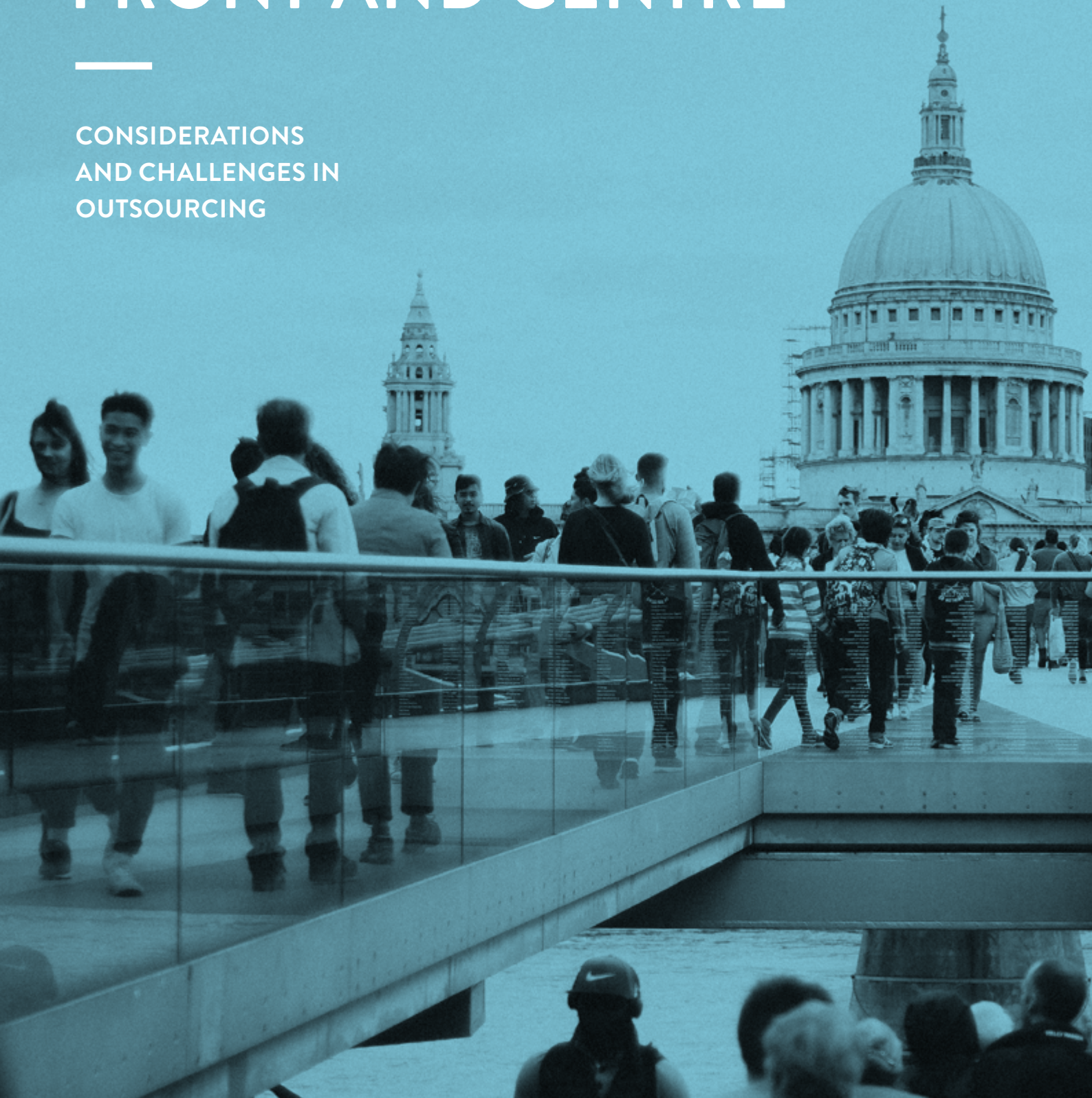


PUTTING CUSTOMER EXPERIENCE FRONT AND CENTRE

CONSIDERATIONS
AND CHALLENGES IN
OUTSOURCING



A DEBATE REIGNITED

Recent events within the outsourcing industry have reignited the debate around how outsourcing can impact the customer experience (CX).

