EXPLORING CORPORATE OPINIONS
on BPOs

Execs In The Know

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INTRODUCTION

Apart from perhaps artificial intelligence, outsourcing continues to be one of the hottest, most discussed topics in the Execs In The Know community, as well as the wider customer experience (CX) and customer care industry. This report, *Exploring Corporate Opinions on BPOs*, is designed to expand upon previous research by diving deeper into CX leaders' opinions regarding Business Process Outsourcing (BPO) providers, specifically in the areas of barriers to entry, points of concerns, drivers for use, and opportunities for improvement.

The basis of this report is online survey results from 52 CX leaders from across a wide range of industries, including both business-to-consumer and business-to-business companies running the gambit from the very large to the very small. In addition to online surveying, a number of CX leaders were interviewed separately to uncover deeper insights and dig for greater context around the answers they provided on the survey, as revealed throughout the report.

Results paint a fairly stable market for BPOs and outsourcing services, with about 25-30% of survey respondents expecting significant change in the coming year. Through their answers, survey participants (who indicated a high level of familiarity with BPOs and outsourcing) revealed a complex interweave between cost as a primary driver, yet emphasized the importance of better collaboration and understanding the client's business and needs in the areas of recruiting, onboarding, training, and coaching.

Select highlights from this report include:

- 33% of those currently outsourcing said "Reduce Costs" is their primary objective for outsourcing, while 30% of those not currently outsourcing said "Reduce Costs" would be the primary driver should they outsource in the future (both top answers among each respective group) (Page 14 and 17)

- Among the top concerns CX leaders have with outsourcing in general are Guarding Brand Equity/ Reputation (65%), Program Performance and Quality (48%), Costs (38%), and Data Integrity/Security (35%) (Page 28)

- 60% of survey respondents said they'd be willing to pay more for BPO services based on the suite of services and technologies offered by the provider (Page 32)

- Roughly 50% of survey respondents expect some changes to their outsourcing situation in the coming year with 25-30% expecting significant change (Page 13)

AUTHOR'S NOTE

Dear Reader,

It is with great pleasure that we bring you this volume of outsourcing-related research, made possible only with the help and participation of the Execs In The Know community, as well as project partner NICE, a company known for its innovation and comprehensive end-to-end CX approach.

It is our hope that this research will not only help guide CX leaders on understanding the opinions of their peers in regards to outsourcing, but also help guide BPOs/outsourcers as they strategize ways to deliver greater value and performance for their respective clients. Ultimately, doing what's best for the end users takes close coordination between a number of vital partners and functions, including brand leadership, operations, information technology (IT), and program management. Successful partnerships are vital in the CX space, and this research is an attempt to inform on how to better succeed.

In addition to project partner NICE, we'd also like to thank the 52 CX leaders who contributed their time and expertise by participating in online surveying, as well as follow-up dialogue for select brands and individuals. We'd also like to extend a very special thank you to Practitioner's Perspective contributors Tracy Sedlak from Offerpad, Ebrahim Hyder from Michael Kors, and Mike Jones from The Home Depot, as well as Nick Jiwa from CustomerServ, thought leaders who have worked tirelessly to redefine what successful outsourcing partnerships look like. Practitioner Perspectives can be found on Pages 18, 21, and 24, and Nick Jiwa's special commentary can be found starting on Page 34.

Finally, we'd like to thank you, our audience, for continuing to push us to expand the scope of our CX research efforts, both in breadth and depth. We hope this report will inspire your current BPO/outsourcer relationships, or be the spark that ignites new and better relationships in the future.

Here's to learning together!

The Execs In The Know Research Team

PARTNER COMMENTARY

NICE

From Vendor to Expert
Changing the BPO-Brand Conversation

Tom Stanley
Global BPO Leader, NICE

The 2023 CX Outsourcing Insights report showed that nearly 60% of brands express concern about the quality and performance of outsourced customer experience (CX) programs and its subsequent effect on their brand equity. This sentiment puts strain on the BPO-Brand partnership, creating pressure and instability on both ends. NICE WEM applications have served more than 650,000 BPO agents for over three decades. Our commitment to both BPOs and their customers has led us to partner with Execs In The Know in an effort to dig deeper, understand the root cause of these concerns and, most important, discover what can be done to alleviate them.

GET THEM AT "HELLO"

Interactions matter. In fact, they are the most powerful ingredient of a brand's CX blend. As decades of experience have taught us, the quality of a consumer's interactions with a brand is key in their decision to continue doing business with that brand. Yet with ever-growing demands, the definition of "quality" is quickly mushrooming. Today's customers expect more personalized service, faster response time, and flexible, multi-channel access. Understandably, providing the experience that customers expect (and that critically drives brand loyalty) has become the focus of organizational strategy with most customer-facing brands. In fact, our analysis of the Corporate Opinions on BPOs survey results shows that today's CX climate holds tremendous potential for BPOs and their ability to help brands navigate the knotty path to happy customers.

STATUS: IT'S COMPLICATED
Brand Expectations from Their BPO Partners

More and more brands are turning to BPOs in order to try and expand their customer service offerings. But, it's not that simple. Results show that 62% of the CX leaders who participated in the survey are already using BPO services, yet it's a mixed bag.

On the one hand, 42% of brands polled don't expect a change in their BPO use in the coming year. Sixteen percent plan an increase, and 12% plan to reduce their BPO use. On the other hand, 51% of surveyed brands stated they are planning on changing their BPO services — adding, reducing, or switching vendors — demonstrating a rather low level of loyalty to their outsource partners.

Clearly, the brand-BPO partnership is complicated by its very nature. Yet the glass is actually half-full (and full of opportunity), and BPOs can do a lot to deepen trust and firm up loyalty with their preferred brands. It requires narrowing in on the issues — along with the surprising tensions and disconnect between brand concerns and drivers.

Research shows that there are typically four main pressure points between BPOs and brands:

01.   **COST**

02.   **FLEXIBILITY**

03.   **TECH**

04.   **QUALITY**

1. COST
Despite the clear concern with the quality of service their BPO partners provide, the objectives of brands working with a BPO are mainly cost driven. In fact, both brands that currently use BPOs (33%) and those that don't (30%) have stated that reducing costs is their leading objective, while less than half (15%) would like to improve CX.

2. FLEXIBILITY
When analyzing brand objectives in partnering with BPOs, after cost, business needs and operational constraints come in as a close second. A total of 37% of polled brands named "Meet Staffing Requirements" and "Seasonality and Flexibility" as reasons for partnering with BPOs. In line with that, 35% would encourage non-BPO-related brands to outsource (15% for reasons of Seasonality and Flexibility, 10% to Meet Staffing Requirements, and 10% for Scalability and Growth).

3. TECH
BPOs are still widely perceived as technology vendors rather than CX experts. As this survey shows, telephony and other communication technologies are still the domain of BPOs. When asked what BPO services or products they utilize, apart from agent resources, brands named technology above all else. Thirty-seven percent utilize telephony and other communication technology, 34% BPO workforce management systems, 23% data management and analytics, 17% an AI-powered solutions, 17% CRM, 14% performance management tools, 11% agent desktop tools, and 6% quality management tools.

4. QUALITY
Despite being one of the primary concerns, compared to the others, quality ranks as a relatively weak driver for brands to adopt outsourcing services. With 73%, agent performance and quality overwhelmingly tops the list of "must-haves" when selecting a BPO. However, only 15% of respondents selected "Improve the Customer Experience" as reason to partner with a BPO, far behind cost and business requirements.

SHIFTING THE CONVERSATION
Closing the gap between drivers and expectations

01. SUPERIOR **QUALITY** THROUGH EXPERTISE

02. LEADING THROUGH **TECH**

03. **FLEXIBILITY** THAT SERVES BUSINESS

04. FROM **COST** TO VALUE

The current brand mindset around outsourcing services puts BPOs in a virtually impossible situation — they are evaluated by quality while competing in price. But a deeper look suggests an opportunity for BPOs to reshape their value proposition and revolutionize the larger approach.

Sixty percent of brands said they "would be willing to pay more for BPO/outsourcer services based on the suite of services and technologies offered by the provider." So, even though nearly 70% of survey respondents consider cost to be "Extremely" or "Very Important," their decisions are not just about crunching the numbers. In practicality, brands are ready for more.

We recommend that BPOs change the conversation by offering a full CX package that focuses on quality, game-changing technology, business flexibility and, of course, the dollar value of positive CX rather than simple cost reduction.

1. SUPERIOR QUALITY THROUGH EXPERTISE

As survey results show, many brands today are still complacent when it comes to CX. The #1 reason named for not investing in BPO outsourcing is "having sufficient resources internally." Forty-seven percent make this claim — more than double the 21% that name cost as the barrier.

Additionally, brands lean greatly toward in-house agents as opposed to outsourced agents, based on the sentiment that BPOs are relatively behind both in quality and agent performance (64% think they are about the same as or worse than in-house), and in product knowledge and brand competency (79% think BPOs are about the same or worse than in-house).

The best way for BPOs to combat brand complacency around CX and their view of customer service solely through the lens of expenses is to change the premise. BPOs need to make the case that by leveraging their CX expertise, methodology, and tech leadership, their agents perform significantly better than in-house agents. This enhanced performance helps *reduce costs* of over/understaffing, attrition, underperforming agents, and more. It *drives CX and therefore revenues*, and provides *flexibility to meet business requirements.*

Quality Through Training

The survey shows that brands believe coaching is the main driver for better agent performance, seeing a clear need for more training and coaching of agents. BPOs are, no doubt, the gatekeepers of quality, but they require technology to improve training at scale. Implementing an onboarding solution means they can incorporate native coaching and reporting, personalized training, real-time insights, behavioral guidance from millions of client-specific interactions, self-assessments, and real-time assistance. All these can greatly improve agent performance and create a flawless, perfectly orchestrated customer journey across all touch points.

Continuous Performance Optimization

Tools for monitoring agent performance and collecting multidimensional insights (desktop activities, performance metrics and more) can also drive agent productivity to far beyond in-house standards. With clear indications of agents who are not investing enough time on productive work, collective performance will quickly improve.

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2. LEADING THROUGH TECH

Open Architecture

Our own experience of the BPO landscape has taught us what is now reinforced through this survey — that although BPOs are perceived as tech vendors, organizations today often like to keep their own technology stack and "bring their own tech" — BYOT. This is a great opportunity for BPOs that can offer hybrid solutions in which organizations bring their own technology, but are still able to advance to more modern WEM solutions, etc. Luckily, the tech ecosystem now supports solutions that connect advanced technology to existing infrastructures. Though rare, some vendors do offer such paths forward.

AI Tools

With brands looking to BPOs for their tech expertise and experience, BPOs are in a great position to help brands implement advanced solutions such as Artificial Intelligence. As tech leaders, BPOs can advance the adoption of AI-powered agent augmentation, back-office support tools, and streamlined flows of data to help improve agents' efficiency and success. While this was identified as a key area of opportunity by several CX leaders, BPOs must keep in mind the importance of building and training AI applications on dedicated and trusted CX data to ensure brand alignment, security, and compatibility with the wider tech ecosystem.

Make experiences *flow*

3. FLEXIBILITY THAT SERVES BUSINESS

Beyond cutting costs by driving greater performance, brands can also optimize their customer service expenses by significantly reducing over and understaffing costs. While asynchronous channels can make accurate planning and forecasting a challenge, tools should be put in place to improve staff planning for all channels, and save what could potentially add up to millions of dollars. Additionally, a tiered and adaptable pricing model that provides BPOs with the freedom to adjust resources while ensuring competitive rates enables them to meet changing demands efficiently.

4. FROM COST TO VALUE

Clearly, quality of service, advanced technology, and flexible business models all provide brands with tremendous value that easily translates to an increase in revenue. That is why we recommend BPOs look more deeply into the trends and the views of brands regarding outsourcing their customer-facing services, and begin working toward changing the current mindset, shifting BPOs from an "expense" to a value driver.

When BPOs leverage their expertise, they are able to revolutionize their larger relationship with brands. Repositioning themselves and their value means BPOs can quickly move the conversation away from what they cost the brand to what they earn for it.

NICE

Tom Stanley
Global BPO Leader, NICE

Tom Stanley, NICE Global BPO Leader, boasts over 15 years of experience enhancing organizations' customer experiences and orchestrating interactions across all channels. Collaborating closely with BPOs worldwide, Tom and his team work to generate tailor-made solutions for BPOs of all sizes, helping them cater to the evolving demands of their customers and trends in the CX industry.

For more information, contact Preston Fairbourn at **Preston.Fairbourn@nice.com**.

