

Questions You Should Ask and Things to Know when Shopping for an Answering Service: The Comprehensive Guide

When shopping for an answering service, you are by no means restricted to the questions posed in this guide, but these are the primary groups of questions that you *should* ask every time you research an answering service company. This article was designed to help familiarize you with the most important things to consider, and equip you with some important background information so you are fully prepared when shopping for an answering service. With this guide at your side, you will be able to successfully choose the best answering service to suite your needs.

1. Do you bill by the minute or by the call?

Most telephone answering services are sold in two ways: By the Minute or By the Unit. Ok, there *are* a few companies out there that bill flat rate “pay one price for everything” type of service but they are so unusual that they won’t make it into this discussion. Needless to say, “buyer beware.” A “Minute” is used to define a billable measure of time. Usually, this time covers any time a live telephone answering operator is working on your calls. The number of minutes you are billed for depend on how long an operator is on the phone with your caller. A “Unit” is also a billable measure of time. But a unit is different in that it is a fixed rate which is billed to you no matter how long or short an operator is on the phone with your caller. Minutes cover actual time used on the phone while units cover the number of calls that are processed. So, which is better? Let’s compare.

Minutes Billing

Being billed by the minute is referred to as “time sensitive” billing or “true time” billing. Services that bill by the minute use this strategy to effectively cover their labor costs and maintain their margins should calls require extended duration processing. There are gains to be made by the consumer who chooses per-minute billing.

Three distinct advantages to paying for answering service by the minute:

- **Pay only for what you use** - Since you are billed to the nearest minute, you are only billed for time operators are on the line with your callers. If your chosen provider bills only for time spent on the phone with callers, then you are dealing with a “true time” billing organization. That means, if you have a call that lasts only 15 seconds, you are billed for just 15 seconds. Let’s say you are signed up for service with a rate of \$.90/minute. A 15-second call only costs you 22 cents. The beauty of using time-based billing is that it is accurate, fair and economical. True time billing organizations can cover their labor costs reasonably and profitably. And they should! You do want your answering service to be able to continue to provide excellent customer service and support, don’t you?

- **Gain billing efficiency on “short” calls** - Because you are paying for operator time, short calls will be billed as they are. This is an advantage over units billing because with units you pay a flat fee no matter how long the call is. Telephone answering operators often handle many short calls during the month.
- **Manage call durations and provide better service** - When you are billed by the minute you will receive reports that detail your average call durations. This is important because you can work with your answering service provider to determine what kind of call durations are required to provide proper customer service.

The biggest concern consumers of minutes billing often have is that they fear the answering service operators will stay on the line for excessive amounts of time in order to jack up the bill and cause hidden cost over-runs. Have you found a service in the USA that has made an effort to purposely train all its operators – as a group – to stay on the phones longer to artificially increase billing? If so, then you are in trouble. But that usually doesn't happen.

Most services are too busy to try to sit around on the phones for extended periods of time. Now you *may* find an answering service that does not manage call durations well because agents are not trained properly, (or they are lazy), which can cause some calls to run a bit long. But you can figure this out quickly by asking for a call detail report! A call detail report will help you determine the kinds of call durations or call averages your service is producing. For many basic answering service programs, call durations of about 1.5 to 2.0 minutes is normal. If you only have operators taking a name, number and brief message, then your averages should be between 1.0 and 1.25 minutes.

You also need to ask your service provider if they round-up their per-minute billing to a specific time interval. For example, time-based billing programs will often round to the nearest 3-second or 6-second interval, (kind of like your cell phone company). You should expect a small amount of rounding but you want to avoid excessive rounding measures.

Units Billing

Units billing is referred to as “per call” billing. A “unit” in the answering service industry is often defined as “a call received, (even if no message is left), a confirmation call to check if your lines have been forwarded, a page sent out, a call dialed out, or a call transferred (patched) out.” Basically, this means that anytime an operator takes a call or makes a call, you are billed a unit. If you have very consistent call durations, (highly repeatable calls), then you may want to discuss flat rate billing with your service provider. There may be advantages to both of you. There are also some gains to be made by consumers choosing per unit billing.

