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# OUTSOURCING vs INSOURCING

A COST ANALYSIS







## OUTSOURCING VS INSOURCING

# WHY DOES IT COST LESS TO OUTSOURCE?

**10 years ago**, it was cheaper to outsource because businesses were *offshoring* - that is, setting up contact centres in other countries to take advantage of lower living costs. Not only was this often unethical, but it was brand damaging. **FM Outsource** is cheaper for a very different and unique reason, and it all comes down to **productive hours and rolled up costs**. Here's how it works.

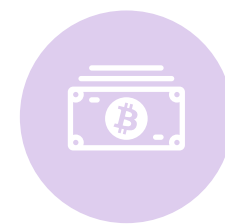


# THE COST OF AN EMPLOYEE

Meet Joe. **Joe is your employee** – a customer service rep. He works **37.5 hours** a week, at minimum wage. How much does he cost? More than you think!



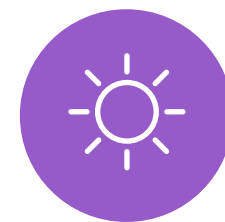
**TOTAL: £26,051pa**



## LET'S START WITH JOE'S SALARY

Including NI and a pension, if Joe is on the NMW for an over 25 his annual salary cost to the employer is:

**£19,785pa**



## HOW MUCH IS EXTERNAL SHRINKAGE?

Assuming Joe is your average kind of Joe, the cost of his holidays, sickness and lateness will come to:

**£2,754pa**



## AND INTERNAL SHRINKAGE?

Time for training, coaching, team meetings, paid breaks, system problems and more – on average, that'll come to:

**£3,511pa**

# THE COST OF AN EMPLOYEE

But wait! That's not all. **What if Joe leaves**, and you have to recruit Jill to replace him? And let's not forget, Joe/Jill need a **space to work, and hardware.**



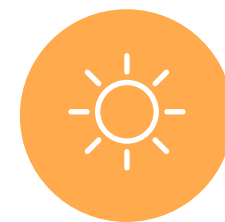
**TOTAL: £31,178<sub>pa</sub>**



## THE COST OF TURNOVER

Turnover varies widely – from 140% offshore to 40% in the UK. Let's assume your turnover is terrifically low, at 15%. It'll cost you about this much to replace Joe and train Jill up:

**£2,967<sub>pa</sub>**



## A PLACE TO WORK

With Covid-19 regulations not yet factored in, a space in the office could cost £5 per sq ft, with approx. 20 sq ft per person.

**£1,200<sub>pa</sub>**



## EQUIPMENT

A computer, a desk, a chair, a coffee cup and a supply of consumables in the kitchen... let's call it £80/month:

**£960<sub>pa</sub>**

## OUTSOURCING VS INSOURCING

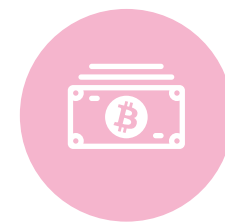
# THE EXTRAS

Now this is where it gets really interesting – what about all that stuff that **happens around Joe, Jill and their colleagues Jack and Josie**, whilst they're handling those contacts or taking a break?



**EMPLOYEE COST: £31,178pa**

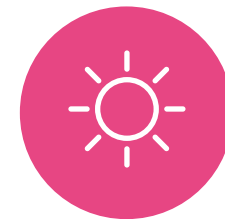
**SUPPORTING COST: £7,381pa**



### REPORTING AND PLANNING

To forecast volumes, plan your rotas and report on the operation, we'd account for at least 2 hours of **manager** time each week in a 4-person customer care team.

**£539pa, per person**



### MONITORING AND QA

To monitor operational performance day-to-day and quality assess interactions in detail for every operator, we'd estimate 8 hours of **supervisor** time each week in a 4-person team.

**£1,440pa, per person**



### MANAGEMENT

To account for general people management – keeping a team running 24/7, 365 days a year.

**£5,401pa, per person**





# OUTSOURCING VS INSOURCING

## PRODUCTIVE HOURS

Here at FMO, we charge an hourly rate for **productive hours** only. **All those extras** are included – there are no added costs to support your team. With **economies of scale** and investment in **technology, training and a great pool of people**, we can also achieve a much **higher productivity** than the industry average of 12 contacts an hour.

INSOURCING
ANNUAL <b>EMPLOYEE</b> COST
£31,179
HOURLY
£15.99
PRODUCTIVITY
12 contacts/hour
COST PER CONTACT
£1.33
ANNUAL SUPPORTING COST
£7,381

FM OUTSOURCE
ANNUAL <b>FTE</b> COST
£31,727
HOURLY
£16.27
PRODUCTIVITY
17 contacts/hour
COST PER CONTACT
£0.96
ANNUAL SUPPORTING COST
FREE



# WHY CHOOSE US?

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## CASE STUDY: EFFICIENCY

We worked from the ground up, building a bespoke **webchat and social media team** trained in both channels to offer customers a seamless experience with the brand. The aim was to improve efficiency in the team – and by doing so, enhance the customer experience.



### 90%

#### Average CSat

Our dedicated team put **customer happiness** at the forefront - delighting customers during their journey with the brand became the **foundation of our strategy**.



### 31s

#### Avg. Response Time

Careful **forecasting**, extensive real-time analysis and **agile teams** helped us keep response times to a minimum – rapid responses were crucial to **customer happiness**.



### 181%

#### TrustScore Increase

By asking for honest reviews after a great interaction, we took this client from **2.7 to 7.6 on TrustPilot**. Real and hard-earned feedback that built consumer trust.



## CASE STUDY: BRAND REP

We implemented a multichannel, **cross-trained team of operators** covering social media and webchat, and used our **award-winning software, Gnatta**, to offer a solution that streamlined the customer experience. We built comprehensive training programmes, effective **workforce management** and focused hard on creating happier customers. Over the course of the campaign, we created an organic and very real change in brand sentiment.



### 80%

#### Positive Sentiment

In 2 years, we took the social sentiment for this brand **from 2% positive to 80%.**



### -40%

#### Cost-per-Contact

We created efficiency gains in the operation with effective **channel management** and concurrency.



#### CCA AWARD Partnership

Together we won an award at the CCA Excellence awards for **Best Technology Partnership.**



OUTSOURCING VS INSOURCING

# THE FINISHING TOUCH

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The feather in the hat? We're not just providing an operator to answer queries. We're not even just managing that operator, training them and monitoring their performance.

We work like an integral part of your business, working to achieve your goals and long-term strategies. The way we see it, our fate is tied to yours. So we make sure our years of expertise (and all the knowledge that comes with it) are baked right in.

We'll set the bar for extraordinarily good customer care, and help you get there.





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