SURVEY
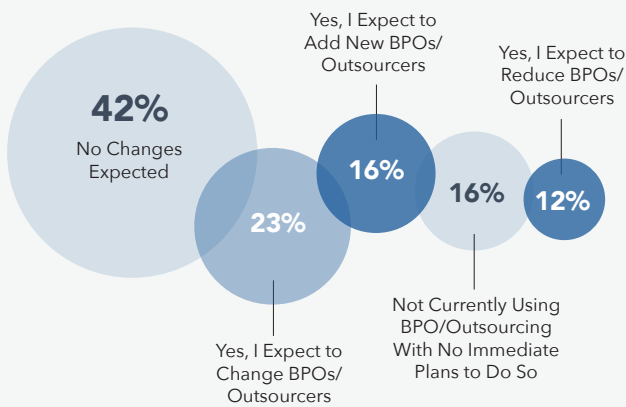## RESULTS

CURRENT AND POTENTIAL USERS OF **BPO SERVICES**

USE OF AGENT RESOURCES, FAMILIARITY WITH BPOs, AND EXPECTED CHANGES

Unique to this research is the capture of the perspectives of both users and non-users of third-party agent resources, including those from both BPOs and outsourcers. Among the 52 CX leaders who participated in the survey, 62% were currently utilizing such resources. Furthermore, a significant portion of the 38% who were not currently using third-party agent resources also hadn't used such resources in the past (Page 16). That said, it should be noted that the survey cohort included businesses of all sizes, including several micro- and small-cap companies. When results were refined to include only mid-cap and larger businesses, the results shifted to a "Yes" response closer to the 75-80% range. Furthermore, such refinement also led to a shift in the percentage of companies that were not currently using BPO agent resources but did in the past, increasing from 40% to 60%.

Do you currently outsource agent resources to one or more BPOs, outsourcers, or third-party providers?
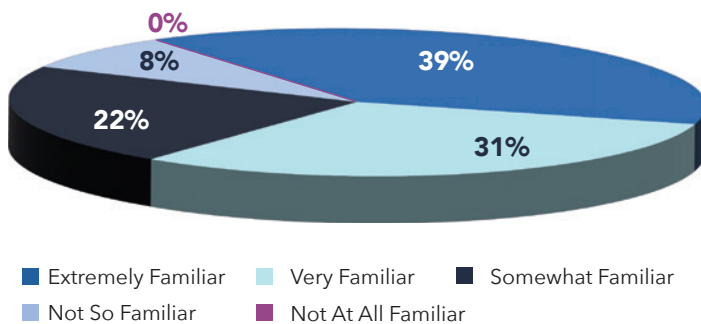
NO
38%

YES
62%
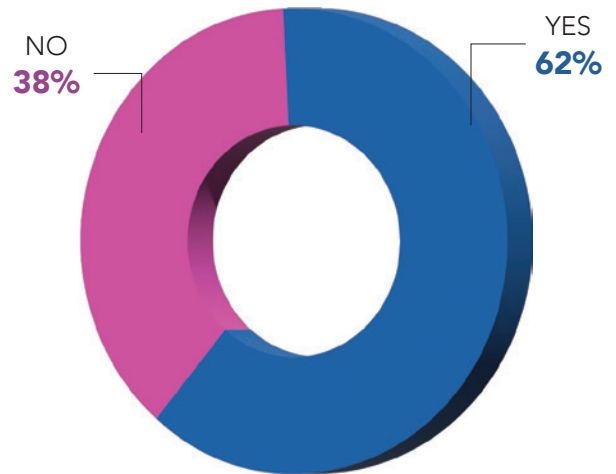
Do you expect to make any changes to your BPO/outsourcer(s) partners within the next 12 months? (Select all that apply.)

42%
No Changes Expected

23%
Yes, I Expect to Change BPOs/ Outsourcers

Yes, I Expect to Add New BPOs/ Outsourcers
16%

16%
Not Currently Using BPO/Outsourcing With No Immediate Plans to Do So

Yes, I Expect to Reduce BPOs/ Outsourcers
12%

The expectation of changes to BPO/outsourcer partners was also moderate among survey respondents, with 50% respondents expecting no change in the coming year when those with no BPO services were removed from the pool of respondents. Most of those who indicated change was coming also expected that change to be a shift from one provider to another. Of those who indicated a shift in providers, fewer than half (only 30%) indicated an accompanying increase or decrease in the number of overall providers, suggesting stability (and perhaps even moderate growth) within the market.

How would you describe your familiarity with BPOs and outsourcing in terms of cost, capability, and the competitive landscape?

0%
8%
22%
39%
31%

- Extremely Familiar
- Very Familiar
- Somewhat Familiar
- Not So Familiar
- Not At All Familiar

Most survey respondents had a solid familiarity with the world of BPOs and outsourcing. None of the survey respondents had no knowledge, and only a very few individuals indicated they had limited knowledge. This means BPOs can worry less about educating the industry on the basics and, instead, spend more time and energy on finding better ways to strengthen working relationships, improve performance, and stretch existing capabilities and offerings.
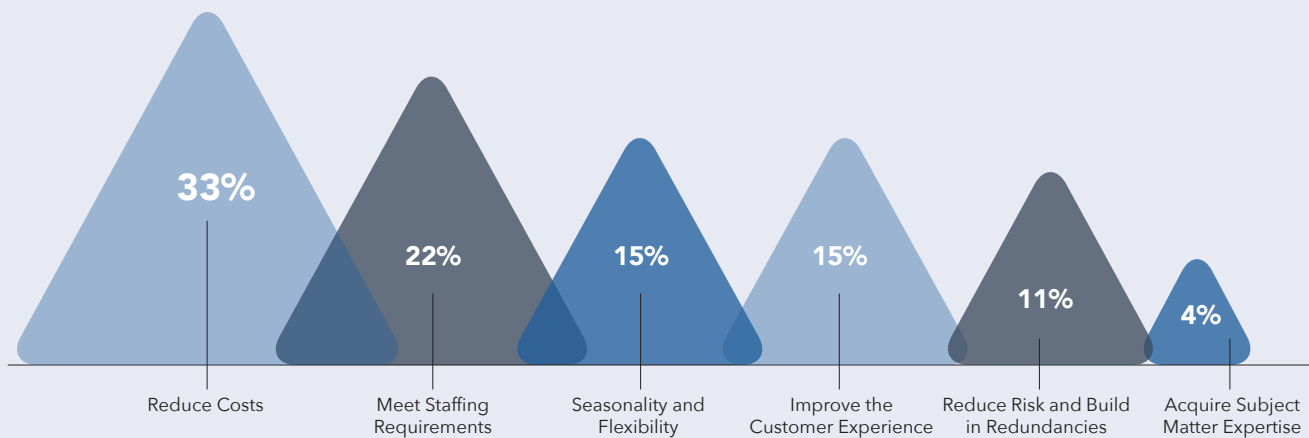
PRIMARY OBJECTIVES AND IDEAS FOR ENHANCING THE CUSTOMER EXPERIENCE

Do you currently outsource agent resources to one or more BPOs, outsourcers, or third-party providers?

"Reduce Costs" was the most common response by survey respondents (33%) in identifying objectives for outsourcing, while "Improve the Customer Experience" was selected by only 15% of respondents. "Meet Staffing Requirements" and "Seasonality and Flexibility," which are similar responses in many ways, were also common. While it might be reassuring to see improving CX higher in ranking, at the end of the day, business needs are still a major factor for care operations.

YES
62%

What is your company's primary objective for outsourcing?

33%	22%	15%	15%	11%	4%
Reduce Costs	Meet Staffing Requirements	Seasonality and Flexibility	Improve the Customer Experience	Reduce Risk and Build in Redundancies	Acquire Subject Matter Expertise
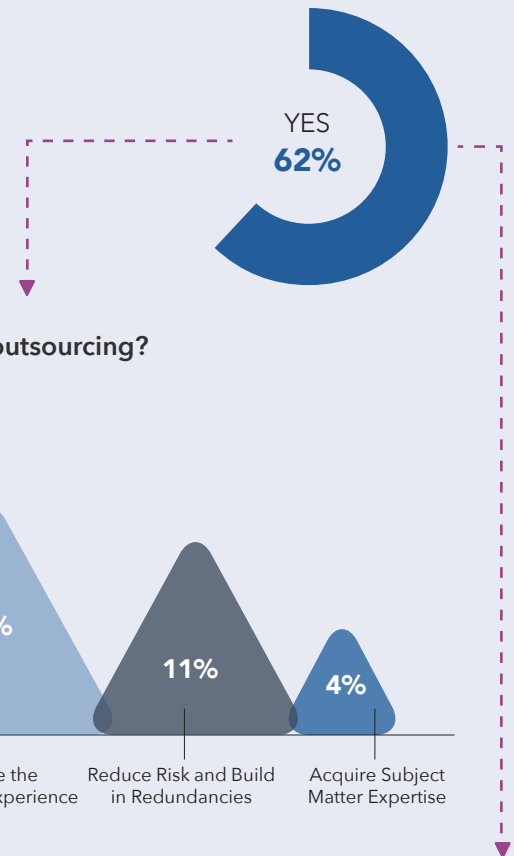
The primary theme of the responses to the question of enhancing CX were almost exclusively aimed at two areas: 1) agent hiring, preparation, and performance, and 2) strategic management and engagement by program leadership. Better agent training, coaching, and performance are prominent features of this research, and the open-ended responses received were no different with agents being mentioned in about three-fourths of the answers. On the leadership front, corporate buyers of BPO agent resources want to see a more proactive approach from their providers. This includes improved communications, a tighter working relationship, more integration, and higher levels of self-sufficiency. Below are some specific verbatim received.

What could your current BPO(s)/outsourcer(s) be doing better to enhance the customer experience for your brand?

» *"Stop ticking off boxes and start improving training and coaching."*

» *"Improve agent communication competencies and the time it takes to resolve customer issues."*

» *"Provide better and more consistent coaching to production agents, including recognition for success and accountability for ongoing performance struggles to ensure that our vision for our brand's service model is delivered consistently and effectively."*

» *"Better training about the brand and reduce attrition."*

» *"Demonstrate ownership and do the fundamentals better."*

» *"Be more proactive on driving recommendations on how I can help improve the program rather than waiting for me to come with an issue or challenge."*

CUSTOMIZED VS. "OFF THE SHELF" SOLUTIONS AND NON-AGENT RESOURCES

Among survey respondents, the BPO products and services being utilized are, overall, an even mix between customized and "off the shelf" solutions. That said, organizational size played a noticeable role in the outcome of this question, with larger organizations more frequently associated with customized BPO solutions, especially among the largest survey participants by market cap, including several Fortune 500 names.
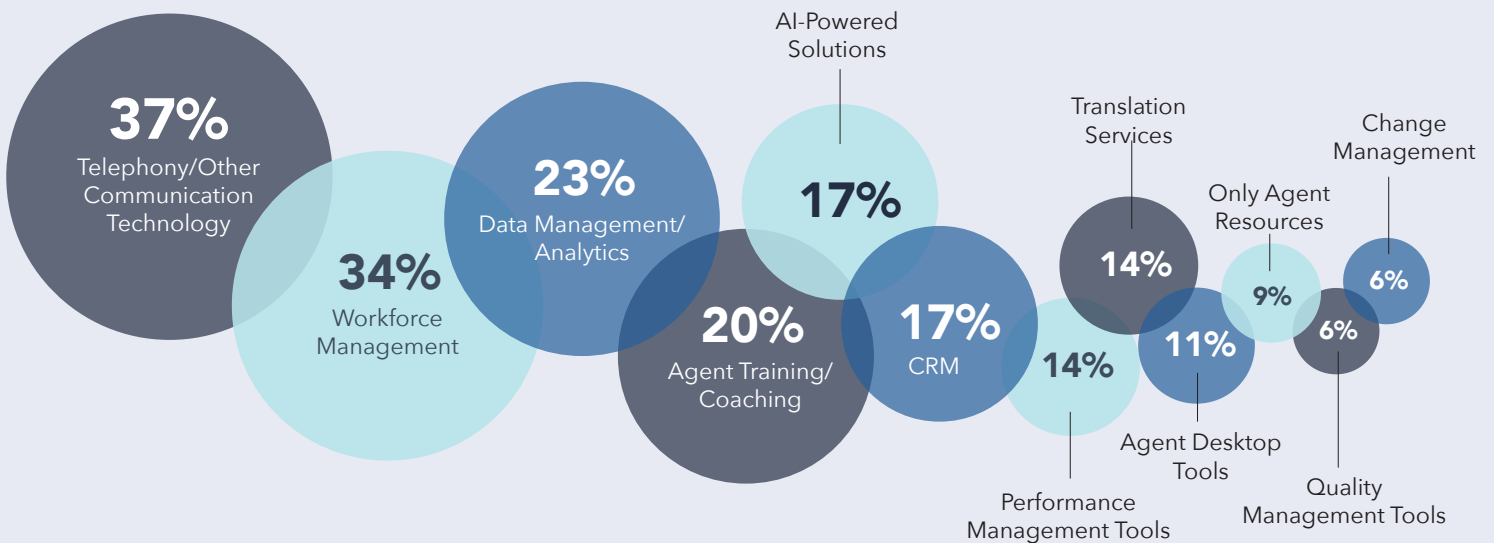
Do you currently outsource agent resources to one or more BPOs, outsourcers, or third-party providers?

