


CREDIT UNION CALL CENTER OUTSOURCING

8 Reasons to Use a Third Party Outsourcing Provider



An exploration of the tangible benefits credit unions gain by partnering with call center outsourcers



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Global Call Center Trends

For businesses of all sizes and in nearly every industry, call/contact centers now play a central role throughout the customer cycle – from identification to acquisition and service. A dynamic contact center orchestrates resources and capabilities to align with customer expectations and business objectives. It enables organizations to rapidly respond to the changing dynamics of member service and the business environment.

According to Avaya Research, statistics show that global front-office BPO (Business Process Outsourcing) services, of which call center outsourcing is a major category, have been growing at more than 10% per year since 2005. And this trend has accelerated since the recent recession.

Also, there has been a major backlash against off-shoring – where the outsourcing company is located in a different country – amidst heavy criticism from many state and local governments as well as large numbers of frustrated consumers. The result is many of those jobs are now coming back to America.

So why are companies increasing their usage of third party call center services? For many years previous to 2011 the primary reason given for investing in call centers was consistently to reduce operating costs. However, interestingly, recent call center industry research has pointed toward increasing customer/member satisfaction as the new #1 priority for call center investment.

San Francisco-based Ventana Research, a leading benchmark research and business technology advisory services firm, recently conducted an extensive analysis of call center trends across numerous industries.¹ In their *2011 Agent Performance Management Benchmark Research* report they asked company CEOs for their top reasons for investing in call center outsourcing; here are the results:

- 54% Increase Customer Satisfaction
- 18% Reduce Operating Costs
- 10% Adhere to Regulations
- 7% Gain Competitive Advantage

This research and others like it highlight a key, global call center investment priority shift from purely cutting cost to one of customer experience and customer satisfaction/retention.

Credit Union Call Center Trends

Credit union decisions have fallen in lockstep with this same global growth trend in partnering with call center outsourcing providers. Why so? What credit union business factors are contributing to this trend?

In its recent report entitled *Insights Into 2012: Credit Unions Balance Growth, Efficiency and Compliance*, Abound Resources shares the results from its annual survey of senior executives in credit unions across the U.S. about their priorities, plans, and concerns for the upcoming year. Abound's CU survey findings provide us clues as to why credit unions are increasingly adopting call center outsourcing services. We will highlight some of these findings in the appropriate sections throughout this document.

Call center outsourcing has been growing at more than 10% per year since 2005.

– Avaya Research

Abound's CU survey findings provide us clues as to why credit unions are increasingly adopting call center outsourcing services.

– Abound Resources CU Survey

What are Typical CU Call Center Outsourcing Services?

Let's first define exactly what these call center outsourcing services encompass.



Credit union call center outsourcing providers, depending upon their degree of interface to your core data processing system, can provide a very comprehensive level of inbound call support to your members 24/7. This includes full member service support and may also include taking member loan applications over-the-phone. An outsourcer can supplement your internal member services efforts by taking overflow calls during the workday as well as after-hours and/or weekend calls; this “co-sourcing” model is by far the most commonly selected choice among credit unions. The credit union can decide

what volume of member calls they wish to pass to the third party company; some choose to pass nearly all of their calls.

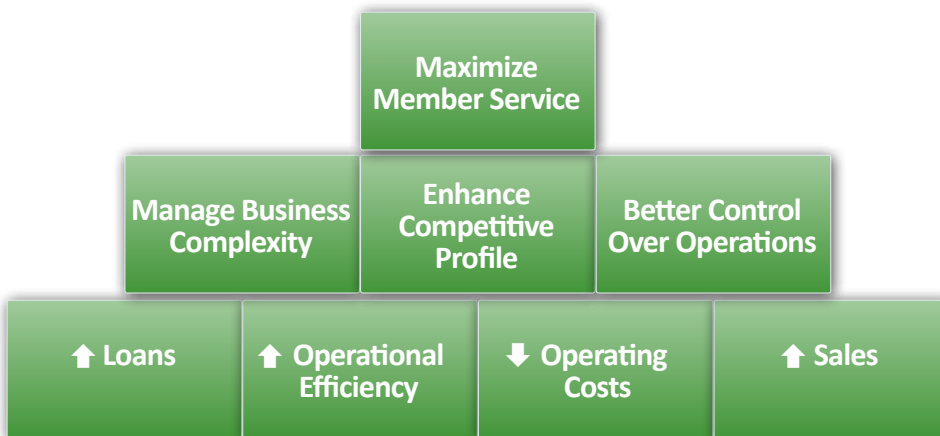
Inbound member services call support (including taking loan applications by phone) is principally what we're referring to in this white paper, though third party providers typically offer additional services to include online loan application functionality, outbound calling services, collections services, mortgage services, etc.