Two distinct *advantages* to paying for answering service by the unit:

- **Pay a flat rate for calls** - Pay a flat rate no matter what your call durations are. This can be a huge advantage to you if you have long duration calls.
- **Avoid monthly billing variations** - Often, with per unit billing, you can anticipate the number of calls your service will handle for you and control your monthly expenses. However, if you plan properly, you can also do this on per minute billing.

Ah, but there is a rub when it comes to per unit billing.

Three distinct *disadvantages* to paying for answering service by the units:

- **Overbilled for short calls** - You pay the same rate for a call no matter the duration. Normally, an answering service will handle multiple short-duration calls during the month. Every time they do this, you effectively overpay for those calls. Remember, you are billed a full unit for every wrong number and every caller hang-up. Those only last 6 to 10-seconds each. Some services tell you they don't bill for wrong numbers and hang ups. Good luck auditing that bill. Many shoppers logically think in terms of "per call" billing. That's because it seems "easier" to figure out billing. When you see a price tag of just \$.80 cents per call, you can do the quick math and determine that you will pay \$80/month for 100 calls. But be cautious when evaluating per-call billing methods. What most buyers neglect to take into account is "average call duration." Average call duration is the amount of time that a typical phone call requires to process from start to finish. If your call durations are 1 minute each then you are, in fact, paying the 80 cents per call you signed up for. But what happens if your call durations are just 30 seconds long? You still pay 80 cents for the shorter calls. Same thing goes if your call is only 15-seconds long. Now you are paying 80 cents for a 15-second long call. That is equivalent to \$3.20/call! On the other hand, if you have call durations that are much longer, (say 4 minutes on average), you end up paying a very low rate in terms of per minute billing. A 4-minute call billed at just 80 cents is equivalent to \$.05/minute.
- **Multiple call processing adds up** - Many calls often require multiple units to process. You are billed 1 unit for the call that is received, another unit for the call that an operator has to make to transfer (patch) the caller through to you, and possibly even another unit if the operator has to then call a backup person to deliver a message. It is not uncommon to be billed 3 units during the course of a single call transaction. Instead of paying for 1 unit you are paying for 3.

- **Unknown call durations** - It can be hard to determine how much time operators are actually spending on the phone with your callers. Figuring out what your average call durations are becomes a challenge because some answering service companies do not track this metric, (they only provide call counts).

Per minute billing is generally an industry standard today. However, there are still unit-based billing programs available. Now that you understand the difference, you can shop with confidence!

2. What kinds of services do you offer?

And you thought answering services only took messages. False! Great answering services are call centers. They can do lots of stuff. You should know the services and features that are available to you so they can help you in ways you did not anticipate.

- a. **Voice Logger** – Ask if your service provider records calls. If you want to be part of the quality monitoring process, then you need to hear how operators are handling your calls. Voice logged calls are recorded usually in a .wav file format. You can access your call recordings and listen to entire conversations. This is a great tool for eliminating “he said-she said” situations as well as ensuring quality. Permanent storage of .wav files for long-term record keeping also has its benefits.
- b. **Online Access** – Find out if you can access your account information online. Good online “web portals” will offer the ability to access call recordings, reports and message information.
- c. **Appointment Scheduling** – This is one of the fastest-growing areas of answering support. Having a service that can provide you with 24/7 scheduling support is a big deal. Your customers can call in and schedule or change appointments with you around the clock. This requires the use of a quality web-based scheduling tool that is shared by you and your answering service. The service should have these kinds of systems in place. If they don’t, you will need to set one up and “share” it to your service. Do *not* use cheap facsimiles of real web scheduling tools. For example, Google Calendar is a free – *calendar*. It is not a scheduling tool. You have to know the difference or you, (and your service), will run into all kinds of issues trying to keep your appointments straight.

d. **Multilingual Support**

So you have customers or clients that don't speak English and you would like to be able to provide service to them. What do you do? A great answering service offers both English and Spanish as part of its support. However, other languages are a bit harder to come by. Not many call centers in the United States are fully staffed 24/7 with agents that speak Cantonese, Mandarin, Russian, Farsi and Czech. In fact, there aren't any! That is where language interpretation services come in. Your answering service should have a contract in place with a high-quality language services provider. When your non-English speaking caller dials your service they will be placed on a brief hold while the operator conferences in a native language specialist. The operator explains to the interpreter what kind of information they need from the caller and then they bridge a three-way conference call. The call is interpreted for the answering serviced agent and your message is delivered in English. A basic telephone answering service call requiring interpretation can take about 4 to 5 minutes to complete.