YES
62%
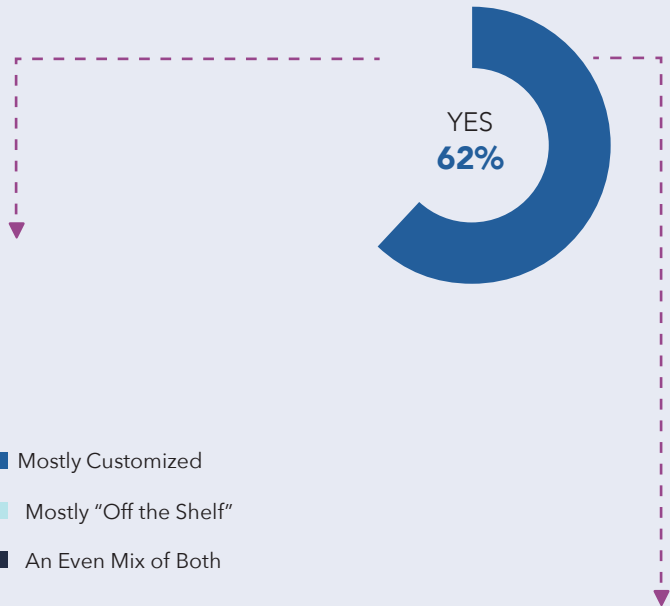
Are the products/services you are relying on from BPOs mostly customized or mostly "off the shelf"?

- 40%
- 24%
- 36%

- ■ Mostly Customized
- ■ Mostly "Off the Shelf"
- ■ An Even Mix of Both
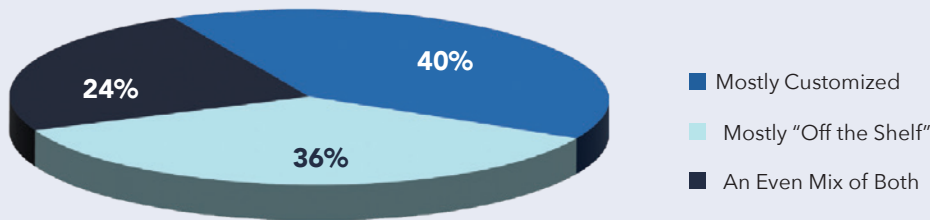
Workforce Management and Telephony (as well as other communication technologies) were the most common products/services to be added to existing agent resources. In conversations with CX leaders in follow-up to the online survey, it's clear that phone systems and physical technology stacks are often the domain of BPOs, and a number of small- to medium-size companies could speed up their adoption of technologies like AI and cloud by working with a trusted BPO. As brands work toward the complete digitization of their systems, they will continue to rely on the expertise of BPOs and outsourcers who have extensive experience in managing traditional call center technologies, with the expectation that these same BPOs can help with new digital transitions as they occur. Furthermore, about half of the respondents who indicated they were not currently using agent resources were, nonetheless, utilizing some other type of BPO/outsourcer service/product, most commonly Telephony and/or CRM systems.

Apart from agent resources, are you utilizing any other BPO/outsourcer services/products and, if so, which ones? (Check all that apply.)

- **37%** Telephony/Other Communication Technology
- **34%** Workforce Management
- **23%** Data Management/ Analytics
- **20%** Agent Training/ Coaching
- **17%** AI-Powered Solutions
- **17%** CRM
- **14%** Translation Services
- **14%** Performance Management Tools
- **11%** Agent Desktop Tools
- **9%** Only Agent Resources
- **6%** Quality Management Tools
- **6%** Change Management

PAST USE OF BPOs AND BARRIERS TO ENTRY

Do you currently outsource agent resources to one or more BPOs, outsourcers, or third-party providers?
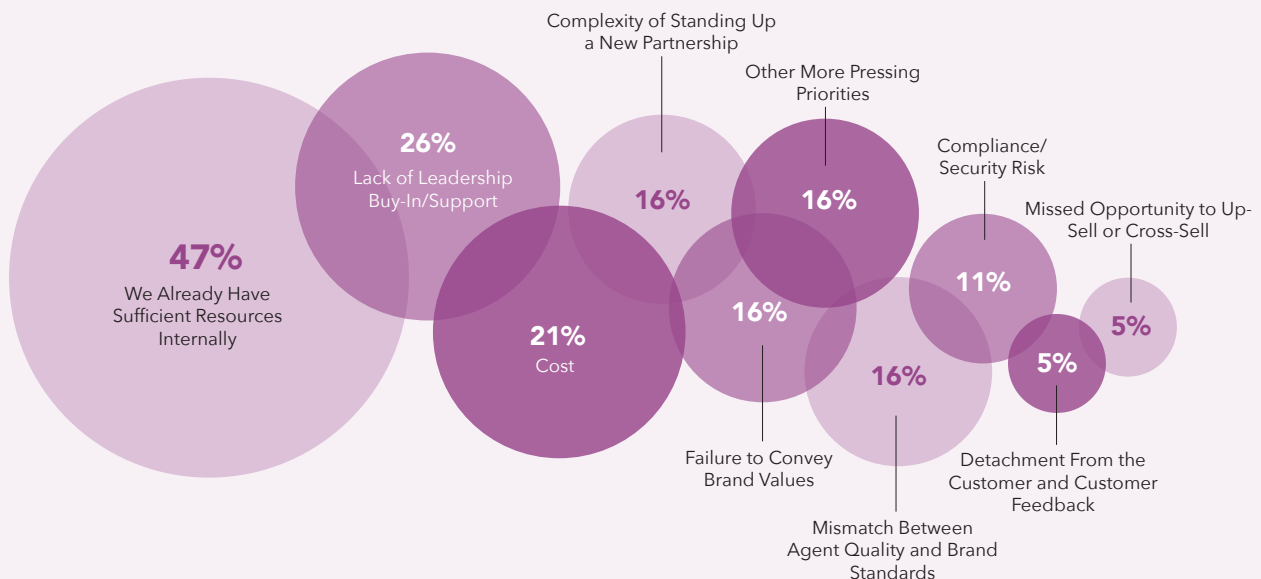
NO
38%

Although 40% of the survey respondents not currently using BPO/outsourcers for agent resources indicated they also hadn't in the past, this number was again strongly skewed by several small and micro-cap companies participating in the surveying. When the dataset is adjusted to better reflect a cohort of mid-cap companies or larger, the below numbers flip-flop, with about 60% of those currently not using a BPO/outsourcer having done so in the past.

Has your company used a BPO/outsourcer in the past?

YES
40%

NO
60%

Among respondents not currently using BPOs/outsourcers for agent resources, the biggest existing barrier to entry was "Already Have Sufficient Resources Internally," followed distantly by "Lack of Leadership Buy-In/Support" and "Cost." Interestingly, in follow-up conversations with survey respondents, it was unclear to some participants from smaller companies if they'd even realize a cost savings by turning to a third-party for agent resources. This, combined with various concerns for using a BPO (Page 28), was enough to leave some companies on the sidelines, even among brands that didn't specifically cite already having sufficient internal resources as a barrier to entry. When those brands with enough internal resources are removed from the pool of respondents, results follow a similar waterfall, with "Lack of Leadership Buy-In/Support" commanding a 56% result, followed by "Cost," at 44%.

What are the biggest barriers and/or reasons your company is not currently using a BPO/outsourcer? (Select all that apply.)

Complexity of Standing Up a New Partnership

Other More Pressing Priorities

Compliance/ Security Risk

Missed Opportunity to Up-Sell or Cross-Sell

26%
Lack of Leadership Buy-In/Support

16%

16%

11%

5%

47%
We Already Have Sufficient Resources Internally

21%
Cost

16%

16%

5%

Failure to Convey Brand Values

Mismatch Between Agent Quality and Brand Standards

Detachment From the Customer and Customer Feedback

PRIMARY DRIVERS AND GEOGRAPHIES CONSIDERED

Do you currently outsource agent resources to one or more BPOs, outsourcers, or third-party providers?

NO
38%

Among those companies not currently using a BPO/Outsourcer for agent resources, "Reduce Costs" was most frequently pointed to as a potential driver to start. "Gain Technology Expertise" was also an interesting result at 15%, suggesting to BPOs/Outsourcers such investments are worthwhile and could likely translate into new business wins in certain circumstances, especially in consideration that 60% of survey respondents would be willing to pay more for BPO/outsourcing services, depending on the suite of services and technologies offered.

If your company were to start using a BPO/Outsourcer, what would be your primary drivers?

0%
5%
10%
10%
15%
15%
30%
15%

■ Reduce Costs ■ Seasonality and Flexibility ■ Gain Technology Expertise

■ Improve the Customer Experience ■ Meet Staffing Requirements ■ Scalability and Growth

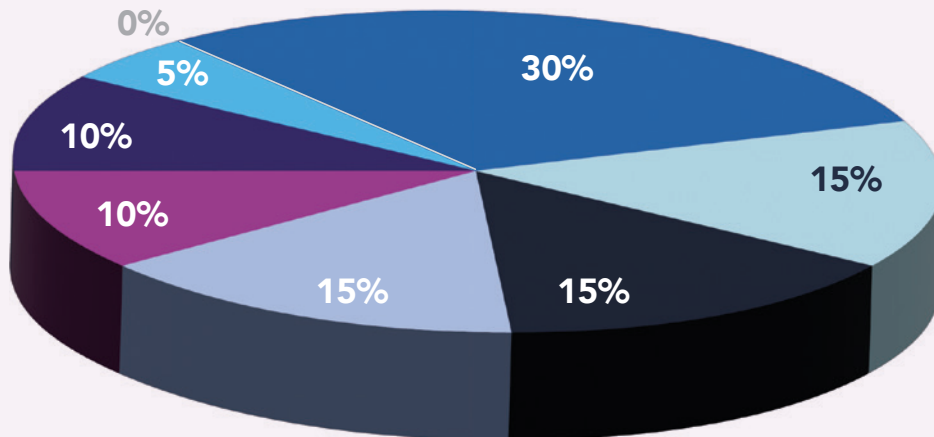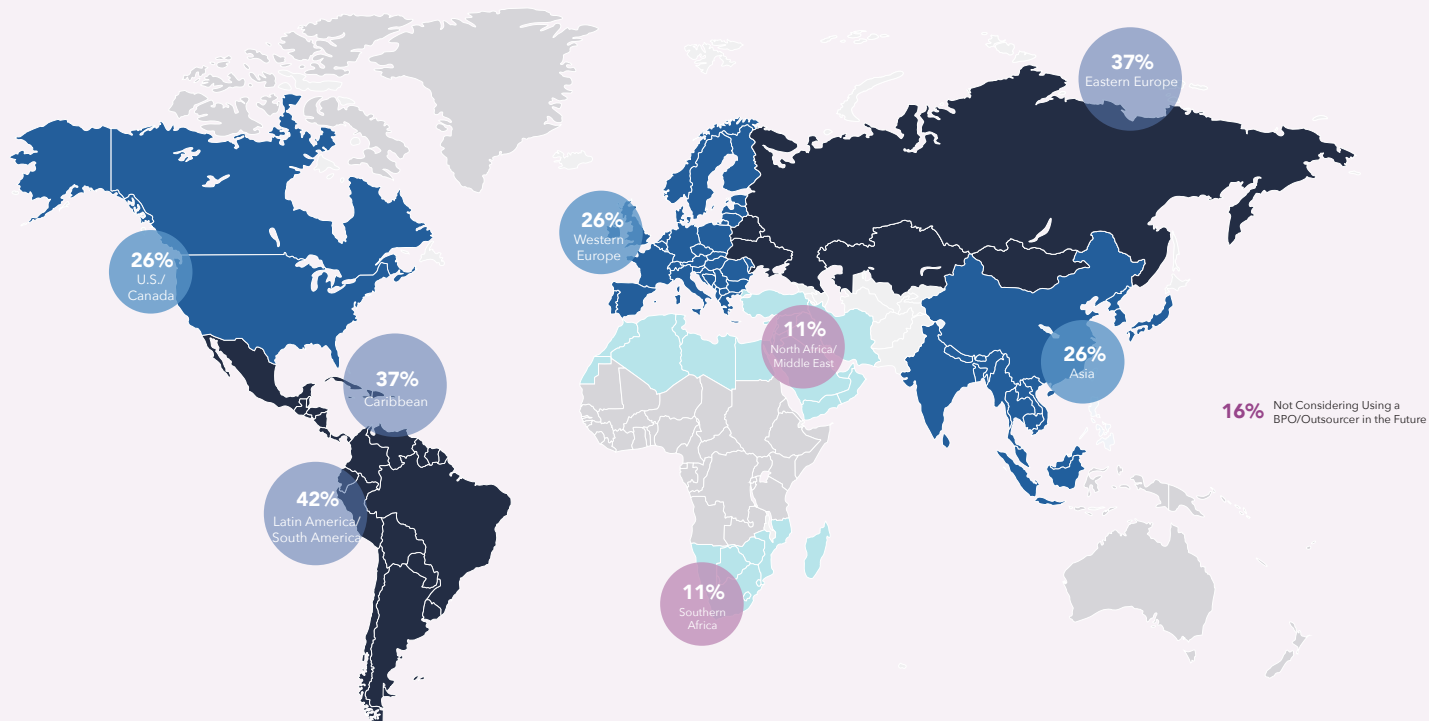■ Reduce Risk and Build in Redundancies ■ Acquire CX Expertise

PRIMARY DRIVERS AND GEOGRAPHIES CONSIDERED

Do you currently outsource agent resources to one or more BPOs, outsourcers, or third-party providers?

