document and enforce clear accountability.

Higher productivity for your researchers and top management

How many times in the past year have you had to deal with a data collection problem that ate up way too much of your time? With the right data collection partner you should have been able to reduce that time to a few short phone calls. If you have an in-house field management team, it's very hard to keep these problems from creeping onto your desk – it's as if you're supposed to have more time and field expertise than they do.

We actually have one long term client who swears up and down that his and his staff's productivity increased by 40% when he turned over the entire data collection process to our Company. They were able to do that much more prospecting and handle that much more business volume with the same consulting staff.



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Securing the benefits from outsourcing

Outsourcing telephone data collection can give you improvements in cost efficiency, reliability, quality, productivity, technology, methodology, scalability, feedback and communication.

However, these advantages will only accrue if you:

- Find a reliable and competent partner
- Outsource the entire data collection function, and
- Hold your supplier fully accountable for quality, reliability and cost.

Outsourcing only a portion of the data collection function will not achieve these aims.

How do you find the right data collection partner?

- First, look for a data collection firm that is run by researchers.
 - If you call the firm yourself, you'll be able to quickly tell whether they know the business – if you delegate this call to your field director, he or she may not be as discerning.
- Confirm their financial stability.
 - Many data collection suppliers are going through very tough times right now – you want to hitch your wagon to someone who is going to survive.
- Ask how they intend to cope with the changing market.
- How solid are their existing client relationships?

Once you've found the right partner, how do you make the partnership work?

- Establish a service agreement that clearly spells out responsibilities on both sides.
- Set up a pricing mechanism to ensure you get a fair and competitive price on every project.
- Hold regular review meetings (top management to top management) to ensure the process is working well.

It's very important that you stay personally in touch with the supplier's CEO. Don't delegate this to a lower level – invest a few hours every quarter to make sure the process is working.

The world of telephone data collection is changing dramatically

Make sure your firm is correctly positioned to succeed.

If you're still operating an in-house call center, now is the time to find the right outsourcing partner.

If you're already outsourcing telephone, take a hard look at your current outsourcing model and make sure you're getting all the benefits you will need to succeed.



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