In an age of continual technological advancement and ever-increasing expectations, it has never been more important that firms pay sufficient attention to their relationships with their customers.

DID YOU KNOW THAT THE USAGE OF OUTSOURCERS HAS BEEN STEADILY INCREASING?

20%

THE NUMBER OF OUTSOURCING CONTRACTS SIGNED BY THE UTILITIES INDUSTRY ROSE BY 20% IN 2017

2.9
BILLION

DEALS WORTH £2.9 BILLION WERE AGREED BY THE FINANCIAL SERVICES SECTOR DURING H1 2017

STRONGEST

IN Q2 2017, THE UK OUTSOURCING MARKET RECORDED ITS STRONGEST HALF-YEAR PERFORMANCE SINCE 2012

Stats above taken from Arvato Bertelsmann's Outsourcing Index (Q2 2017)

IN THIS SHORT PAPER, WE'LL EXPLORE THE KEY ELEMENTS OF THE OUTSOURCING DEBATE:

CURRENT CHALLENGES FOR FIRMS LOOKING FOR OUTSOURCING PARTNERS

CONSIDERATIONS THAT SHOULD BE MADE WHEN THINKING ABOUT HOW AN OUTSOURCING ARRANGEMENT MAY IMPACT UPON CX

THE BENEFITS OF OUTSOURCING WHEN IT COMES TO CX

WHAT ARE THE CURRENT CHALLENGES FACING FIRMS LOOKING TO OUTSOURCE?

1

ENTRUSTING CX TO A THIRD PARTY CAN BE A DAUNTING PROSPECT

The thought of high volumes of customer interactions being handled by an outsourcer can cause firms some underlying anxiety - and that's even before they've written the Request for Proposal (RFP).

The risk of incurring significant brand and reputational damage due to, for example, an outsourcing partner's delivery of poor CX, is likely to be on the radar. This risk is now exacerbated due to the widespread use of social media, which affords everyone the opportunity to instantly share their experiences as consumers (good or bad) very publicly.

Achieving a level of comfort in entrusting the delivery of a positive CX to a third party is a fundamental challenge faced by firms looking to outsource.

2

A PRECONCEPTION THAT CUSTOMERS 'WON'T BE CARED FOR AS WELL'

This could be cut two ways:

Firstly, there's the commissioning firm's perception that if they outsource an aspect of their business, the end customer may not receive as good a service. The word 'outsourcing' can bring negative connotations of large multi-national outsourcers offering low cost, volume-driven services. Such offerings do not put the customer experience at the front and centre of the service, and this can breed general concerns about the industry as a whole.

Secondly, there's the possibility of impacting customer perception if it becomes in any way obvious that, for example, the contact centre they're dealing with is an outsourced unit. With more and more firms investing significant resources in ensuring a positive customer experience, the thought that customers could be negatively influenced in their views is a genuine concern.

3

A RELENTLESS RISE IN CUSTOMER EXPECTATIONS

In line with advancements in technology and digital, the average customer now expects a blend of fully-accessible contact options and expects to receive a consistent level of service across all channels.

Additionally, real-time interactions and resolutions through mechanisms such as chatbots and 'live chats' are demanded more and more; meaning that firms must continually adapt their customer service operating models, keep their frontline staff upskilled, and be generally proactive and responsive to the ever-evolving digital landscape. The continual enhancements in technology offer exponential opportunities for firms, but also play into higher expectations of the customer experience.

4

NERVOUSNESS AROUND ALL THINGS DATA PROTECTION

With the implementation of the General Data Protection Regulation (GDPR) and the recent media coverage of the Facebook / Cambridge Analytica scandal, there is increased sensitivity and anxiety around the protection and use of customer data.

It's been well-documented over recent years that breaches of customer data can do serious damage to customers' trust in an organisation.

In fact, as recently as last November, the Information Commissioner's Office (ICO) found that 80% of the UK public did not have trust and confidence in companies and organisations storing their personal information.



THE NEW LAWS REQUIRE ORGANISATIONS TO BE MORE ACCOUNTABLE FOR DATA PROTECTION AND THIS IS A REAL COMMITMENT TO PUTTING THE CONSUMER AT THE HEART OF BUSINESS



**STEVE WOOD,
DEPUTY COMMISSIONER, ICO**

With this in mind, it is entirely rational for firms to be wary of a outsourcer handling their customer data.