NO
38%
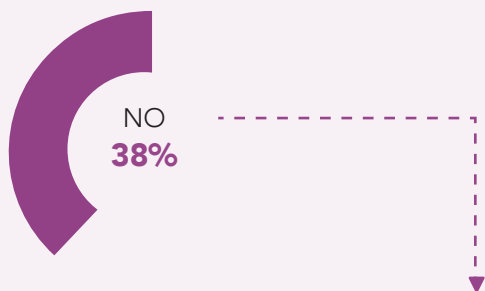
Among companies not currently using third-party agent resources, future interest by geography is centered in the Western Hemisphere, with Latin/South America, the Caribbean, and U.S./Canada getting the most attention. Eastern Europe also saw significant interest, while African regions saw the least amount of future intent. To build interest for non-traditional geographies, BPOs should consider how to better package and promote success stories, while also identifying clients who have shown themselves to be early adopters of other newly introduced regions and/or technologies/solutions.

If you were to begin using a BPO/outsourcer in the future, which geographies would you be considering? (Check all that apply.)

37% Eastern Europe

26% Western Europe

26% U.S./Canada

11% North Africa/Middle East

26% Asia

37% Caribbean

42% Latin America/South America

11% Southern Africa

16% Not Considering Using a BPO/Outsourcer in the Future

What experiences or words of wisdom do you have for brands that are exploring different outsourcer markets around the globe? Where have you found success?

"In my prior experience, which involved outsourcing for multilingual sales and service agents, I achieved successful partnerships in both Western Europe and North Africa, identifying partners who were highly regarded employers, enabling them to attract and engage a substantial number of skilled agents. These employers were in desirable areas, easily accessible from a variety of transit options and close to residential areas that would be affordable for their employees.

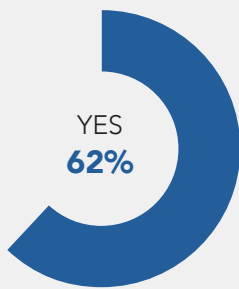We had partners in both Portugal and Morocco. Both locations attracted a population that was fluent in multiple languages, which allowed us to support several business units in one outsourced location. This gave us a larger number of agents, and allowed us to flex our staffing to the business units demand, which varied throughout the world.

Offerpad

Tracy Sedlak
Vice President, Customer Success

PRIMARY OBJECTIVES COMPARED TO PRIMARY DRIVERS

In a not quite apples-to-apples comparison, looking at the Primary Objectives of those currently outsourcing and the Primary Drivers that might compel an organization to start outsourcing, "Reduce Costs" is a top consideration. Among companies currently using third-party resources, items related to staffing levels (including "Meeting Staffing Requirements" and "Seasonality and Flexibility") was a Primary Objective among 37% of respondents, compared to 25% among those companies not utilizing such resources. In other words, outside of "Reduce Costs," resource need is a primary mover of action, indicating that the growth of available agent resources is driven by economic growth and labor market conditions as other factors.

Do you currently outsource agent resources to one or more BPOs, outsourcers, or third-party providers?

YES
62%

What is your company's primary objective for outsourcing?

- 33%
- 4%
- 11%
- 15%
- 15%
- 22%
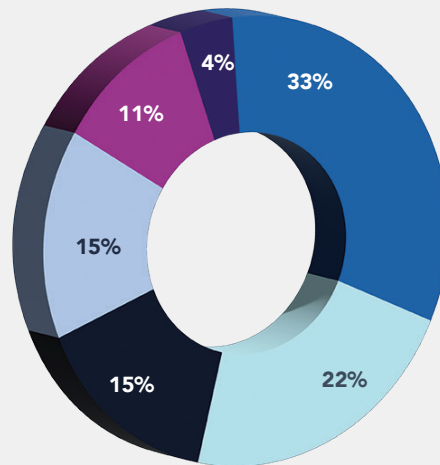
■ Reduce Costs ■ Meet Staffing Requirements ■ Seasonality and Flexibility

■ Improve the Customer Experience ■ Reduce Risk and Build in Redundancies ■ Acquire Subject Matter Expertise

Do you currently outsource agent resources to one or more BPOs, outsourcers, or third-party providers?

NO
38%

If your company were to start using a BPO/Outsourcer, what would be your primary drivers?

- 0%
- 5%
- 10%
- 10%
- 15%
- 15%
- 15%
- 30%
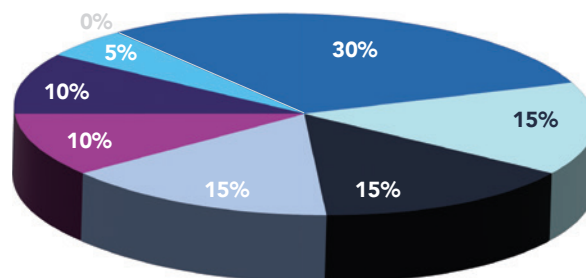
■ Reduce Costs ■ Seasonality and Flexibility ■ Gain Technology Expertise ■ Improve the Customer Experience

■ Meet Staffing Requirements ■ Scalability and Growth ■ Reduce Risk and Build in Redundancies ■ Acquire CX Expertise
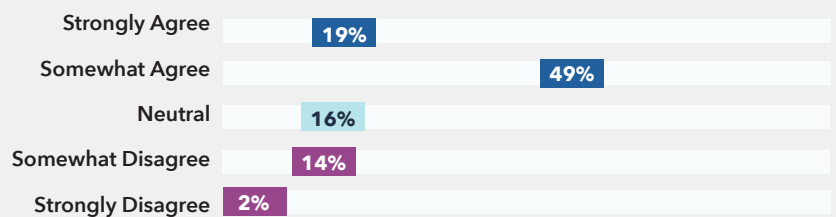
QA, TECH INVESTMENT, AND AGENT ENGAGEMENT/WELLNESS

How strongly do you agree with the following statement: BPOs do a good job of managing quality assurance and/or regulatory compliance.

51%
Somewhat Agree

16%
Strongly Agree

0% Strongly Disagree

Somewhat Disagree
14%

Neutral
19%
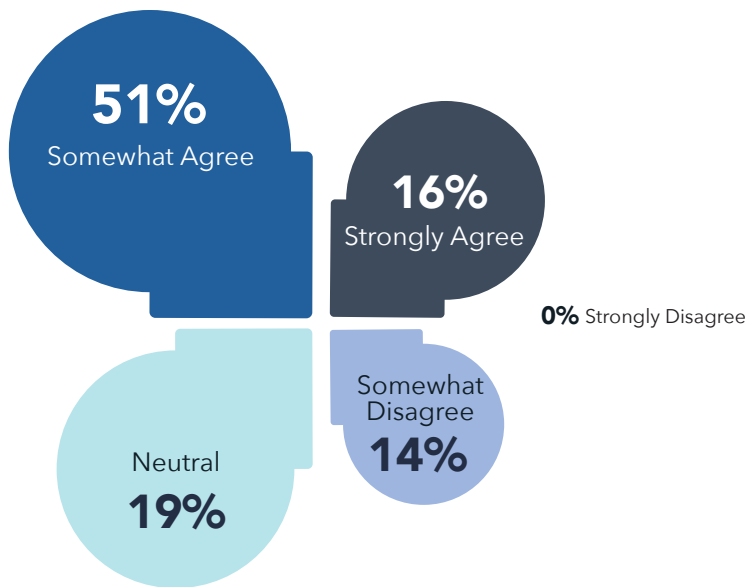
When asked about managing quality assurance (QA) and/or regulatory compliance, most survey respondents (67%) agreed that BPOs do a good job of managing in such areas. In follow-up conversations with two individuals who happened to "Somewhat Disagree" with this conclusion, attrition and training/coaching shortcomings were identified as the culprits. Misalignment of expectations was also mentioned, emphasizing the fact that providers must take the time to communicate clearly and with a purpose to understand the what and why of a QA program.

Echoing the results above, 68% of survey respondents agreed that BPOs were doing a good job of investing in technology to support agent performance. That said, several individuals in follow-up calls indicated that BPOs were behind the curve in implementing agent augmentation solutions, especially AI-powered assistance tools that could help agents navigate their knowledge bases and desktop tools. This was identified as a key area of opportunity by several CX leaders.

How strongly do you agree with the following statement: BPOs do a good job of investing in technology and programs to support agent performance.

|	
Strongly Agree	19%
Somewhat Agree	49%
Neutral	16%
Somewhat Disagree	14%
Strongly Disagree	2%

QA, TECH INVESTMENT, AND AGENT ENGAGEMENT/WELLNESS

Among all categories investigated, CX leaders were the least supportive of the job BPOs were doing in agent engagement and wellness, though 62% of survey participants were still positive in their response. Agent engagement and wellness remains pertinent, as many geographies continue to keep work-from-home policies in place. Not only do strong engagement and wellness programs lead to higher employee satisfaction levels, such programs also help reduce attrition rates, leading to higher performing agents and, subsequently, programs.

How strongly do you agree with the following statement: BPOs do a good job of investing in programs to support agent engagement and wellness.

Strongly Agree	25%
Somewhat Agree	37%
Neutral	20%
Somewhat Disagree	14%
Strongly Disagree	4%
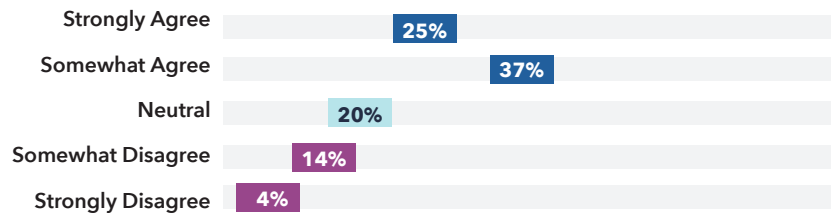
In your experience, what types of BPO programs have led to the biggest and most positive impact on agent engagement and wellness?

"According to the survey results, more than 60% of respondents agree that BPOs do a good job of investing in such programs. Our outsourcing partner has invested in and implemented effective programs that motivate agents through clear feedback, recognition, rewards, and growth opportunities. They promote work-life balance with flexible scheduling, wellness benefits, and social activities that reduce stress and boost satisfaction. Specific initiatives include fair compensation with overtime pay, using actual employees instead of models in recruitment ads, showcasing employee spotlights on social media, and frequent engagement events like talent contests, themed days, fashion shows, parties, and prize giveaways.

I also believe that our brand is pivotal in ensuring Style Consultants' (CSR's) satisfaction and engagement. We further incentivize them with significant cash incentives for achieving team and individual goals. We also provide coveted Michael Kors products that most hourly paid Style Consultants may be unable to afford, such as handbags, watches, and annual ready-to-wear clothing.

These rewards reinforce that our brand values their contributions. It makes our account exceptionally desirable to work on within the BPO thanks to the high engagement, exclusive job perks, and branded MK products they can proudly own. It boosts recruitment, enhances retention, and increases brand affinity and competency for the agents interacting with our loyal customers.

