



Michael A. Brown's

Business To Business By Phone®

First Quarter 2004 Edition

THE "OFFSHORING" THING

Offshoring means firing your US-based phone people in marketing, sales, customer service, or technical support and hiring cheaper replacements overseas. My advice: don't do it. Flat out, unequivocally ... do not do it!

Recent true stories:

- A befuddled HP tech support rep in Bangalore cannot answer my question, so instead reads a canned response from a script. I reword the question but he still does not understand. After a four second pause, he states that the telephone connection has gone bad and hangs up on me.
- A Dell service rep, also offshore, at first does not even acknowledge my question, then says she does not know the answer, then asks if she can transfer my call to her colleague. I hear a foreign language, then several clicks, and then dial tone.
- Client Roger Demers calls a support line and says, "I bought this software at Best Buy and now I have this error message." To which the offshore rep exclaims, "OH! You got a good deal on the software!" Of course, Best Buy is a store – not a statement about price.
- Colleague Mark Amtower calls a bank 800 number and can hardly stop laughing when the obviously offshore rep identifies himself as "Phil."

The potential labor savings in India, the Philippines, and elsewhere have looked so cost-attractive to some companies that they rushed to open offshore call centers, train locals in North American culture and dialect, and then hold conference calls to gloat to Wall Street analysts.

But regardless of the rationale and the hype, offshoring your phone communicators will infuriate your North American customers and cost you more

business than any dollars you may save. The reason: if your prospects and customers cannot be understood, if they cannot understand what is being said, if they think they are getting bogus answers, or if the person they reach has taken their spouse's or their own former job, they will desert you ... and rightly so. That's why offshoring phone is destined for failure.

So why would otherwise smart companies do it? Pick as many of these as you deem accurate: cost-cutting, globalization, free trade, short-sightedness, groupthink, greed. But all the supposed justifications pale in the face of **two over-arching reasons not to do it: your customers really don't like it and because willful job displacement is harmful to the United States of America.**

The latter is why I turned down a potentially lucrative invitation to go to India and train offshore callers whose New Jersey outpost promotes Bangalore-based phone services to US technology firms. It would be wrong to accept such a project.

Sidebar: Offshoring is happening in professions other than phone also. The *Wall Street Journal* reports that IBM will offshore 400 senior software programming positions. Adding insult to injury, the company reportedly has directed the Americans losing their jobs to train their cheaper offshore replacements before leaving.

Good News: the *Austin American-Statesman* reports that in response to customer complaints, Dell Computer is bringing some of their phone support back from India to Texas. Start of a trend? Hope so!

ON-SHORE and IN-HOUSE PROVIDE BIG PLUS FOR IDAHO PC MANUFACTURER

MPC Computers doesn't offshore phone. They don't even outsource any more! Their entire phone operation is within the same headquarters building in Nampa, Idaho. All the reps ... marketing, sales, and support ... are genuine MPC employees.



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Ross Ely, MPC's vice president of corporate marketing and public relations, says the strategy is deliberate, and that it generates both good will and profits: "A major aspect of our value proposition is that customers can communicate easily with people who not only are knowledgeable about our products, but also about the market niches we're in (government and mid-size business). When we used to out-source, the reps, while competent, were not dedicated only to us and our customers, so relationships suffered. That's why we brought it all back in. Our phone people all have 'skin in the game,' and that comes across positively to our customers."

What do Ely and his fellow MPC execs think about "offshoring?" "It's a consequence of the mentality that service, support, and perhaps even marketing and sales, are cost centers. They are not. They contribute to the overall value. Cheaper labor does not necessarily equate to a better profitability model. Moreover, we make excellent computers, so the phone experience has to be excellent as well. Our differentiation comes from the customer's experience and we want ours to be the best. In fact, we think it's great when customers ask what kind of communications they should expect with us instead of how many megs does a machine have." Hooray for MPC!

QUARTERLY v. MONTHLY SALES TRACKING

Last edition, I asked: "How many of your companies are moving from monthly to quarterly sales targets and reporting of sales results?" Here are responses from three CEOs, anonymous to protect their privacy and confidentiality:

"We track and pay attention to monthly sales results, but adhere to quarterly targets and reconciliations to actual results - both for performance tracking and reporting, and as well as the basis for calculating any earned (sales) commissions."

"I always did. Doesn't everybody? Monthly is

such BS. Ooh ... it's the end of the month and we gotta close. Everyone running around discounting deals they will get tomorrow. Nah, it's the end of the quarter, save this one for next quarter => Gives you much more time to adjust."

"As a small business, when we hired sales reps we attached a quota to their hiring ... let's say \$1.2M per year. There are many problems with this approach. One is that we look at revenue in terms of what is new as of January 1. So, a deal closed in October 2003 for 12 months is counted as new revenue for 2003. Once 2004 arrives, it's no longer considered as part of the goal for 2004. As you can imagine, there's a momentum-building effect so that the revenue from new sales typically is larger in Q2 than Q1, Q3 than Q2 and so forth. So, to better gauge results throughout the year, we've established goals in each quarter. Monthly would be far too arduous given that we don't sell a product but rather a service where revenue is recognized over a period of time."

CONSIDER THIS FOR BETTER SELLING

Delete "decide" and "decision" from your phone vocabulary. Train and direct your reps to say "consider" and "consideration" instead. Here's why:

- In marketing and sales, task #1 is to earn consideration. So it is fair and actually quite easy to ask, "How should we go about earning your consideration?"
- The decision is the *result* of the consideration.
- "Decide" sounds absolute and final. Saying "decide" early-on intimidates prospects and customers.
- "Consider" lowers the anxiety and also helps you learn their criteria and process. Then you can sell in the best sequence to win!

I help businesses conduct profitable **Business To Business By Phone[®]** via consulting and training. Please visit www.michaelabrown.net or call me directly at **800 373-3966**.