When the third party inbound call support vendor is being used to supplement the credit union's primary internal call center, or member services department, a more appropriate term often used is “co-sourcing” with the term “outsourcing” used when the third party assumes the primary inbound call center role for the credit union. However, since outsourcing is the more commonly known general description for these types of services, and for simplicity, we'll use only the word “outsourcing” throughout this document to describe any scenario where a credit union is utilizing a third party vendor, no matter to what extent.

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Top 8 Reasons to use a CU Call Center Outsourcing Provider

So why should you consider investing in call center outsourcing services? We've adopted the pyramid approach to display the top eight most commonly cited reasons by credit unions. Since the current global priority for call center investment is to increase customer/member satisfaction and that goal clearly aligns with what the credit union industry is all about, we've placed that at the pinnacle of the pyramid. The four benefits on the bottom of the pyramid form a solid foundation to build on; the three above that result from and add to the foundational benefits, and these seven reasons/benefits collectively contribute to the top cited reason and ultimate business goal of Maximizing Member Service.



The priority of reasons will differ from one credit union to the next. Some of these may apply to your credit union; others may not. There is some inevitable overlap among these benefits.

The four benefits on the bottom of the pyramid form a solid foundation to build on; the three above that result from and add to the foundational benefits, and these seven reasons/benefits collectively contribute to the top cited reason and ultimate business goal of Maximizing Member Service.



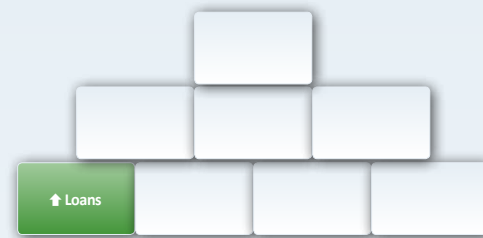
1. Increase Loans

Abound Resources' *Insights Into 2012: Credit Unions Balance Growth, Efficiency and Compliance* report highlights the top credit union CEO concerns for 2012 are a continuing weak economy and loan demand (70%) followed by regulatory burdens (53%).² Credit unions are looking to utilize any feasible channels for adding quality loans to their portfolio.

Most third party call center outsourcers will provide the capability to take member installment loans, including home equity loans, over-the-phone 24/7. This gives the credit union member an expanded window of time to apply for a loan, enhancing member access and convenience. The application is taken and delivered by the third party to the credit union for final approval/fulfillment. Typically, the credit union only pays a nominal fee to the outsourcer when an application is taken. In addition, most outsourcers also provide the option of using their online loan application offering. These services will increase loan volume.

Most providers have their own software for inputting member loan applications taken over the phone; often times this software is not interfaced to the credit unions lending or core systems so the information must be passed to the CU and re-keyed by CU personnel.

At AnyHour Solutions we provide an enhanced service where we will take the loan application over-the-phone, but using the CU's web-based lending system. The key advantage here is the web-based application is often already interfaced to the core so the app may be automatically populated with stored member account information, and the completed app is interfaced into the core, eliminating the need to have a CU employee rekey this information. This reduces the amount of time it takes for the outsourcer to complete the member session and greatly streamlines the entire loan application process.



The top credit union CEO concerns for 2012 are a continuing weak economy and loan demand.
—Abound Resources CU survey

Some outsourcers will take the loan application over the phone, and input it using the CU's web-based lending system to streamline the interface.

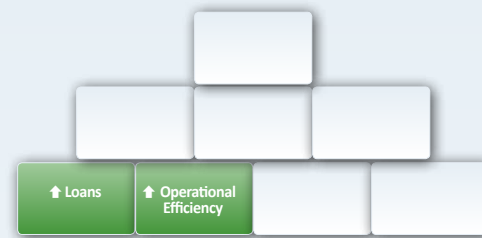
2. Enhance Operational Efficiency

The Abound Resources survey report for 2012 notes: “There’s a real juggling act occurring in credit unions as executives struggle to balance their desire for growth with the needs for greater efficiency. Consistent with prior surveys, operational and technology efficiency remain high priorities.³ In fact, the reported #1 CEO cost saving priority for 2012 is improving efficiency ratios/becoming more efficient.”⁴

The key ingredient for a successful contact center operation includes proper integration of people, processes, and technology to affect the highest efficiency levels. More and more credit unions are turning to third party call center providers who specialize in effectively and seamlessly integrating these three critical areas in order to help achieve an entirely new level of member service and satisfaction. This benefit then accrues to the outsourcer’s credit union client and their members.