The BPO's existing engagement platforms, combined with our unique brand rewards that tap into the Style Consultants' aspirations, make our account a standout. It makes them feel invested in and enthusiastic about supporting Michael Kors, leads to better customer experiences, and fosters relationship-building with our customers. High job satisfaction reduces attrition risk, leading to recruiting and ramp-up costs. Overall, it's a win-win situation for the agents, BPO, and our brand reputation."
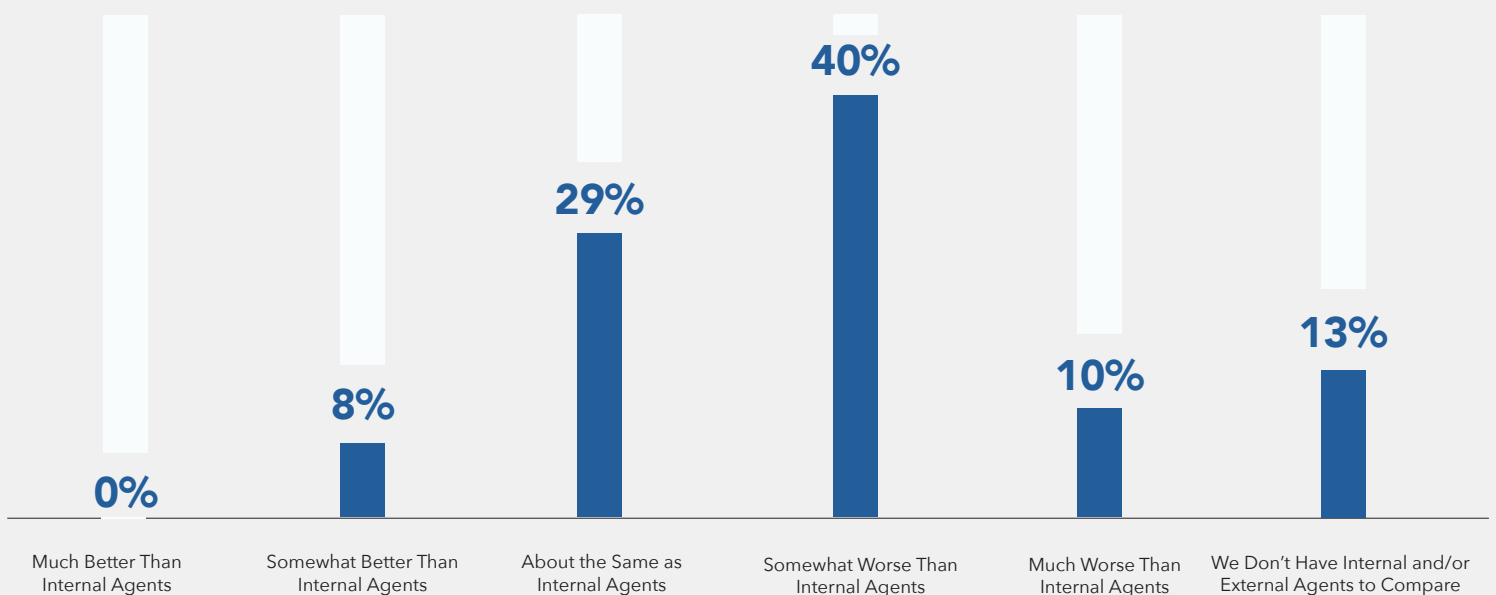
MICHAEL KORS

Ebrahim Hyder
Vice President, Customer Service

INTERNAL VERSUS OUTSOURCED AGENTS

Based on the survey responses received, BPOs are (compared to internal agents) behind both in quality and agent performance, as well as product knowledge and brand competency. And while BPOs are only moderately behind when it comes to quality and performance, they appear to be woefully behind when it comes to product knowledge and brand competency. There are likely multiple reasons for this, including the shift to WFH, which took place several years ago, and drew agents away from a centralized location, making hands-on opportunities with products more challenging. To help address this issue, BPOs should consider innovative, technology-based solutions to virtually expose agents to the products/services they represent. Furthermore, there is work to be done in investing the time and resources needed for partner leadership to understand the culture of the brands they represent, while strengthening strategic alignment.

Compared to internal agents, how would you generally describe the quality and performance of your outsourced agents?

2%	19%	34%	28%	2%	15%
Much Better Than Internal Agents	Somewhat Better Than Internal Agents	About the Same as Internal Agents	Somewhat Worse Than Internal Agents	Much Worse Than Internal Agents	We Don't Have Internal and/or External Agents to Compare

Compared to internal agents, how would you generally describe the product knowledge and brand competency of your outsourced agents?

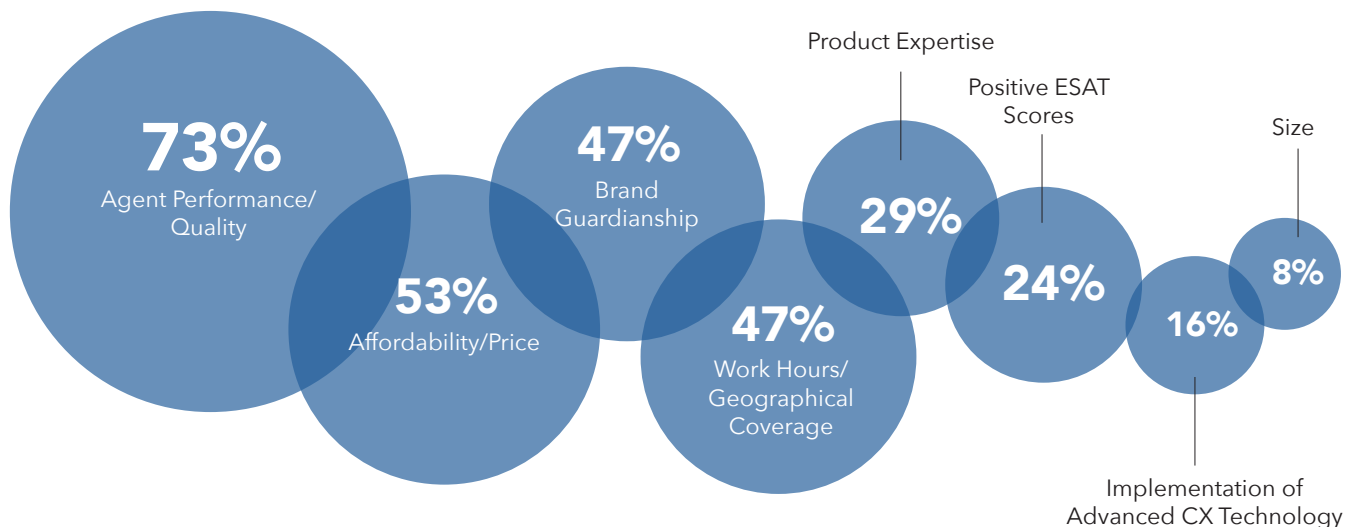| 0%	8%	29%	40%	10%	13%
Much Better Than Internal Agents	Somewhat Better Than Internal Agents	About the Same as Internal Agents	Somewhat Worse Than Internal Agents	Much Worse Than Internal Agents	We Don't Have Internal and/or External Agents to Compare

NON-NEGOTIABLES IN SELECTING A NEW BPO

Overwhelmingly, Agent Performance/Quality tops the list of "must-haves" when selecting a BPO/outsourcer. In post-survey conversations with CX leaders, several prerequisites were mentioned in the quest for exceptional agent performance/quality. The ones most touched on were:

1. Hiring the Right Individuals — CX leaders would like to be more involved in the hiring process, from partnering on hiring criteria to assurances that partners understand their business, their values, and their culture, while also understanding whether a specific geography is a strong or weak fit. Providers should be asking themselves whether the location and team can accommodate flexibility, in whatever way the client defines it, be it flex staffing, nimble IT, or the ability to understand and make strategic shifts.

2. Clear Targets and Expectations and Continuous Improvement (Performance Management) — Not only clear targets and expectations, but also a deep understanding of why these measures matter, both operationally and strategically. Monitoring must be robust and should lead to actions that positively impact not just the numbers, but the experience from the end user's perspective.

3. Onboarding and Speed to Efficiency Success — Agents who excel quickly are not only emblematic of a good hire, but are also an indication of good training, coaching, process, and execution. A successful onboarding process establishes an expectation for excellence and is an essential starting point for achieving fast ramp-up, while laying the groundwork for employee satisfaction.

4. Exceptional Training and Coaching — Last, but certainly not least, CX leaders see tremendous opportunity in how agents are positioned for success, namely, in how they are trained and coached. As the experts on their brand, culture, and products/services, CX leaders want to help shape the materials and approach to training and coaching, ensuring these activities are being conducted from a place of deep understanding.

Honorable Mention

Technology and Innovation — Several CX leaders mentioned the use of things like AI-powered agent augmentation, back-office support tools, and streamlined flows of data to help better position agents for efficiency and success. In many cases, brands want to look to their BPO providers as the experts in this area, proactively introducing better tools and technology into the program, especially when those tools and technologies play to goals and strategic objectives of their program.

Which of the following are "non-negotiables" when it comes to selecting a BPO/outsourcer? (Select all that apply.)

- **73%** Agent Performance/Quality
- **53%** Affordability/Price
- **47%** Brand Guardianship
- **47%** Work Hours/Geographical Coverage
- **29%** Product Expertise
- **24%** Positive ESAT Scores
- **16%** Implementation of Advanced CX Technology
- **8%** Size

NON-NEGOTIABLES IN SELECTING A NEW BPO

What are some of the ways you work with your BPO/Outsourcer(s) to push beyond "good enough" and improve in those areas that helped them initially win your business?

"

By implementing these strategies, you can foster a collaborative relationship with your BPO/Outsourcer, driving continuous improvement and pushing beyond "good enough" to achieve exceptional results.

CLEAR COMMUNICATION: Maintain open and transparent communication channels with your BPO/Outsourcer. Clearly communicate your expectations, goals, and areas for improvement. Regularly provide feedback on their performance and highlight specific areas where enhancements can be made.

PERFORMANCE METRICS: Establish key performance indicators (KPIs) and metrics to measure the performance of your BPO/Outsourcer. Regularly review these metrics to identify areas for improvement and set targets for enhanced performance. This will help both parties align their efforts toward continuous improvement.

COLLABORATIVE PROBLEM-SOLVING: Encourage your BPO/Outsourcer to actively participate in problem-solving and process improvement initiatives. Create a collaborative environment where ideas and suggestions for improvement are welcomed and valued. By involving them in decision-making and improvement processes, you can harness their expertise and drive innovation.

PERFORMANCE REVIEWS AND AUDITS: Conduct periodic performance reviews and audits to assess the quality of work delivered by your BPO/Outsourcer. These reviews can help identify any gaps or areas that need improvement. Use the findings to provide targeted feedback and work together to develop action plans for enhancement.

CONTINUOUS TRAINING AND DEVELOPMENT: Invest in the training and development of your BPO/Outsourcer's employees. Offer opportunities for skill-building and provide access to resources that can enhance their knowledge and expertise. This will enable them to deliver better results and stay updated with industry trends.

INCENTIVES AND RECOGNITION: Recognize and reward exceptional performance by your BPO/Outsourcer. Implement incentive programs that motivate them to go above and beyond the expected level of service. This can create a positive competitive environment and encourage continuous improvement.

INNOVATION AND TECHNOLOGY ADOPTION: Encourage your BPO/Outsourcer to embrace innovation and leverage new technologies that can bring efficiency and effectiveness to their processes. Stay updated with emerging trends and discuss potential opportunities for collaboration in adopting new tools or methodologies.

"

Mike Jones
Senior Director, Customer Care & Operations

KEY TAKEAWAYS AND
CONSIDERATIONS

Notable results from the "Current and Potential Users of BPO Service" section include:

• 62% of corporate survey respondents currently use BPOs for agent resources, with that number increasing to 75-80% when responses are restricted to mid-cap or larger organizations (Page 13)

• 40% of survey respondents said the BPO services they use (outside of agent resources) are mostly customized, while 36% said they are mostly off the shelf, with the other 24% claiming an even mix (Page 15)

• About 80-90% of CX leaders think internal agents perform the same or better than outsourced agents in the areas of quality, performance, product knowledge and brand competency (Page 22)

• The top "non-negotiables" among survey respondents in selecting a new BPO include Agent Performance/ Quality (73%), Affordability/Price (53%), Brand Guardianship (47%), and Work Hours/Geographical Coverage (47%) (Page 23)

The CX leaders that participated in surveying for this research showed a high level of awareness and understanding of the BPO space (70% being "Very Familiar" or "Extremely Familiar") and were generally unified in their perceptions and opinions. Most CX leaders (62-68%) feel BPOs are doing a decent job in areas like managing QA and compliance and investing in technology and program to support agent performance, as well as programs to support agent engagement and wellness. That said, CX leaders perceive internal agents to be better performers in all key areas touched on in the survey, including quality, performance, product knowledge, and brand competency.