- e. **Cloud-based Voice, Fax and Auto-Attendant Services** – Every now and then you find a turn-key answering service provider that does it all! If your vendor of choice can get you cloud-based communication systems on tap, then you are on to something! Local number and toll-free versions of cloud-based voicemail, fax and auto-attendant services can be extremely useful in a number of cases. Let's say you are located in Casper, Wyoming. Your answering service vendor is located in Tulsa, Oklahoma. So your answering service gives you a toll-free call forwarding number to send your calls to. Usually, that is just fine. But what if you need a local Casper, Wyoming number? You can sign up for a remote call forwarding number with the local provider in Casper (expect to pay at least \$35/month for that, plus a contract, plus high per-minute rates) or you can have your provider order a cloud-based remote expansion number for you, which just happens to have a local Casper exchange.

Auto-attendants are also highly useful tools that can help businesses with extremely high call volume or multiple types of calls to organize and route calls where they need to go *before* they go to the answering service. Auto-attendants can save time and money. A great answering service will be able to build a custom auto-attendant for any purpose you need.

3. How do you train your agents?

The issue of quality will eventually come up in your conversations with service providers, as it should. So you want to hit them with a zinger? Go ahead, do it! Ask them to briefly explain their agent training processes. Do you hear stuttering followed by dead air? Or do you have the Magna Charta explained to you? You should hear neither. What you *should* hear is that your answering service vendor has great concern about hiring the right kinds of employees before training ever begins. See? It was a trick question! Well, not really. But it is true. Great service providers know that training begins with proper recruitment. Rigorous interviewing, testing and hiring processes must be in place to ensure the best candidates. Once great candidates are found, they must have the right personality profile for the job. And what is that profile? Great answering service agents are *welcoming* by nature. They enjoy serving others. They like to solve problems. They care about people and they are sensitive to the feelings of others. And of course, they sound great on the phone. You only need a couple of minutes to assess if the answering service you are talking to is even in the ballpark on this one. If they start off with, “Oh, we really work hard with those agents. We sit side-by-side with them to make sure that they really understand your account... blah, blah, blah” you should already be preparing to hang up the phone.

4. What are your call center’s performance standards?

So many standards, so little time. How can one service be expected to live up to all of them? They don’t! What they need to do is focus on the service metrics that matter *to you*. Further, they better have a very solid grasp of what metrics are important to you, (and to most other customers), and how they stack up against the industry. Dig in deep here and find out if your friendly sales rep knows his service as well as he thinks he does.

- a. What are your hold times? You will get two responses to this question. The first response will sound like this, “We never put callers on hold. Never.” Ok, that is a lie. The other response you will get is, “We rarely ever put callers on hold.” Ok, partially truthful. Before you understand the answer to this question, you have to know what kinds of hold there are in an answering service center. There are three kinds of hold:
 - i. **Total Holds for the Month** – This is the total number of calls that will likely be placed on hold during the course of a month. Let’s say your vendor has a 25% total hold rate. That means 25 out of 100 calls have a chance of being placed on hold in a month’s time.

- ii. **Average Hold Time** – This is the average amount of time that a call is kept on hold by an operator. This is the hold time you and your customers likely care the most about because it is the hold time that you are actually experiencing during a call. You want a vendor that can prove to you that average hold times are less than 30 seconds. Even a great answering service may produce a few two and three minute holds on occasion, but these should be the exception, not the rule.