I. Outsourcer Efficiencies (Economies of Scale)

- a. **Technology.** Many credit unions now sit on systems and applications that have grown over time in all directions and at this point are rapidly coming apart. Call center service providers tend to have better access to the rising tide of new technologies (e.g., agent workflow systems, state-of-the-art phone/ACD systems, customer relationship management software, front-end call center systems, and the various on-demand/ cloud computer solutions – to name just a few). Outsourcer economies of scale make these technology capabilities more affordable and their credit union clients receive the resulting technology efficiency benefits without having to invest the large sums to do so.
- b. **Agent Training and Infrastructure.** Today’s call center agents need an expanding skill set to include not just strong phone skills, but also the ability to craft an email response or handle online text chat sessions to the member’s satisfaction. There may be a need to interface via social networking technology (i.e., Facebook, Twitter, LinkedIn). Call center agents are expected to access the customer’s contact information utilizing the applicable scripts and knowledge base to address questions during a live conversation. The need for ongoing, enhanced agent training and the necessary infrastructure support is growing and increasingly difficult to keep up with. Third parties tend to be better at these functions since they’re laser focused on providing these services across multiple credit unions and must be equipped to respond to a large variety of member service demands and requirements.
- c. **Shrinkage.** Shrinkage is defined as the time call agents are not logged into the phone/ACD system taking member calls. Shrinkage categories include absenteeism, tardiness, vacations, holidays, breaks, training, coaching, team meetings, projects, paperwork, call research/follow-up, emails, and knowledge base work. According to Knowlagent’s 2011 call center industry survey, the average call center industry shrinkage rate is 26%. By industry, outsourcers reported the lowest percentage of agent time spent in shrinkage at just under 20%.⁵ Here again, outsourcers are able to adopt technologies and strategies for making their call agents more efficient that credit unions either cannot justify or are unaware of.



In fact, the reported #1 CEO cost saving priority for 2012 is improving efficiency ratios/ becoming more efficient.
– Abound Resources CU survey

- d. **Innovation and speed-to-market.** The outsourcer has the infrastructure, staff and domain expertise to move quickly on your behalf to new market opportunities.

II. Outsourcer Efficiencies (Other)

- a. **Engaged Agents.** In a recent study Gallup found that 15% of US workers were “disengaged.” As evidenced by very high call agent turnover levels, this percentage is likely even higher in our nation’s call centers. Disengaged employees cost their employers on average 46% of their salaries in lost productivity.⁶ Disengaged employees have a 23% probability of turnover within 12 months, compared to less than 1% probability among highly engaged employees.⁷ More disturbing than the hard costs of turnover are the costs associated with disengaged employees that stay with our companies. Their effect on lost productivity can be devastating.

As a result, many outsourcers strongly focus their attention on employee satisfaction/engagement. Some are much more successful than others. As an example, AnyHour Solutions has been able to maintain average call agent tenure at more than 5 years and annual agent turnover rates less than 10% for the last 10 years running. This level of agent engagement well exceeds the call center norm.

- b. **Loan Application Efficiency.** As mentioned earlier, some outsourcers are willing to take member loan applications 24/7 using the credit union’s online lending system to ensure the information is automatically integrated to the credit union’s lending or core systems, thereby eliminating any need for CU staff to rekey loan app information. In addition, the loan application is automatically populated with member account information stored on the core system eliminating the need for the outsourcer to ask the member for this information thereby greatly streamlining the process. This comports well with internal workflows and compliance requirements.

III. Credit Union Efficiency Gains

- a. **CU Staffing Efficiency Gains.** Many credit unions that employ an internal call center will use a third party provider to assist during peak times during the day (normally first thing in the morning, around lunch time, and in the late afternoon/evening). This allows the credit union to staff to a certain level without having to overstaff to cover peak times. In addition, after hours and weekend internal staffing is typically inefficient and more subject to disruptions. A third party is there to take those calls 24/7 and the credit union simply pays a nominal per-minute or per-application fee.
- b. **Manage Through Business Disruptions.** A credit union’s internal call center is at risk every day for business disruptions (i.e., agents and/or supervisors out due to illness, medical leave, vacation, turnover, etc.) In a small call center it only takes one or two absences to begin elevating hold times and call abandon rates. A third party provider can always be there, in the background, to alleviate call volumes in any disruptive situation. The outsourcer’s larger footprint puts them in a position to easily handle unanticipated client call volume spikes.