How can BPOs/outsourcers move to best meet expectations?

First and foremost, CX leaders want assurances that there is leadership alignment between themselves and partner leadership, not just on the strategies and objectives of the program, but also on things like values, culture, and operational style. Clear communication, open collaboration, flexibility, and a shared vision of "Customer First" are all important ingredients in a successful client/BPO relationship. CX leaders seek partners that have a "can do" mentality, offer an abundance of flexibility, and are proactive in identifying and collaborating to overcome performance obstacles. It's a tough line to walk, but CX leaders are expecting maximum value from their BPOs without sacrificing end user experience, all while achieving continuous improvement in the areas of agent performance and effectiveness. BPOs can start this journey by asking for a frank assessment of their operation and performance, seeking to identify both weaknesses and strengths. Such assessments should not only focus on agent performance and productivity, but also examine the business relationship, hiring/onboarding, technology, training/coaching, and responsiveness to shifts in program objectives and priorities. Once the strengths and weaknesses have been identified, plans should be drafted to start remedying the shortfalls and capitalizing on the strengths, all the while communicating plans and targets to clients, as well as critical stakeholders across both organizations.

BARRIERS, CONCERNS, AND
OPPORTUNITIES

BARRIERS TO GREATER VALUE AND ENHANCING VALUE

Among the responses received to the open-ended question below, three central themes emerged. The most common (mentioned in a third of all responses received) was lack of product/brand knowledge among agents, and even among partner leadership. The second most common theme touched upon in a quarter of all responses received was agent attrition. And the third theme, mentioned in about 15% of all responses, was the outsized focus on the profitability of a program at the expense of results.

Below are some verbatim of the responses received:

In your opinion, what are the biggest barriers/challenges BPOs/outsourcers face in delivering greater value to their clients?

» *"Agent turnover impacting product/service knowledge."*

» *"Over-indexing on meeting KPIs versus understanding root cause analysis/changing behaviors, as well as communicating and addressing performance issues proactively."*

» *"Agent's ability to truly understand the customer and the brand. Also, agent empowerment could be improved."*

» *"Brand awareness and product knowledge."*

» *"Active and aligned leadership between high-level executive leaders, account managers, site leaders and frontline leaders."*

» *"BPOs are so P&L focused that they forget doing the right thing will yield better results in the long-run."*

The central theme in the responses received to the open-ended question below revolved around BPOs taking a more proactive approach not only in terms of optimizing operations, but in understanding the business or their clients. CX leaders want BPOs to proactively discover and act on performance improvement opportunities, doing so collaboratively. Modernization, enhanced flexibility, and better recruiting (lower attrition) were also high on the list.

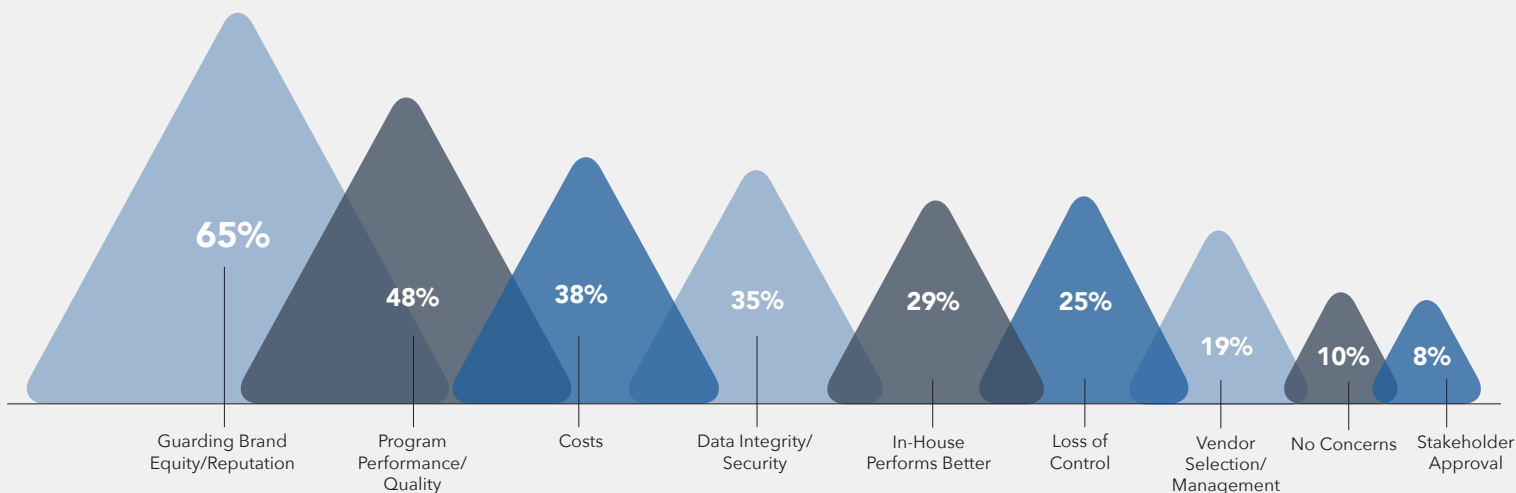Below are some verbatim of the responses received:

What is the one thing BPOs/outsourcers could and should do to enhance the value they provide to their clients?

» *"Proactively communicate performance challenges AND solutions."*

» *"Focus on continuous process improvement. By consistently evaluating and optimizing their operational processes, adopting innovative technologies, and staying updated on industry best practices, BPOs can deliver more efficient and cost-effective services."*

» *"Act more like the client in proactively discovering and actioning performance improvement opportunities before the client identifies them."*

» *"Better understand the clients and the products and industry they serve."*

» *"Own the customer experience results as if they were your own and manage performance closely through coaching, recognition, and accountability."*

» *"Provide more digital first capabilities."*

» *"Always recruit talent that aligns with the business."*

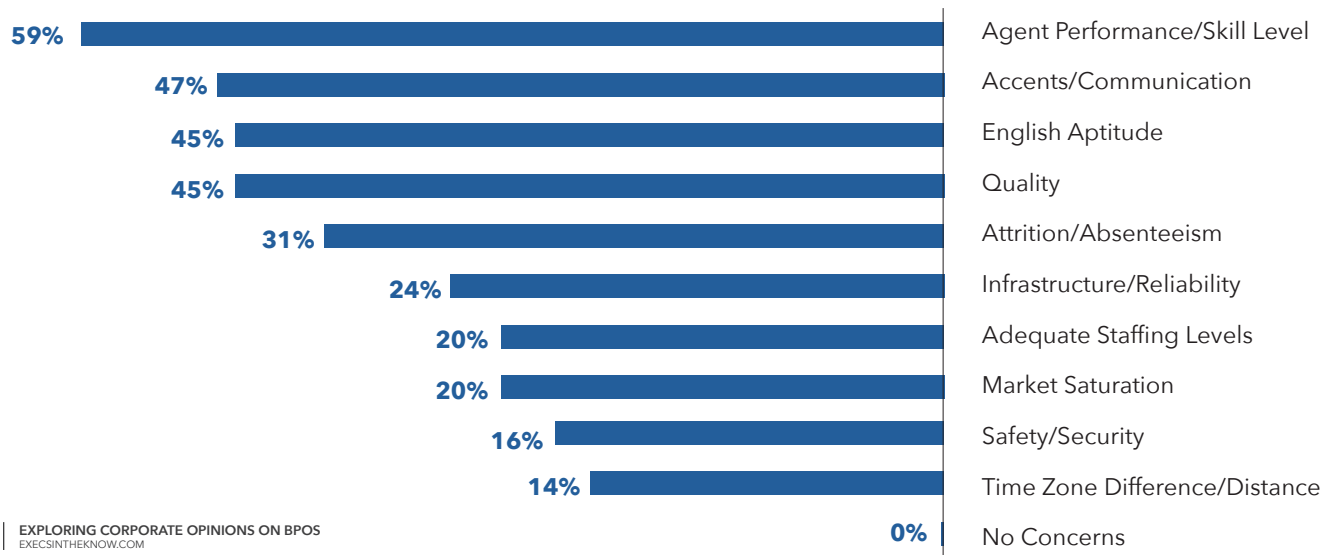# CONCERNS WITH OUTSOURCING AND OFFSHORE/NEARSHORE

As reflected elsewhere in this report, CX leaders express a lot of concern not just with how BPOs/outsourcers represent their brands but, by extension, how well they understand their brand's culture, core values, and the products/services themselves. Secondary to this are concerns with agent performance and quality, which explains CX leaders' concerns with recruiting, onboarding, training, and coaching, all of which have a direct impact on performance. One of the easiest ways BPOs can address these concerns is to invest in a more collaborative approach, while truly investing the time to understand not just client needs, but also those of the end user. See the following page for insights into the biggest threats in properly guarding a brand's equity.

Which concerns, if any, does your organization have with outsourcing in general? (Select all that apply.)

Concern	%
Guarding Brand Equity/Reputation	65%
Program Performance/Quality	48%
Costs	38%
Data Integrity/Security	35%
In-House Performs Better	29%
Loss of Control	25%
Vendor Selection/Management	19%
No Concerns	10%
Stakeholder Approval	8%

In turning to concerns with offshore/nearshore providers, responses swirled in primarily four areas, all of which focused on the agents themselves. In post-survey conversations and open-ended survey questions, much has been said about opportunities to improve BPO recruiting practices, so it comes as little surprise the number one concern is Agent Performance/Skill Level. Several CX leaders commented that BPOs should take the time to truly understand the skill set and knowledge required, rather than just focusing on hitting quotas. Hitting a quota might feel like success, but it's ultimately shortsightedness in what some CX leaders hope to be a long-term partnership.
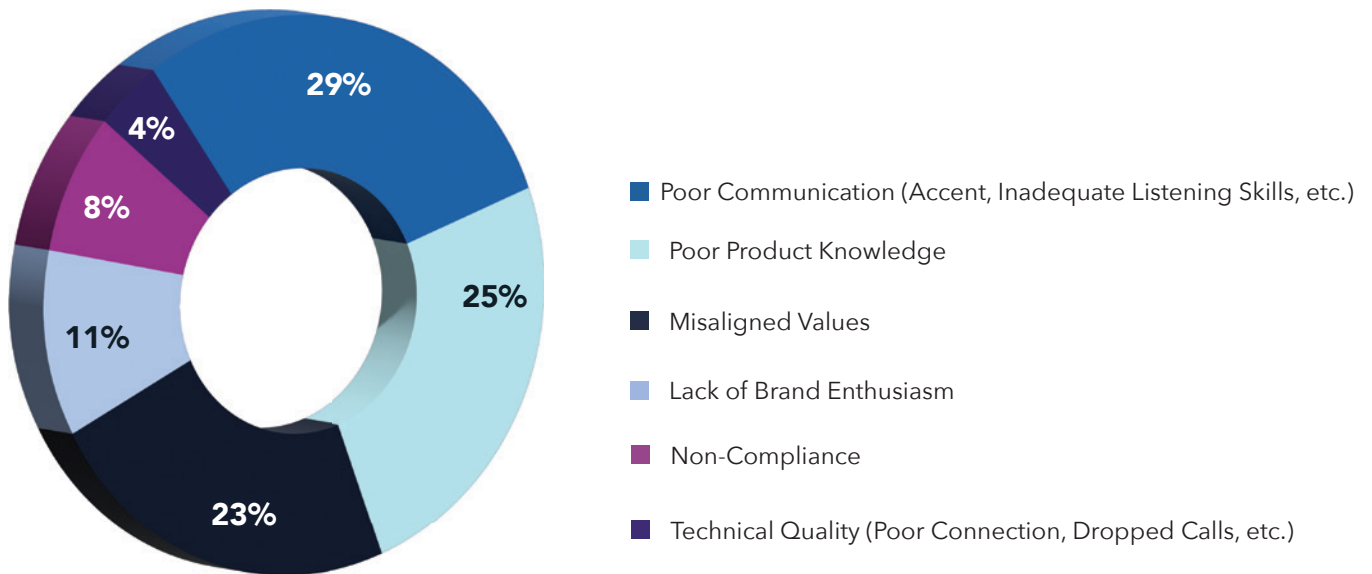
Which concerns, if any, does your organization have specific to offshore/nearshore BPO providers? (Select all that apply.)