CX: WHAT SHOULD FIRMS BE TAKING INTO CONSIDERATION?

1

PROACTIVE CUSTOMER ENGAGEMENT

This should be a key factor when choosing an outsourcing partner.

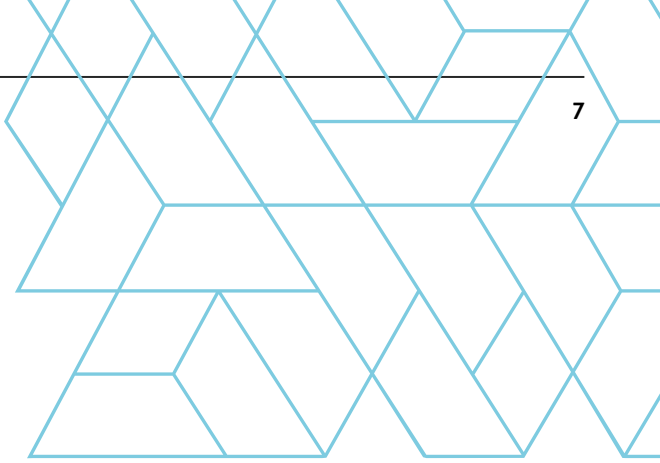
Even relatively simple technology such as SMS messaging should be leveraged and optimised as much as possible to enhance the CX.

When looking to select an outsourcing partner, firms should ensure that potential partners can demonstrate a proactive nature in relation to customer communications, and that they have the capability to leverage technology to enhance the CX.

2

ENSURE THAT CONTRACTS WITH YOUR OUTSOURCING PARTNER INCENTIVISE EXCELLENT LEVELS OF CUSTOMER SERVICE

The 'best endeavours' of an outsourcing partner are not sufficient where CX is concerned. Firms should ensure that stringent quality metrics are agreed upfront, and 'Service Credits' within the contract are heavily weighted towards these metrics to incentivise the delivery of an exemplary CX. It is important that the contractual agreement with the outsourcing partner is utilised as effectively as possible to formally require the delivery of positive CX.



3

ENSURE THAT THE APPROPRIATE LEVELS OF GOVERNANCE AND OVERSIGHT ARE IN PLACE TO MONITOR CUSTOMER INTERACTIONS AND OUTCOMES

Management Information (MI) relating to the quality of the customer experience should be an integral part of regular reporting. This provides senior management and board members with the comfort they need when it comes to the levels of customer service (including CX) being delivered.

In addition to regular reporting, a reputable outsourcing partner should be comfortable with allowing enhanced monitoring of the service they provide; whether this is through having a regular on-site presence to monitor quality, or through periodic random sampling of work undertaken.

Mystery shopping is also a good way of assessing the levels of service being provided.

4

LOOK FOR PARTNER WITH SIMILAR VALUES

Outsourcing arrangements are typically long-term partnerships, therefore developing a strong and collaborative working relationship is particularly important for an outsourcing arrangement to be truly successful.

To ensure a high quality of customer service, firms should look for a partner with an excellent track record in the delivery of a positive customer experience.

Extensive due diligence should be undertaken as part of the RFP process to validate an outsourcing partner's credentials. This can be achieved through market research, obtaining feedback from industry peers and the provision of case studies and testimonials from the provider in question.

5

SERVICE IMPROVEMENT PROGRAMMES

Service Improvement Programs (SIPs) are commonplace within outsourcing arrangements, and bring an obligation that the partner must fulfil by committing to improve their levels of service on a continuous basis.

With CX in mind, firms should consider how such programmes are structured. This is a key area of opportunity to further ensure that the key focus of the outsourcing arrangement is indeed CX.

6

SPIKE MANAGEMENT

Ensure that your chosen partner is capable of the level of flexibility required. CX is most at risk during peak periods in demand. By partnering with a firm that is well-positioned to handle 'spike' periods. That way, CX can be maintained whilst the high volumes are managed effectively.

WHAT BENEFITS TO THE CUSTOMER EXPERIENCE CAN BE REALISED THROUGH OUTSOURCING?

