

## Outsourcing vs. In-house

### *Assessing the True Cost of Business*

Outsourcing tele-channel activity is widely accepted to have numerous advantages over building an in-house model. The primary manner that companies will see a return on their investment materializes in the form of time savings, cost savings and additional revenue generation. But what are the dynamics that drive this savings? Here are some of the underlying factors:

- **Ramp-up** - Because an outsource provider has core competencies in developing and executing large customer contact projects, you can quickly and efficiently custom design a program to fit your exact needs.
- **Infrastructure Costs** - An outsource provider has already made large infrastructure investments, such as office space, I/T systems (servers, PCs, software, database architecture, etc.) and other fixed costs. This not only reduces up-front capital costs but yearly operational costs as well, since an outsource provider amortizes those costs among many clients.
- **Personnel Costs** - Staffing costs involve more than salary and burden your internal systems by adding healthcare expense, payroll taxes, scheduling, vacation, sick time and a host of other management logistics that require large time investments. In addition, a reduction of the in-house workforce can translate to significant unemployment costs.
- **Training Investment** - Training is one of the most critical time investments in call center operations, and it is a key area in which in-house operations exceed their cost projections. A quality outsource provider has the trained staff and programs already in place to effectively support your products without large time investments on your staff.
- **Performance** - In study after study, high quality outsourcing companies have demonstrated greater performance than their in-house counterparts. This is driven in part by the fact that an outsource provider must prove its value every day or risk losing your business to a competitor.
- **Cost of Sale** - An outsource provider is a lower cost channel for doing business by way of task substitution. By shifting customer interaction to lower cost sales channels, it permits the field sales force to focus their time on large opportunities.
- **Scaling** - Outsourcing also enables an organization to scale up or down, depending on marketing conditions and current programs. While a spike in activity can create havoc with in-house marketing departments, an effective outsource partner can anticipate and scale to your customer demands, ensuring that sales opportunities do not go cold.

Research demonstrates that companies that completely outsource can achieve 15% to 30% in cost savings over time, with enhanced customer satisfaction and reduced management oversight and distraction from business focus. This can result in a considerable impact on your bottom line.

Channel Source Direct can help you strategically plan and implement a sales and marketing program that will generate better results for your organization. For a complete consultation or to schedule an appointment, please call CSD at 1.800.385.5141.