Concern	%
Agent Performance/Skill Level	59%
Accents/Communication	47%
English Aptitude	45%
Quality	45%
Attrition/Absenteeism	31%
Infrastructure/Reliability	24%
Adequate Staffing Levels	20%
Market Saturation	20%
Safety/Security	16%
Time Zone Difference/Distance	14%
No Concerns	0%

THREATS TO GUARDING BRAND EQUITY

As highlighted at the bottom of the previous page, poor agent communication (accent especially) is a major concern with offshore/nearshore locations. It also topped all other concerns among CX leaders when it comes to potential threats in guarding a company's brand equity. Likewise, "Poor Product Knowledge" and "Misaligned Values" ranked as top threats, dovetailing together as a single concern voiced repeatedly — that is, a BPO's leadership failing to take the time to truly understand a client's business and products/services, and have that understanding trickle down from the top.

In your opinion, which of the following poses the greatest threat to a BPO/outsourcer properly guarding a company's brand equity?

29%
4%
8%
25%
11%
23%

- Poor Communication (Accent, Inadequate Listening Skills, etc.)
- Poor Product Knowledge
- Misaligned Values
- Lack of Brand Enthusiasm
- Non-Compliance
- Technical Quality (Poor Connection, Dropped Calls, etc.)

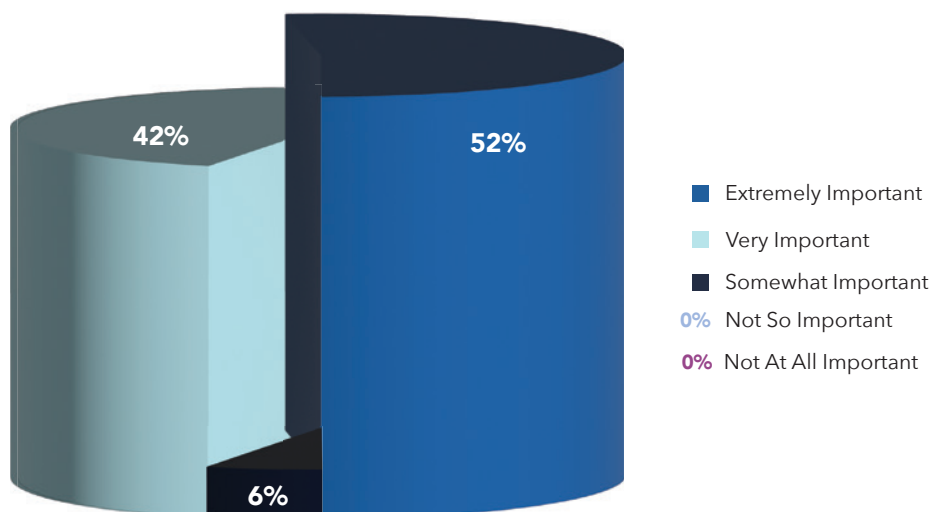# DEFINING FLEXIBILITY AND ASSIGNING IT IMPORTANCE

As might be expected, most of the responses received (54%) to the open-ended question below touched on a BPO's ability to ramp resources up/down, as needed. From a macro perspective, some CX leaders defined flexibility as the ability of their BPO partners to adapt to a new way of doing business based on their client's needs. In practice, this could mean investing in new technology, adjusting contract structures, or finding innovative ways to contain costs. Regardless of how CX leaders defined flexibility, there was near-universal consensus on the importance of BPOs/outsourcers being flexible.

Below are some verbatim of the responses received:

If you were looking for "flexibility" from a BPO/outsourcer, how would you define "flexibility"?

» *"The ability for my partner to scale up or down as my business needs dictate."*

» *"Flexibility in making investments and agile enough to support the business needs as they evolve."*

» *"Willingness to adopt my philosophies and way of doing business, embracing them as their own."*

» *"I define flexibility as being able to adapt to seasonal volume flow and fluctuation while working within a 90-day forecast model."*

» *"Having the IT infrastructure, HR, and Training to shift program/project focus without sacrificing CX and transparency."*
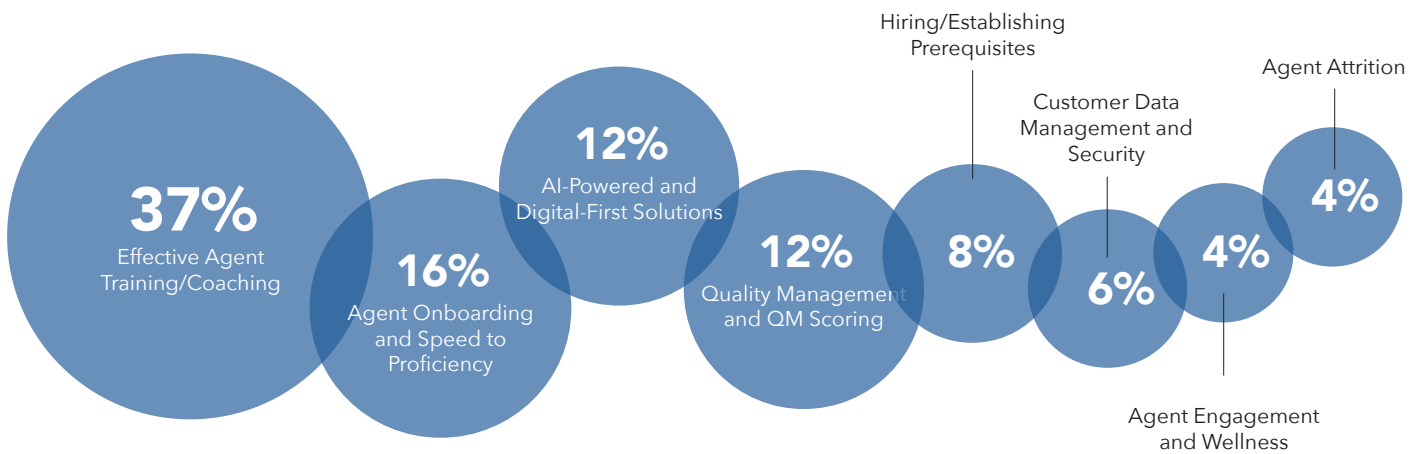
In thinking about "flexibility" as defined in the previous question, how important is flexibility from a BPO/outsourcer?

- 52% Extremely Important
- 42% Very Important
- 6% Somewhat Important
- 0% Not So Important
- 0% Not At All Important

WHERE CX LEADERS WANT BPOs TO FOCUS

In a pair of questions designed to suss out what's truly important to CX leaders, agent onboarding, training, coaching, and speed to proficiency are all far and away the top opportunities for improvement for BPOs. In open-ended response opportunities and follow-up discussions, CX leaders indicate they want to be more heavily involved in these activities to make sure candidates have the right aptitude to represent their brands, and ensure training and coaching practices are designed around the culture and values of their brands — not just checking a box, crossing "T"s and dotting "I"s. Among the "Other" responses received to the bottom question, CX leaders are looking for better candidate screening, better alignment between brand, provider, and end user, and better training/development of frontline support teams.

If you are or were using a BPO/outsourcer and could establish greater oversight and insight and increased budget into a particular area, which area would it be?
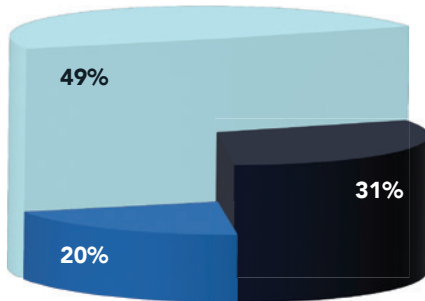
- **37%** Effective Agent Training/Coaching
- **16%** Agent Onboarding and Speed to Proficiency
- **12%** AI-Powered and Digital-First Solutions
- **12%** Quality Management and QM Scoring
- **8%** Hiring/Establishing Prerequisites
- **6%** Customer Data Management and Security
- **4%** Agent Engagement and Wellness
- **4%** Agent Attrition

If you could direct a BPO/outsourcer to place more focus and resources on one of the following, which would you choose?
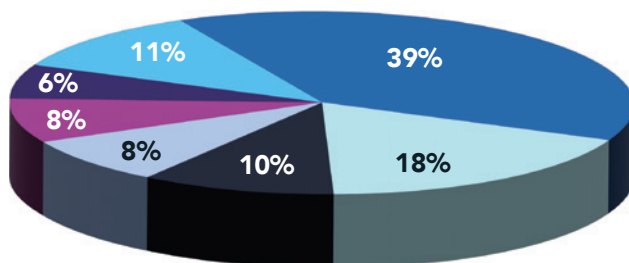
- **39%** Better Agent Training and Onboarding
- **18%** Tech to Support Cost Reduction Via Greater Agent Utilization
- **10%** Tools to Enhance Visibility of BPO Performance
- **8%** More Tech to Improve Agent Engagement with AI
- **8%** More Digital-First Capabilities to Enhance CX
- **6%** Better Knowledge Management
- **11%** Other

IMPORTANCE OF PRICE, PAYING MORE, AND WHERE BPOS SHOULD INVEST

**How important is the price/cost when it comes to using a BPO/outsourcer?**

49%

31%

20%

- ■ Extremely Important
- ■ Very Important
- ■ Somewhat Important
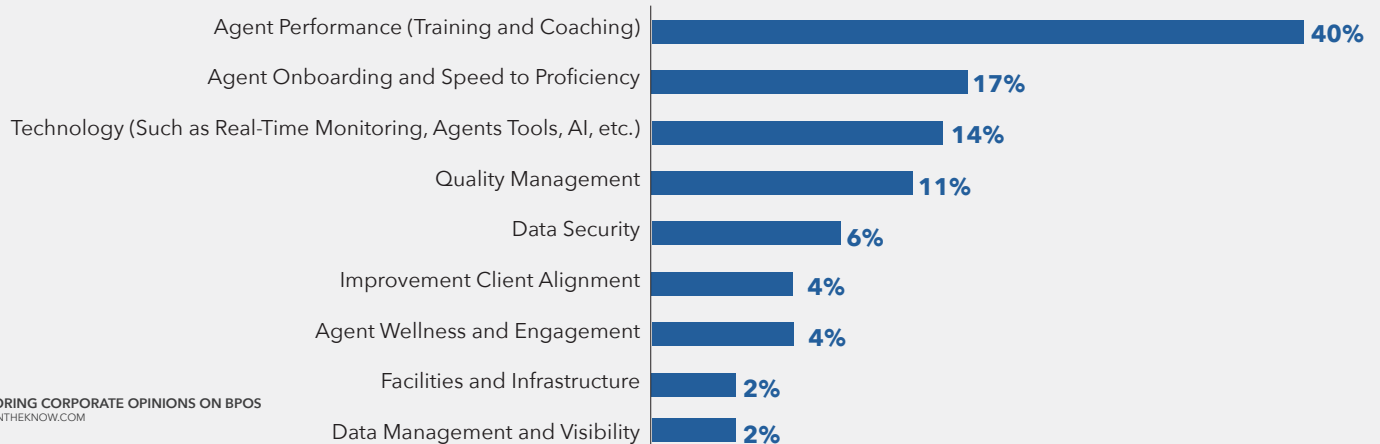- **0%** Not So Important
- **0%** Not At All Important

While CX leaders undoubtedly focus a lot of energy and attention on a daisy chain that starts with better recruiting and training, leading to better performance and an improved customer experience, cost is still ever-present in the brand-BPO relationship. Nearly 70% of survey respondents consider price/cost "Extremely" or "Very Important." As such, there are unique opportunities for BPOs who can deliver on their quality and performance promises while also delivering flexible and creative ways to meet client needs when it comes to cost.

A firm majority of survey respondents (60%) said they'd be willing to pay a little more for BPO services based on the technology offered by a provider. In follow-up discussions with CX leaders, the baseline case for a technology suite warranting higher pay includes elements like agent augmentation solutions (i.e., AI-powered agent assistance), tools that lead to faster proficiency ramping, and flexible bolt-on solutions that don't result in a captive relationship. Many CX leaders want the freedom to bring their own technology with them, and being able to integrate that technology across different providers is sometimes essential, though often a tough challenge in practice.

Would you be willing to pay more for BPO/ outsourcer services based on the suite of services and technologies offered by the provider?

YES
60%

NO
40%
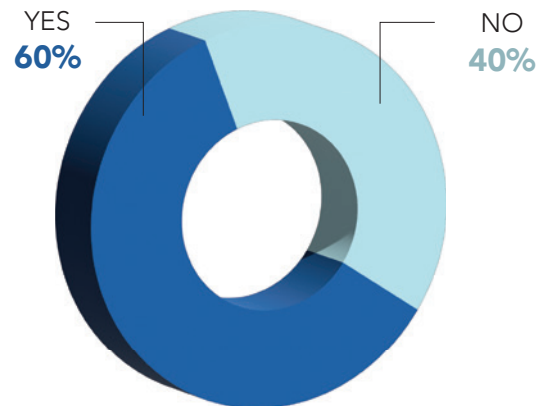
In yet another question designed to identify areas of potential focus, this time from the end user's perspective, CX leaders again point to agent onboarding, training, and coaching. As reflected above, better technology solutions also play a role. In follow-up conversations with select survey respondents, the most commonly mentioned technology solutions included agent augmentation, continuous improvement and program insight solutions, and greater integration with internal technology solutions.