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- c. **Expand hours without adding staff or infrastructure.** As credit unions grow, many experience the problem of having no space to house additional call agents. To do so can be costly and inefficient. Utilizing a third party provider to supplement their in-house call center in essence allows the credit union to handle increased member call volumes and expanded hours without having to add additional staff or infrastructure.
- d. **Handling CU Promotions.** Due to their scale, third party providers can normally comfortably handle spikes in call volumes due to specific credit union promotional programs. This alleviates the credit union from having to staff-up to handle this volume or suffer through poor call handling.



3. Reduce Operating Costs

Sliver-thin interest margins, reduced consumer demand for loans, the reduction of interchange income, and paltry return on their own investments have combined to make credit unions search for noninterest income and effective operating expense reduction measures. Credit unions are finding ways to reduce expenses and overhead, maximize their profits and expand their capabilities by using third party call centers that specialize in serving members.

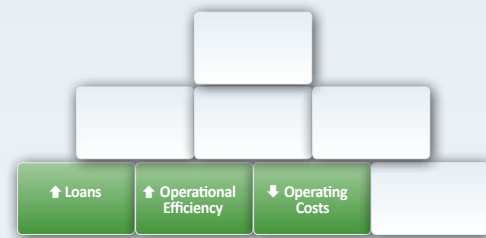
According to a recent NAFCU Flash survey, 72% of NAFCU members have call centers with fewer than 20 MSRs. While very large credit unions can also realize savings by employing an outsourcer, it's the vast group of these smaller to medium-sized credit unions that tend to benefit even more.

In addition to the obvious costs of MSR wages and benefits (normally calculated at 25% of MSR wage rate), a credit union must also factor in additional operational costs of an internal call center that are often overlooked or underestimated. Here's a look at some of these other cost areas and how they are normally factored into an analysis:

Supervision. Any contact center with more than a handful of agents must have a supervisor. Using the conservative assumptions of an agent to supervisor ratio of 10 to 1, and a supervisor's salary at 10% greater than the agents, then the cost of supervising is equal to 11% of the MSR wage rate plus benefits.

Overhead. Everyone is familiar with overhead that includes items such as rent, utilities, insurance, furniture, training, payroll, legal, etc. For call centers, there are IT costs as well, which include specialized hardware (servers, PCs, headsets, phone systems, etc.), software (front-end systems, ACD, IVR, call recording, workflow management, call analysis, etc.), and network costs (VoIP integration, high speed internet, WAN connectivity, etc.) Industry standards are to factor in these overhead costs at 25% of the MSRs total salary plus benefits plus supervision.

Turnover/Attrition – Hard Costs. No matter the industry, call centers are infamous for turnover. The costs of turnover can be the single largest cost variable in a call center and the one most often overlooked. A well run call center may enjoy a modest 10% annual turnover rate, though it is generally accepted that 40% - 80% annual turnover is common in the call center industry. Credit union industry cost estimates range from \$5,000 to \$20,000 to put an agent to work (i.e., recruiting, hiring, training, etc.)⁸ A conservative industry estimate is to consider turnover costs to average 15% of an MSRs salary plus benefits plus supervision.



FREE COST ANALYSIS:

AnyHour Solutions has constructed a cost analysis calculator that factors in these various cost variables listed in this section. It's called *The Contact Center Insourcing vs. Outsourcing Cost Comparison*. You can use this tool to construct your own internal cost analysis.

To obtain a free copy of this spreadsheet, please email your request to Steven Holmes, VP Strategic Development, at sholmes@anyhoursolutions.com. Please include your name and CU name.

Credit unions that consider all cost factors in their analysis will normally determine they can save significantly by using an outsourcing provider. Here are some additional, yet intangible, cost benefits:

Turnover/Attrition – Intangible Costs. Intangible losses from agent turnover include lost productivity from reduced morale/engagement of remaining employees, potentially resulting in increased absenteeism and even more turnover; lost institutional knowledge; and lost business. These soft intangible costs can easily dwarf the hard costs, but can vary a lot and are difficult to quantify. Turnover is a silent killer of profits and cannot afford to be ignored. Once again, these costs of turnover are all absorbed by the outsourcer.

Location Advantage. In addition, many third party call center providers are located in areas more outlying to major metropolitan areas. This allows them to keep their relative labor costs down; this savings can then be passed on to their clients.

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4. Increase Sales

A call center outsourcer can be a “strategic asset” for your credit union. Their services and policies should be consistent with and complement the credit union’s strategic vision, brand, and goals.

The Abound Resources report *Insights Into 2012: Credit Unions Balance Growth, Efficiency and Compliance* highlights the number one growth priority for credit union CEOs in 2012 is improving sales and marketing methods (57%), a somewhat significant increase from 2011 (44%).⁹ In response to this finding Abound states: “We only hope that credit unions will finally do the hard work needed to reverse the anti-sales culture common in many credit unions and quickly evolve from order takers to consultative advisors.”