1

THE USE OF A SPECIALIST PARTNER CAN DELIVER INCREASED LEVELS OF CUSTOMER SATISFACTION

There is enormous value to be derived through engaging the 'right fit' outsourcing provider; one that has a proven track record in the appropriate area.

For example, outsourcing your complaints department to a specialist provider can lay the right foundations for paying dividends later down the line. Not only will complaints be dealt with efficiently and effectively, but wider business benefits can also be realised through the provision of effective Root Cause Analysis and the sharing of best practice.

In such a scenario, you can satisfy two goals through the outsourcing of one service: the outsourcing firm will expertly deal with all complaints, but they will also feed back into the client to help drive a reduction in complaints into the future. Both of these outcomes feed into the continual enhancement of CX.

2

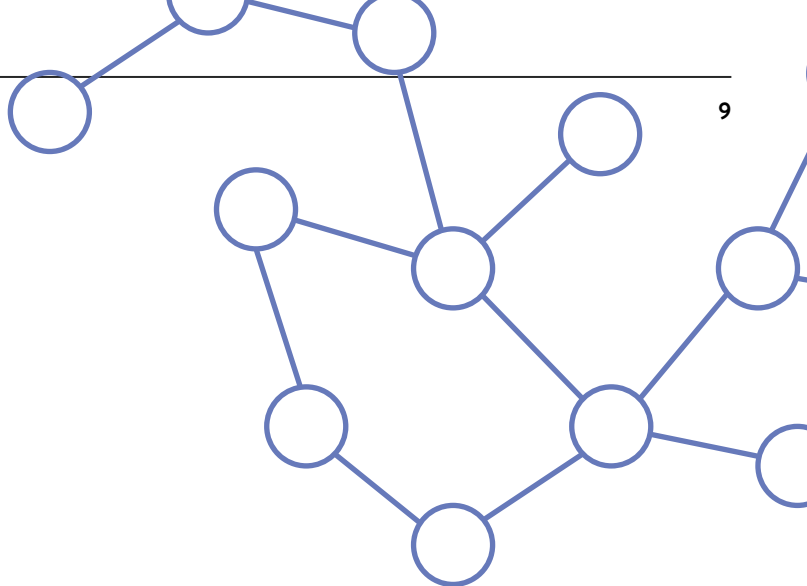
WORKING IN PARTNERSHIP WITH AN OUTSOURCER THAT UNDERSTANDS GOOD CUSTOMER OUTCOMES AND REGULATORY EXPECTATIONS

Treating customers fairly isn't just a regulatory requirement; it goes hand-in-hand with protecting customers from detriment, increasing consumer trust, gaining brand advocacy which, as a result, can greatly assist you in meeting your commercial goals.

Customer risks arise throughout the product lifecycle, and it's important for your firm to achieve a positive outcome for those customers and ensure that they are sufficiently protected against detriment.

Forming an effective customer strategy isn't so much a journey as it is a cycle of continuous improvement - and reacting proportionately to the findings to make continuous improvements.

By ensuring your outsourced provider tests outcomes at each stage of the customer journey, firms can evidence the extent to which good outcomes for customers are delivered.



3

ACCOUNTABILITY CAN BE GUARANTEED

Through the use of Service Credits and 'Step in' and 'Enhance Monitoring' clauses within the contract, you can ensure that there is a contractual responsibility for your outsourcing partner; one which 'puts them on the hook' to deliver the highest levels of customer service possible.

In this way, the outsourcing of a service can help to bring enhanced focus to CX, which otherwise may not get the same attention or focus internally. Use your outsourcing provider as a partner to work *with*, and not against.

4

ACCESS TO TECHNOLOGY AND INDUSTRY BEST PRACTICE

The development and continual enhancement of the technology required to ensure a positive customer experience would usually require a significant amount of expensive, specialist resource, and an expansive internal network of highly-skilled individuals in relatively niche fields.

Through the engagement of a trusted outsourcing partner, such technology can be accessed without the heavy internal investment - which can in turn be utilised to drive an enhanced CX in ways that may otherwise not be possible.

Additionally, the use of a specialist partner can bring experience of industry best practice through access to specialist staff with 'best in class' levels of customer service, as well as the use of standardised processes and procedures.

This real-time transfer of knowledge can help inform continual improvement of CX across the wider business.

