

DMA OFFSHORING ALERT

PRESERVING CONSUMER PROTECTION AND TRUST

Currently a hot topic, the practice of offshoring has been the center of much political debate as companies have increasingly turned to outsourcing customer phone contact and back office processing to overseas companies in an effort to cut costs and boost efficiency.

The main concerns voiced by consumers typically revolve around the following issues:

- A) The privacy and security of their personal information when it is sent offshore; and**
- B) The quality of customer service they receive from offshore call center agents.**

A) Personal Information: Privacy & Security Challenges

First and foremost, offshoring still requires compliance with domestic privacy laws. Now more than ever, consumers are concerned about protecting the privacy and security of their personal information. Outsourcing jobs overseas can increase perceived data privacy risks. It may also require quality control mechanisms to protect your customers' personal information similar to any outsourcing. Before companies offshore job functions in sales, customer service, or technical support areas, they should be prepared to address the issue of how their customers will react to and be affected by such a decision.

For starters, companies should create sound offshoring privacy policies and keep customers informed about how their personal information will be used, stored, and secured while in transit and overseas. These policies must conform with US law and, for our members, with the DMA's Guidelines for Ethical Business Practice. By adopting such a self-regulatory approach, companies demonstrate their willingness to protect consumer privacy, and in doing so, maintain consumer trust.

OFFSHORING PRIVACY & SECURITY: **A CHECKLIST FOR ACTION**

The Direct Marketing Association has proposed a self-regulatory checklist aimed at helping companies engaged in offshoring to protect the privacy & security of their customers' personal information. The DMA urges these companies to consider the following questions:

Do You Have an Offshore Security Policy?

- A company that offshores its customers' personal data to a third party must take responsibility for protecting that data. Establish strong information security policies and practices that protect your customers' personal data in transit and at offshore locations.
- What is considered an unethical or unlawful practice in one country may not be considered such in another, so you should provide your own surety. Pay attention to local ethical and legal dimensions, or lack thereof, that may impact the security and integrity of customer information at the offshore location.

Do You Train and Supervise Your Offshore Staff?

- Carefully select, train, and oversee offshore employees to ensure they properly handle customers' personal information, just as you do in the United States.
- Consider designating a special team to manage the development, implementation, and monitoring of information security practices at offshore locations.

Do You Use Available Technology to Safeguard Personal Data at the Offshore Location?

- Periodically test and update your information system to protect against internal and external threats, such as viruses or hackers.
- Develop a specific plan to prevent and detect unauthorized use of your information system.
- Consider performing offshore site evaluations or independent audits to ensure technological resources are up-to-date and are adequately protecting your customers' personal information.

Do You Respond Honestly To Customers' Questions About Your Offshoring Practices?

- If your customers inquire about whether you offshore information or business functions, tell the truth!
- If requested, provide customers with good faith disclosures to inform them about how their personal information will be used, stored, and secured while in transit and overseas.

B) Customer Service: Linguistic and Cultural Challenges

In addition to dealing with the perceived privacy and security risks involved in offshoring personal information, those who operate offshore call centers should be cognizant of the differences in language and culture between call center employees and American consumers.

Offshore call centers receive frequent complaints from American consumers about the poor language skills and heavy accents of offshore employees. While some American consumers complain merely because the caller's accent is unfamiliar, i.e. "foreign" sounding, others just cannot understand what the caller is saying. Poor quality phone transmissions and time delays (i.e. lag time before each party can hear the other) often exacerbate the accent and language problems.

Employing individuals with superb English language skills and unnoticeable accents to staff offshore call centers may seem like the easy solution, but can be meaningless if offshore employees do not understand how Americans behave or think. Just because offshore employees speak English fluently does not mean they therefore understand American culture and behavior.

Cultural differences may affect offshore employees' ability to interact with and engage American consumers in conversation. Cultural differences can also impact how employees at the offshore location handle situations and questions that arise during their interactions with American consumers.

The call center landscape has changed radically over the past three years. American companies that offshore call center services abroad need to remember that the offshore call centers are an extended part of their own organization. The profitability, success, and brand image of their business are impacted by offshore employees and the quality of customer service these employees deliver to customers. Therefore, it is essential that companies consider doing the following *before* they offshore their call centers:

OFFSHORING CUSTOMER SERVICE: **A CHECKLIST FOR ACTION**

- Verify or test the language skills of offshore call center employees. Do they speak English fluently and are they able to converse in English comfortably? Is their accent difficult to understand or offputting? Do they understand idiomatic expressions?
- Familiarize offshore employees with American culture and train them to interact appropriately with American customers, including those who express distress, annoyance, or humor. Don't train them to follow a canned approach.
- Gauge customer satisfaction with offshore service, and have in place policies and procedures for handling situations in which American customers who do not understand or are not satisfied with the quality of service they receive from offshore employees.
- Meet periodically with the management of the offshore center in order to keep abreast of any weaknesses or lapses in the center's performance. Provide performance appraisals to keep the offshore center on track.

This alert is brought to you by
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