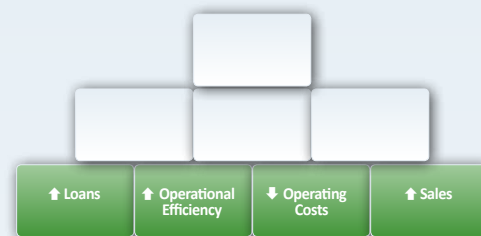
Most call center front-end software systems used by outsourcing companies are designed simply to facilitate the typical inbound member service session and not go beyond that. Others might offer the ability to input loan applications and some basic scripting for cross-selling and outbound calling purposes. Here are common services provided to help facilitate sales:

- **24/7 Coverage.** In addition to the added convenience of 24/7 phone support that leads to greater customer satisfaction and retention, by expanding your window of service to your members this opens other opportunities for additional sales including loans as well as other CU products.
- **Inbound Cross-Selling.** Most outsourcers provide at least some level of cross-selling services on inbound calls. These services typically involve simply cross-selling more loans or other services after accessing the member’s credit report, possibly with some basic scripting incorporated.
- **Outbound Calling Services.** Some outsourcers provide outbound calling services in addition to taking inbound member calls. These services can be utilized to increase sales. Types of outbound calls include:
 - ⇒ Member Welcome Calls to thank them for joining the credit union and making them aware of additional services,
 - ⇒ Product/Service Awareness Calls to introduce new products/services, special promotions, customized cross-selling opportunities, etc.
 - ⇒ Relationship-Building Calls to let them know you appreciate their membership and are prepared to serve them with a full suite of financial products/services.

Advanced Sales Capability of Some Front End Call Center Systems

However, some outsourcing centers employ front-end software systems that not only provide these basic services, but go well beyond by delivering advanced capabilities that can greatly enhance the sales activities of their client credit unions. These systems pull data in real-time from an institution’s core processing system to support a consistent, personalized selling effort. Credit unions often opt to deploy this technology in-house to reap the benefits of enterprise workflow and sales pipeline support capabilities, and be able to seamlessly pick up right where their outsourced call center agents “leave off” to bring sales to a successful close. Features include:

- **Enhanced profile of each member relationship** presents a summary of information about the member, their accounts, contact history, issue management history and sales opportunities. This profile can also include personalized messages that prompt call center agents to pursue highly relevant cross-selling opportunities.



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—Abound Resources CU survey

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- **Member contact database** that houses details of all member interactions (from all channels – i.e., call center, website, chat session, email, IVR, ATM, branch, teller, mobile/text, social media, back-office). This information is drawn from a credit union’s core processing system and combined with CIF, MCIF and data from third party sources to streamline service delivery, identify sales opportunities and personalize marketing and sales offers.
- **Personalized rules engine** to use knowledge about each member’s needs and interests when delivering service or selling CU products.
- **Sales messages and cross-selling prompts** based on personalized member data ensure outsourcing agents are working with the credit union’s most up-to-date member information and product promotions.
- **Customer “screen pops”** automatically link inbound calls with the customer profile, allowing personalized and consistent member greeting. The profile can show all account summaries and contact history as well as personalized sales messages and scripted prompts for the MSR for quick and easy access.
- **Referrals and prospect management** to automatically route product/service referrals to the relevant contact(s) at the credit union based on a pre-defined workflow.
- **Follow-up “ticklers” and escalation processes** including routing, calendaring and management oversight to ensure proper follow-up, achieve sales targets and adhere to relationship management strategies.

With all this information at their fingertips, outsourced call center and/or an institution’s agents can more effectively pursue member sales opportunities within the flow of customer service and also initiate desired, personalized, outbound campaign efforts. The below screen shot is from one of these advanced front-end call center systems – [KIVA Group Inc.’s Respect™ Call Center Solution](#).

The screenshot displays a user interface for a call center system. At the top, it shows 'Your Logo Here', the date 'July 27, 2011', and navigation links 'MIL | Admin | Help | Exit'. The user is identified as 'Tammy Raines'. The main interface is divided into several sections:

- Profile:** Shows a profile for John Smith, 25 West Avenue, My City TX 21502. It lists account balances: Deposits: \$560.00, Loans: \$1100.00. There is a warning for 'Stolen Checkbook' and '1 Alert Exists'.
- Bulletin Board:** Contains a 'Counterfeit Checks!' alert and a '7% Car Loans Available Now!' offer. A note says 'Training begins soon!'.
- Quick Links:** A dropdown menu.
- Navigation:** A row of icons for Teller, My Dashboard, Follow Ups, New Case, Referrals, Messages, and Email.
- Relationship:** A row of tabs for Profile, Checking, Share, CD, IRA, Loan, Alerts, and History.
- Greeting:** A text box with a pre-written message: 'Thank you for calling. This is Tammy Raines, how may I help you today?'. Below it are links for Account Inquiry, Services, New Account, Web Banking, Case Inquiry, IVR, Problem/Issue, and Other.
- Contact History:** A table showing interaction counts: Inbound Phone (125), Outbound Phone (100), Email (50), Web (0), IVR (17). A note indicates 'No Web Usage!'.
- Comments:** A text box containing the comment: 'Mr. Smith is also buying a new car in the next month.'
- Special Offer:** A prominent red text box stating: 'Mr. Smith has over \$10,000 in his checking account - eligible for 3% CD!'.
- Footer:** Shows 'Times Offered: 1 By: John Miller Date: 9/5/11 Outcome: Considering'.



Advanced call center systems such as this example deliver exceptional management reporting capabilities including:

- **Detailed management reporting for the outsourcer** to track and share with its clients everything that transpired during a member interaction; not just the duration of a phone call, but more importantly the nature of the discussion and what sales opportunities may have been identified and/or already captured.
- **Detailed management reporting for the credit union client** to immediately see what, if any, actions are required to close any outstanding sales as well as easily measure the sales performance of the outsourcing team.
- **Organization-wide dashboards** that monitor and track call center activities, statistics, messaging, performance, notifications and more. Institutions are able to “see” the impact of sales promotions and marketing campaigns in real-time.

The capabilities of these advanced call center solutions allow agents to sell and market to members within the flow of service, serving as a natural extension of the institution’s team. The technology gives credit unions and their outsourced service providers the ability to identify new opportunities, deliver sales and marketing messages, execute and track marketing campaigns in real-time and capture sales through a single process.

5. Manage Business Complexity

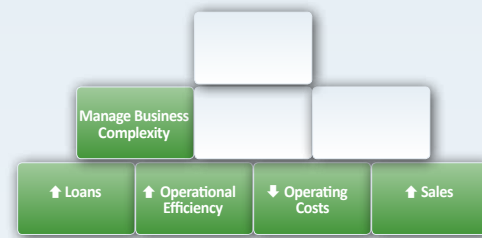
Closely aligned with gaining operational efficiencies is the need to reduce business complexity. Trends toward outsourcing have picked up speed again since the current recession as firms seek to rid themselves of increasing complexity.

IBM recently released its biennial global CEO study entitled *Capitalizing on Complexity* where they interviewed over 1500 CEOs in person throughout 60 countries and across 33 industries. The results show the biggest challenge confronting CEOs is the rapid escalation of “business complexity.” 80% expect it to continue and accelerate in the coming years, and most CEOs seriously doubt their company’s ability to cope with it effectively.

A recent industry study by the Boston-based research firm Celent finds that credit unions are fast disappearing under the weight of tech products, competition, compliance and their own inefficiencies. The study claimed that previously credit unions simply required a branch or two, a core banking system and an ATM, but in the past 10 years “Internet banking, bill pay, know your customers and compliance requirements have altered the environment. Credit unions are finding it difficult to keep up with the ever-increasing intricate product sets and channel offerings necessary in order to stay with the curve.”¹⁰

So how can a third party call/contact center outsourcer help you better manage business complexity?

- **Efficiency Gains.** Refer back to section 2, Enhance Operational Efficiency, for a discussion of all the efficiency gains to be realized by using a third party outsourcer. These efficiency gains have the added benefit of reducing the day-to-day complexity of running your business.
- **Outsourcing Offloads Responsibility.** The call center outsourcer can take on whatever load of member calls the credit union dictates. This becomes one less area to manage day-to-day allowing you to concentrate on other credit union matters. The credit union dictates which calls need to be handled by a credit union employee.
- **Simplified Infrastructure.** With less call center staff comes less need for the infrastructure to support these agents (e.g., phone/ACD technology, front-end call center software, PCs and other hardware, recording software, workforce management systems, physical office space, IT resources, etc.)
- **Business Continuity Solution.** Some outsourcers provide their services as part of a credit union’s business continuity plan to be used only in the event of an emergency. However, by using a third party outsourcer for at least some of your member calls, you then have them in the proper position to potentially fully back up your member service efforts in the event of a disaster/emergency. This reduces the complexity of your overall DR planning.



The biggest challenge confronting CEOs is the rapid escalation of “business complexity.”
— IBM’s biennial global CEO study

6. Enhance Competitive Profile

How can a call center outsourcer make your credit union more competitive?