5

PROVISION OF A BENCHMARKING COMPARISON POINT

Whilst the primary focus of an outsourcing engagement is the work that has been outsourced, it can also be used to provide a comparison point to help measure internal business performance against.

Through comparing key customer experience metrics across the outsourcing arrangement and other areas of the business, firms have the opportunity to identify areas of improvement within the CX area across the wider business, which would not be possible without the engagement of an outsourcing partner.

Partnering with a firm to help fix processes is a real value add. Do not expect different outcomes by changing only the people.

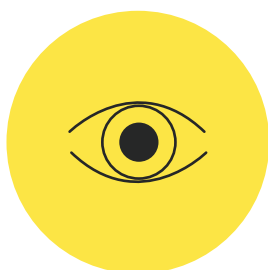
THERE'S EVERYTHING TO PLAY FOR

There are a number of genuine challenges and considerations that should not be ignored when firms are looking to engage an outsourcing partner, and it would be irresponsible to proceed without paying sufficient attention to these.



CHALLENGES AND CONSIDERATIONS

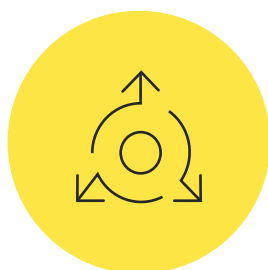
Every one of the challenges faced can be suitably mitigated and addressed:



PERCEPTIONS NEED TO CHANGE

We believe that industry perceptions of outsourcing, specifically in relation to its impact on CX, need to change.

Too often, the potential benefits are overlooked as a result of preconceived views.



CONSIDER THE WIDER BUSINESS VALUE

When looking to embark on an outsourcing journey, it is important that this is not done in a siloed approach; the wider business should always be kept in mind, with 'one eye' on how the outsourcing arrangement can be used to drive improvements elsewhere.



CX SHOULD BE THE KEY FOCUS

CX should be at the forefront of a firm's objectives. By keeping CX front and centre, from the RFP process through contractual negotiations, to ongoing monitoring and reporting of the service, a customer-centric culture can be successfully fostered.

By breaking with the adage that the only objective of outsourcing is to reduce costs, it becomes clear that there is a vast wealth of value to CX that can be derived from outsourcing. This is particularly of interest when considering that recent research (conducted in 2017 by Capgemini) revealed that:

8 IN 10 CONSUMERS ARE WILLING TO PAY MORE FOR A BETTER CUSTOMER EXPERIENCE.

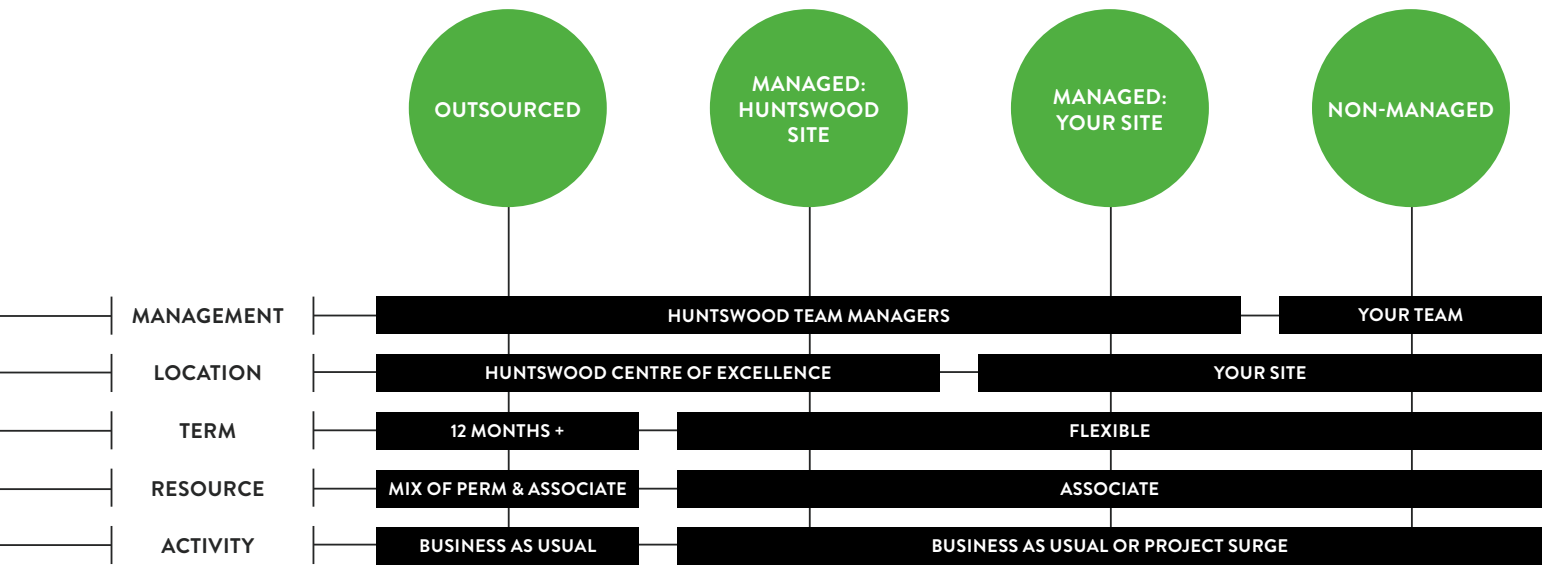
Value can no longer be related solely to cost.