In your opinion, where should BPOs/Outsourcers be investing to most positively impact the customer experience for end users?

Agent Performance (Training and Coaching)	**40%**
Agent Onboarding and Speed to Proficiency	**17%**
Technology (Such as Real-Time Monitoring, Agents Tools, AI, etc.)	**14%**
Quality Management	**11%**
Data Security	**6%**
Improvement Client Alignment	**4%**
Agent Wellness and Engagement	**4%**
Facilities and Infrastructure	**2%**
Data Management and Visibility	**2%**

KEY TAKEAWAYS AND **CONSIDERATIONS**

Notable results from the "Barriers, Concerns, and Opportunities" section include:

• Among the top concerns CX leader have with outsourcing in general are Guarding Brand Equity/Reputation (65%), Program performance and Quality (48%), Costs (38%), and Data Integrity/Security (35%) (Page 28)

• Survey respondents feel the biggest threats to BPOs properly guarding a brand's equity include Poor Communication (29%), Poor Product Knowledge (25%), and Misaligned Values (23%) (Page 29)

• 94% of CX leaders consider "flexibility" to be "Extremely Important" or "Very Important" for BPOs, with "flexibility" most commonly being defined as the ability to ramp resources up and down, as well as adapt to the values, mission, and culture of the client (Page 30)

• Agent-related attributes (onboarding, training, coaching, and speed to proficiency) is the top area among respondents when asked where BPOs should focus attention, oversight, and budget (Pages 31 and 32)

When it comes to barriers, concerns, and opportunities, CX leaders focused on primarily three areas: Agent Training/Coaching, a proactive approach for partners, and appropriate candidate selection/hiring specific to the brand/product. CX leaders expressed concerns for how well outsourced agents perform and communicate. This was especially true for the latter in nearshore and offshore markets. Paramount for most CX leaders is flexibility, defined not only as the ability to ramp up and down from a resource perspective, but the flexibility to adapt to changing program dynamics, priorities, and objectives. Additionally, through online surveying and follow-up Zoom interviews, a number of CX leaders expressed their strong desire for partners that start with understanding their products, values, and mission, and using that knowledge to proactively identify ways to strengthen operations and ultimately improve the experience for end users.

How can BPOs/outsourcers move to best meet expectations?

In several follow-up conversations, CX leaders expressed a frustration with feeling they are solely responsible for identifying challenges and opportunities with program performance. These individuals are hungry for change in this area, seeking assurances that their BPO partner is equally invested and engaged in continuous improvement efforts and identifying opportunities for better operational efficiencies. BPOs should start by identifying what flexibility means to their client and the program. Invite client program managers to participate in the hiring and onboarding process, ensuring that brand- and product-specific needs are prioritized. Finally, CX leaders want to see more investment and focus on the primary driver of agent performance — training and coaching. BPOs might want to consider how they are measuring and monitoring for training and coaching success, providing clients with ample opportunity to shape not only who gets hired, but how they are onboarded, trained, and coached.

CustomerServ
COMMENTARY

CustomerServ
COMMENTARY

DOES BPO INDUSTRY KNOWLEDGE ALONE GUARANTEE BPO PARTNER PERFORMANCE?

According to the survey, 70% of respondents are extremely to very familiar with outsourcing and BPOs, with 22% somewhat familiar. The question specifically asks about the brand's knowledge of the BPO vendor landscape, capabilities, and costs. Therefore, if 92% of respondents have expert to moderate knowledge of BPO sourcing, then we should expect these brands to realize positive outcomes, consistency, and strong performance from their BPOs, correct? But, this isn't always the case.

As indicated in the question asking respondents to discuss what their BPOs could be doing better, the answers are somewhat surprising, although not to us here at CustomerServ. The thinking is, if most respondents know the BPO landscape and are relatively savvy buyers of outsourcing services, why does it appear that the respondents' BPOs are falling short in critical areas? This question, and the corresponding responses, are an excellent representation of today's BPO industry and the challenges that even the most experienced buyers of outsourcing services are facing in terms of outsourcer selection and performance delivery.

BRANDS SHOULD BE DELIGHTED WITH THEIR BPOS, BUT MANY ARE NOT.

When asked what BPOs can do better, some of the quotes from survey respondents point to their BPOs not executing daily blocking and tackling — which should be a given when selecting an outsourcing partner. Another glaring and consistent problem is the BPO is reactive, not pro-active. Again, if the right due diligence was implemented on the most qualified BPOs, the brand should have seen a clear demarcation between BPOs that "sell" and BPOs that "do."

The brand should have selected BPOs that demonstrate better flexibility, agility, innovation, agent-engagement, training, performance management, culture, leadership, frontline depth, and a pro-active mindset, not BPOs that leave the brand expecting higher standards. All of this should have been distilled during the sourcing and selection process.

THE SURVEY POINTS TO BROADER, INDUSTRYWIDE BRAND-BPO PERFORMANCE ISSUES.

With respect, if the brand has applied its industry knowledge of the BPO landscape, vendor selection and management, why is the brand asking their BPO to get "Call Center 101" best practices right? This should be the least of the brand's concerns, if the right BPO partner(s) were selected.

This points to a fundamental and classic problem in our industry — vendor selection is an inexact science. Even the savviest buyers of outsourcing services with ironclad due diligence, sourcing governance and vendor management practices don't always get it right.

If you're not getting the basics right from your BPOs, you may have to rethink the relationship. And, you could avoid the costs of unraveling untenable relationships by selecting the right BPOs from the start.

CustomerServ
COMMENTARY

ADVICE ON VENDOR SELECTION.

Vendor selection is all about the **right fit, the right offer, and the right time**. Don't focus on the short-term; instead, try to visualize performance, account management, and the chemistry between your organization and the selected BPO(s) after the salespeople have moved on to chase the next logo for the BPO.

Big doesn't = best. Defaulting to large and high-profile vendors isn't always the best strategy. A majority of CustomerServ's clients successfully diversified to mid-size and smaller BPOs with ample horsepower and more customer intimacy. A healthy balance of the right-size BPOs is often always the best strategy for successful outsourcing.

Your business should always be attractive, desirable, and valued by any size outsourcer you choose. Pick collaborative partners who will be inventive and nimble and prioritize your business — not just today, but every day. Too many BPOs attempt to cover up their gaps with fancy packaging and a nice shiny bow. In contrast, the elite vendors — those that lead the industry in customer experience and client retention — generally will not oversell their services. You want a provider that is invested in building a healthy, sustainable, and strategic relationship with you, minus the sales one-liners, clichés and sales jargon.

TIPS TO OUTSOURCE MORE SUCCESSFULLY.

Outsourcing can be as successful as you set it up to be. I'm often asked if there is a magic formula for creating a successful client-vendor relationship. There is — and it is rooted in a few simple things:

» **Narrow your vendor selection search to the most qualified providers** — don't cast a wide net with blind RFPs and expect to find your best partner.

» **Expectation setting** — Do it early and communicate it clearly, internally with your stakeholders and to your BPO(s).

» **Mutual transparency** — The brand and its BPOs should be honest and straightforward about their operations and openly share information about processes, objectives, performance, and results.

» **Mutual accountability** — In addition to holding each other accountable for reaching objectives, continually ask, how can we work together to achieve better results? How do we collaborate with the end customer's best interests in mind?

» **Bilateral service agreements** — Compensation terms and contract terms should be fair and equitable, not onerous and one-sided.

» **Flexibility and agility** — Building flexibility and agility into the partnership allows both companies to adapt to change in a quick and coordinated manner.

» **Crisis management** — How vendors comport themselves when things are going badly separates "good" from "great" client-vendor relationships.

» **Self-assessments** — Ask: How can we be a better client? How can we be a better vendor?

TIPS ON BPO PRICING AND COSTS.

Brands must focus on value, not cost. Brands and CX leaders must do a better job of educating their respective organizations about the BPO industry landscape and current market conditions in order to set the right expectations. Too often, sourcing managers require impossible pricing, because another BPO bid an unrealistic, below-market rate to buy the business — this is not the standard that every BPO in the process must be judged on.

While cost reduction is always among the top (3) reasons to outsource, only one-third of survey respondents stated that cost is the primary driver. Therefore, two-thirds of respondents stated that other factors are driving outsourcing decisions. These results coincide with industry trendlines — that cost is no longer the only factor in determining outsourcing decisions. Access to new human capital, expertise, staffing efficiencies, impact sourcing, redundancy, and a broader adoption of outsourcing by companies of all sizes are among other critical reasons why brands are making strategic decisions to invest in more outsourcing, or to start outsourcing for the first time by migrating some or all head count from in-house to BPO.

SUMMARY

Once synonymous with cost reduction, outsourcing is increasingly viewed as a high-value partnership that is reshaping the CX roadmap. Evolving consumer demands, rapidly advancing technology, including AI and RPA, and an unpredictable business environment are just a few factors contributing to the fast-growing demand for outsourcing. BPO partner selection is key to successful outsourcing. If you approach BPO services like they are a commodity, expect a commoditized and easily replaceable BPO with mediocre results.

I really appreciate the opportunity to contribute to this important survey by NICE and Execs In The Know, and I wish everyone a tremendously successful year ahead!

Nick Jiwa
Founder & President

Nick's professional journey started humbly as a call center agent in the early days of the industry. Nick helped pioneer business process outsourcing (BPO) as we know it today, initially in operations and ultimately as an executive leader. In 2006, Nick launched CustomerServ — the customer experience (CX) industry's authentic outsourcing ecosystem. Nick and CustomerServ help corporate brands and CX leaders outsource smarter, with the right BPOs and more effective sourcing strategies. Nick is a thought leader, BPO expert, CX leader, author, mentor, relationship builder, and an impact sourcing advocate. His vision has led to over 100,000 new call center jobs worldwide, and over $3 billion in successful outsourcing relationships. Nick was born in Tanzania, emigrated to the USA in 1974, and his first language was Swahili. Nick is a graduate of The City University of New York. He loves soccer, '80s music, collecting vintage memorabilia, and is a WWII buff. Nick resides in Houston, Texas, and fields his passion for life into his family, community, and advocacy.

METHODOLOGY

This report, *Exploring Corporate Opinions on BPOs,* was developed based on results derived from a custom 32-question survey delivered via the SurveyMonkey online platform.

Surveying occurred from December 8 through December 22, 2023. Private invitations to partake in the survey were delivered by email to the Execs In The Know community and via promotion within Execs In The Know's private online community, Know It All. Invitations targeted individuals responsible for managing BPO and outsourcer programs and relationships at Business-to-Consumer (B2C) and B2C/Business-to-Business (B2B) organizations, primarily in the United States and Canada.

The survey benefited from the participation of 52 CX leaders with sample sizes ranging from 19 to 52 responses. Smaller sample sizes are reflective of select results in combination with a screening question designed to divide the cohort into two specific groups: companies currently utilizing agent resources of one or more BPOs/outsourcers, and those that are not. These groups were then asked a set of questions specific to their situation.

In addition to the online surveying, a select number of survey participants were interviewed via Zoom to discuss specific responses they provided as a part of the survey, and also to discuss BPOs more broadly to garner additional insights and context.

ABOUT
EXECS IN THE KNOW

Execs In The Know brings together customer experience (CX) leaders from across industries in an effort to advance the conversation and set a new agenda for delivering amazing experiences for consumers. As a global community of the brightest minds in CX, Execs In The Know provides opportunities to learn, share, network, and engage to innovate. Operating under the motto, "Leaders Learning From Leaders," Execs In The Know facilitates many opportunities for community engagement, such as its bi-annual national Customer Response Summit and private, online community, Know It All "KIA." There are also exclusive, laser-focused engagements like industry briefings and executive roundtables. Execs In The Know also guides and informs the industry with a rich tapestry of CX-related content that includes *CX Insight* magazine, industry research, webinars, blogs, and much more.

To learn more about Execs In The Know, visit www.execsintheknow.com.

ABOUT
NICE

With NICE (Nasdaq: NICE), it's never been easier for organizations of all sizes around the globe to create extraordinary customer experiences while meeting key business metrics. Featuring the world's #1 cloud native customer experience platform, CXone, NICE is a worldwide leader in AI-powered self-service and agent-assisted CX software for the contact center — and beyond. Over 25,000 organizations in more than 150 countries, including over 85 of the Fortune 100 companies, partner with NICE to transform — and elevate — every customer interaction.

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Execs In The Know

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