Stronger Financials. The four foundational benefits already discussed will benefit your credit union financially. Increasing loans, increasing operational efficiency, reducing operational expenses, and increasing sales all work to make your credit union a financially stronger institution and therefore more competitive.

24/7 Offering. Outsourcing your call/contact center services can help increase scale by giving you 24/7 phone support coverage, thereby keeping you competitive with even the biggest banks, and at a very nominal cost. Studies have shown that accessibility impacts perception of quality. You can gain greater market share, reach a wider audience, and provide better services when employing an outsourced call center.

We're seeing an increase in big banks offering call center services 24/7. A prominent recent advertisement for 24/7 phone support is from Ally Bank; they even show a real-time-updated call center customer wait time right on their website home page.

Scale is King. The same Celent study referenced in the previous section found that smaller credit unions don't have the scale to create the various product offerings required to remain competitive in today's economy and even the largest credit unions, dwarfed by the size of their bank competitors, are finding it difficult to keep up. All but the largest credit unions lack the infrastructure to run all the myriad, necessary systems in-house or have the buying power to drive service bureau pricing down. The report concluded that "running a credit union requires a greater scale than in the past, owed in large part to increased regulatory measures, channel support, product proliferation and branch-ATM coverage."

This scale issue was addressed in greater detail in the earlier section on Enhancing Operational Efficiency. An outsourcer can take advantage of their economies of scale in various ways, the benefits of which can then be passed on to and realized by their credit union clients.

Additional Products. In addition to 24/7 inbound call center services, many outsourcers will make additional services available to their clients (i.e., outbound calling services, online loan applications, and collections services). Some even offer mortgage and reverse mortgage processing services to their customers. Some of these services may be difficult or inefficient to provide by the credit unions themselves so can further increase scale and your credit union's competitive profile.



Outsourcing your call/contact center services can help increase scale by giving you 24/7 phone support coverage, thereby keeping you competitive with even the biggest banks, and at a very nominal cost.

7. Better Control Over Operations

A third party call center outsourcer can not only help you manage business complexity and enhance your competitive profile, but at the same time you can gain better control over your operations.

Reduce Internal Call Center Staffing Problems. A recent NAFCU survey uncovered that 39% of credit union respondents say their greatest operations challenge is staffing (followed by quality of service – 34%, and training – 13%). Credit union call centers tend toward high turnover/attrition rates, which are then accompanied by added time and expense for hiring and constant retraining. With an outsourcer, these responsibilities for hiring/training their agents is 100% theirs. In addition, a good outsourcer will enhance the quality of your service, giving you one less thing to worry about and better control over other operational issues.

Improved Employee Morale/Retention. Employing a third party outsourcer will often times improve the morale of your credit union employees.

For credit unions without a call center, employees can get bogged down by the never-ending barrage of member service calls. Policies for answering these calls can vary from a single receptionist to anyone internally available to overflowing to branch personnel. These calls can lead to reduced productivity and employee burn-out as well as lost opportunities to better serve members in more critical, more profitable ways.

For those credit unions with a call center, at certain times the call volume can overwhelm agents and the infrastructure they have to work with. This can lead to reduced morale and increased turnover, a huge problem for many member service departments.

A third party provider is there to supplement/complement your member service efforts by taking member calls whenever the need arises. This can greatly smooth out your daily member service efforts thereby improving employee morale, reducing attrition rates, and enhancing your ability to control the operation. Plus you free your valuable employees up to handle more business-critical issues.

Redeploy Capital. Outsourcing not only allows your staff to concentrate on more important business tasks, but also the cost savings of outsourcing frees up critical capital that can be invested on other CU growth strategies.

Monitor Outsourcing Operation. A good outsourcer will provide an automated “work queue” to the credit union of all calls that require handling by someone from the CU staff. By automating this process you’re sure nothing falls through the cracks. In addition, you should receive a full complement of reports to help you analyze outsourcer activity in detail to help monitor commitments, identify call trends, and react accordingly.



39% of respondents to a recent NAFCU survey said their greatest operations challenge is staffing.

Guarantee of Services. A good call center outsourcer will also offer a complete, no-penalty, money-back guarantee of their services in the event the service is not what the credit union anticipated. This eliminates any financial risk of employing a third party outsourcer and enhances CU control over the process.

CUSO Participation. Some call center outsourcing companies give their clients the ability to share in the profits of the company via joint CUSO ownership of the company. This greatly enhances your level of control over the day-to-day outsourcer operations.

A good call center outsourcer will also offer a complete, no-penalty, money-back guarantee of their services.