When undertaken properly, outsourcing can in fact be viewed as an opportunity to enhance levels of customer satisfaction, improve and strengthen the overall customer experience, and deliver great customer outcomes.

HOW HUNTSWOOD CAN HELP YOUR FIRM

We complete end-to-end or partial business processes to meet your needs on a long or short-term basis, or under an outsourced arrangement.

We also provide specialist resource to support your on-site requirements, with management oversight to supplement delivery if required.



AN EXPERIENCED
TEAM OF 30
RESOURCING
AND VETTING
PROFESSIONALS

ASSOCIATE
DATABASE OF OVER
12,000
PROFESSIONALS

OVER
4,000
PEOPLE CURRENTLY
DELIVERING SOLUTIONS
FOR OUR CLIENTS

EACH YEAR
WE SUPPORT OUR
CLIENTS WITH OVER
1 MILLION
DAYS' WORK

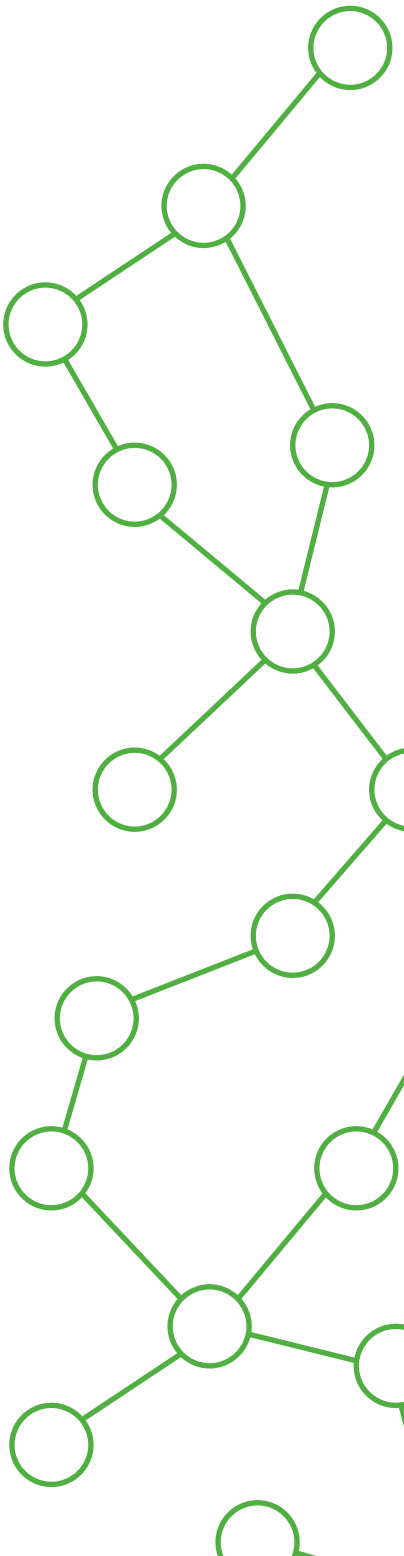
Our centres of excellence across the UK (including Reading and Liverpool) provide a base for us to run your programme, or we can build an operation in your preferred location, if required.

Our service covers:

| | | |
|---|---|--|
| RESPONSIBILITY FOR DEFINED ACTIVITIES, PROCESS EXECUTION AND OUTPUTS, WORKING TO YOUR PROCESSES AND PROCEDURES | SLAs AGREED EARLY IN THE PROJECT, GIVING YOU GREATER CERTAINTY OVER COSTS AND DELIVERABLES | ONGOING MANAGEMENT INFORMATION AND REVIEW SO YOU KNOW HOW WE ARE PERFORMING |
|---|---|--|

OUR PROJECTS DELIVER ON QUALITY, OUTCOMES AND EFFICIENCIES:

| | | |
|--|--|--|
| UP TO 97% FIRST LINE QUALITY CHECKING PASS RATE | AS MUCH AS 66% MORE PRODUCTIVE THAN CLIENTS’ IN-HOUSE TEAMS | 85% OF CLIENTS RE-ENGAGE US DUE TO THE QUALITY OF OUTCOMES WE DELIVER |
|--|--|--|



WE PROVIDE THE RESOURCE TO SUPPORT PROJECTS AND BUSINESS AS
USUAL ACTIVITY ON AN OUTSOURCED, MANAGED OR NON-MANAGED BASIS
ACROSS A WIDE RANGE OF AREAS:



COMPLAINTS



OPERATIONAL
PROCESSING



PARAPLANNING



NEW BUSINESS
AND ADVICE
CHECKING



FRAUD ALERT
GENERATION AND
MANAGEMENT



KNOW YOUR
CUSTOMER
CHECKS



OUTCOMES
TESTING



PAST BUSINESS
REVIEW AND
REMEDiation



COLLECTIONS
AND RECOVERIES



TRAINING
DESIGN AND
DELIVERY



BEN GARRATT
SENIOR DELIVERY MANAGER

CONTACT US



KIRK CROAL

MANAGING DIRECTOR
HUNTSWOOD OUTSOURCING

t 07818 577 568

e kcroal@huntswood.com



LUKE WOOTTON

HEAD OF BUSINESS DEVELOPMENT

t 0777 433 5485

e lwootton@huntswood.com

ABOUT HUNTSWOOD

Huntswood's aim is to drive better outcomes - for our clients and their customers.

We achieve this by combining expertise, technology and operational services to deliver practical solutions that help regulated firms deliver high quality services in a cost efficient way, while effectively mitigating business risk:

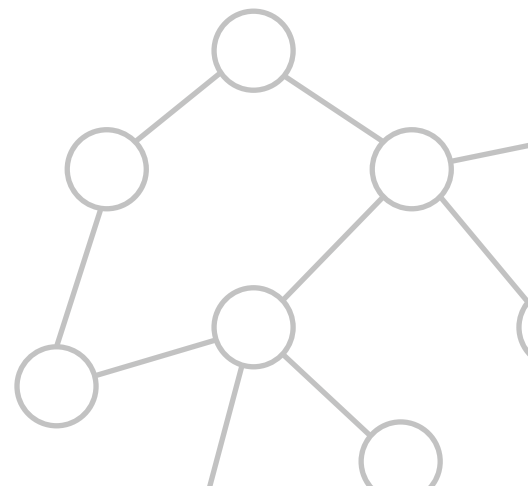
- Outsourcing and resourcing
- Advisory and assurance
- Technology delivery and data analytics
- Specialist recruitment
- Learning and development
- We support clients across a range of regulated industries: financial services, payments, utilities, travel, pharmaceuticals and gaming.