8. Maximize Member Service

We've finally arrived at the top of our pyramid. The four foundational reasons for partnering with a third party call center outsourcer each allow your credit union to better manage increasing complexity, become more competitive, and gain better control over operations. These seven reasons/benefits then collectively enhance the pinnacle reason for partnering: maximizing the level of service to the lifeblood of your organization, your members.

In addition to the many outsourcing benefits detailed throughout this white paper, here are some others that enhance member service:

Reduce Call Hold/Wait Times, Talk Times and Abandonment Rates. Due to factors such as high agent turnover rates and inadequate call center infrastructure, many credit unions experience unacceptable call hold times and call abandonment rates. And inexperienced agents can also lead to excessive call handle times. These factors can strongly impact member satisfaction/retention.

A third party outsourcer can always be there, in the "background," to assist with taking member calls during the day. Your internal phone system is set up to automatically transfer the call as dictated (e.g., after so many rings and no one has answered, after the member has been on hold for a certain period of time, etc.) Again, the outsourcing partner answers the call in the credit union's name so it is transparent to the member. This way you ensure your member's needs are attended to in an acceptable time period with hold times and abandoned calls minimized. After hours the credit union's phone system is set to immediately pass the incoming call to the outsourcer.

A good outsourcer will maintain the proper staffing and infrastructure to meet proper service levels in terms of member hold times, call handle times, and call abandonment rates.

Transparent Service. Third party provider's systems know where the call is coming in from and allow the agent to answer the call using the credit union's name, making the transaction essentially transparent to the member. As far as they know, it's a credit union employee taking their call.

Focused Industry Knowledge/Experience. Some CU outsourcers have a tremendous amount of experience in providing credit union member services; often times their agents are far more experienced than those working at the credit union's internal call center. Some of these companies target their call center services strictly to credit unions.

For example, AnyHour Solutions has been providing call center services to credit unions for just under 20 years – longer than any other company. On average their agents have taken over 25,000 member loan applications and handled well over 100,000 member service calls.

Hiring and Training Expertise. Because outsource providers specialize in call center services, they typically have the experience of knowing the best avenues for obtaining employees with the required skill sets. Agent skill level will impact sales and quality of service. Many utilize technology products that aid in hiring the correct people and training them with the latest call center management tools and techniques.



Due to factors such as high agent turnover rates and inadequate call center infrastructure, many credit unions experience unacceptable call hold times and call abandonment rates.

AnyHour Solutions call agents have taken on average over 25,000 member loan applications and 100,000 member service calls.

Conclusion

In today's credit union, your call center outsourcing provider needs to be more than just a vendor but rather a strategic partner. It becomes clear that when the solution provider understands the needs and objectives of the organization, both companies can work towards creating superior outcomes.

Credit unions continue to mirror the global trend of increasing utilization of third party call center providers. Outsourcers have been providing call center services now to credit unions for many years and with a great deal of success. Call center outsourcing has proven to be beneficial and without having to sacrifice the quality of member service provided.

In this white paper we've explored how the four foundational reasons for partnering with a third party call center outsourcer (increase loans, enhance operational efficiency, reduce operational expenses, and increase sales) contribute to the more general benefits of managing complexity, enhancing competitiveness, and establishing better control over operations. These seven reasons/benefits then collectively enhance the pinnacle reason and ultimate goal for partnering: Maximizing Member Service.

Our pyramid is now complete. Thanks for going on this journey with us. We sincerely hope this information makes a positive contribution to your credit union.



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About AnyHour Solutions

AnyHour Solutions (www.anyhoursolutions.com) is a highly flexible, adaptable provider of comprehensive, 24/7 contact center services for credit unions via our AnyHour MSR and AnyHour Loan-By-Phone services. AnyHour Solutions has been providing contact center services to credit unions for just under 20 years, longer than any other company. Highlighted by the industry's most experienced staff of agents and a turnover rate under 10%, our contact center goal is to provide **"Service They Will Remember."** In addition, AnyHour also provides online loan application functionality as well as a full suite of mortgage processing services for credit unions. Our purpose is to help our credit union partners to enhance service to their members, increase loan volume, and reduce operating expenses. For additional information contact Steven Holmes, VP Strategic Development, at 888.622.8696, sholmes@anyhoursolutions.com.

FREE COST ANALYSIS

AnyHour Solutions has constructed a cost analysis calculator that takes into consideration the various cost variables mentioned in this white paper. It's called *The Contact Center Insourcing vs. Outsourcing Cost Comparison*. You can use this tool to construct your own internal cost analysis. To obtain a free copy of this spreadsheet, please email your request to Steven Holmes, VP Strategic Development, at sholmes@anyhoursolutions.com. Please include your name and CU name.