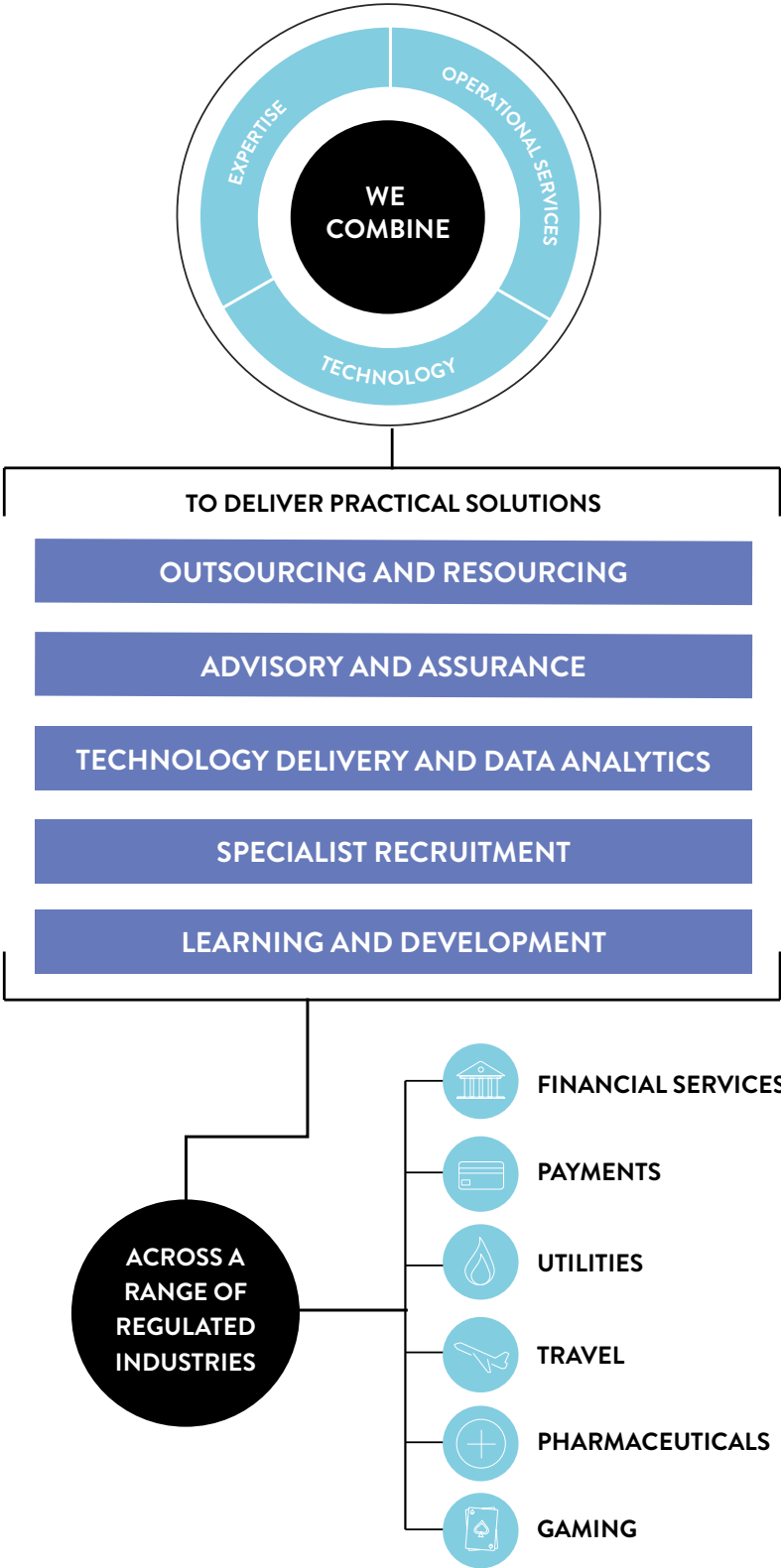
Firms of all sizes choose us because of our successful track record of balancing regulatory expertise with end-to-end operational support, backed by technology and innovation.

They value our clear view of best practice and its execution, drawn from our wide-ranging client exposure. Ultimately, we deliver: clients attach great value to our agile, action-oriented and straightforward approach - and our collaborative, client-focused culture.

We pride ourselves on continuously nurturing and developing talent within the company, ensuring that colleagues are able to enjoy a long-term, fulfilling career at Huntswood.

In addition, charitable giving is part of everyday life at Huntswood. We enjoy participating in community events and take immense pride in actively campaigning and fundraising for a number of great causes - both local and national - including the Berkshire Community Foundation, our nominated charity.







HUNTSWOOD

Huntswood CTC Limited
Abbey Gardens, Abbey Street,
Reading, Berkshire RG1 3BA
0333 321 7811
enquiries@huntswood.com
huntswood.com

 @Huntswood

 Search 'Huntswood'

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