- iii. **Hold in Queue** – Remember the guy that lied about holds a minute ago? Ok, here is where you want to pay attention because if the guys is telling you that, “We never put callers on hold. Never,” then you are being told a lie. Read this carefully: **ALL TELEPHONE ANSWERING SERVICES ALL OVER THE WORLD IN EVERY PART OF THE GLOBE MUST PLACE CALLS ON HOLD AT ONE POINT OR ANOTHER. IT IS UNAVOIDABLE.** So why would the guy tell you his call center never does? Because he is telling you a half truth. The part he is holding back from you is the part where your calls actually are placed on hold, and probably quite often for extended durations. So what is really going on here? You are probably talking to a 1-call at a time shop, (more on this below). Some answering services have their operators take only one (1) call at a time. When an operator is assigned a call, he or she stays on that call, never putting the caller on hold, until the call is complete. Hence, the sales guy you are talking to tells you “We never, ever, ever place calls on hold,” which has an element of truth to it. Once the call is assigned to an operator, it is not placed on hold. But what happens if you have 10 operators in the call center and 15 calls come in all at once? What happens to the other 5 calls? Of course, those calls are placed on hold, but your sales guy has a fancy term for it. He calls it “auto answer” or “queue” which is a \$2 word for “hold time.” Those extra 5 calls will hold in a queue that plays a never-ending pre-recorded circular message until an operator finally picks up. You just learned how not to be fooled by the old, “We never place ‘em on hold!” line.

- b. How many calls do your operators handle at once? Phrased another way, you can ask, “Are you a 1 line or a 3 line shop?” So what is the difference?
- i. **1-call answering service** – These answering services tout the fact that operators never place calls on hold. That may be true. But their phone switching equipment *does* place calls on hold. And lots of them! In a 1-call shop, operators are assigned calls by the switching equipment and once they are connected, they do not place calls on hold, which is a good thing. But if only 10 operators are scheduled and 15 calls come in then the equipment places those extra 5 calls on an auto-answer or auto-queue. This is hold time. So be sure to ask your vendor how they manage this hold time and ask for some reports showing average hold durations in queue. One problem to be aware of with 1-call services is that operators *know* that calls will hold in the system if they are unavailable. Hence, there can be lack of urgency in answering calls because operators know the system will hold them. Suddenly, your front-end queue times start to grow exponentially. Careful!
 - ii. **3-call answering services** – These answering services tout “speed of answer” as a key benefit to their offerings. Operators are required to balance 3-calls simultaneously during busy periods. The advantage to the consumer of this service is that a vast majority of inbound calls will be answered by a live person very quickly (less than 3 or 4 rings). The point of a live answering service is to connect callers with a live person, not a machine. Advantage, 3-call environment! People want to talk to other people – *quickly!* Great 3-call services deliver this level of performance consistently. However, they also must manage their hold times far more carefully and stringently than a 1-call does. If you are talking to a vendor that does not manage hold time well, then speed of answer deteriorates, calls are not picked up with a sense of urgency and hold times will quickly spiral out of control. Ask your sales person to show you how they handle this performance point.
- c. How quickly do you answer calls? Callers do not want to listen to the phone ring and ring and ring. You should expect your answering service to answer a majority of calls in less than 18 seconds or three rings.

- d. What are your average call durations? There are different call durations for different kinds of calls. The reason that most shoppers ask this question is that they are inherently suspicious of answering services whilst shopping for them. They are convinced that operators are trained to sit on the phones for excessive periods of time in order to rack up your service bills. So they ask the call duration question. Most basic answering service calls, (name, number and a message), will take about a minute and a half to process. Appointment scheduling calls can take about 3 to 5 minutes to complete. However, most answering service calls should be under 2 minutes overall. If your sales guy tells you that call durations are under a minute, then you have a problem. There is no way can an operator can properly confirm all of the details in a name, number message call that quickly.

- e. How do you monitor for call quality? Most services will quickly reply, “we record our calls.” Great, so they record calls. But what do they *do* with the recordings? Superior services have many layers in their quality programs. Great agents are properly recruited, tested, hired, on-boarded, trained, re-trained, progressively trained, monitored, scored, evaluated, tested and trained again. It is a never-ending process. But it is a process that should be cherished as a hallmark of a top-notch service organization. Your sales person should have a deep knowledge of all facets of the training and monitoring programs within their organization. If they don’t, then it really isn’t that important to them because they are just trying to sell you a deal, not build a relationship.

5. What reports do you offer?

Most services have about every report you could ever want to have. But, surprisingly, there are still shops that have very limited reporting, if any at all. These shops often create disgruntled customers who cannot understand what they are being billed for because there is no data available to make any sense out of their billings. You should, quite frankly, be able to ask for any kind of call data that you think you will need. Great services not only have this data, but they can develop custom reports for you if they don’t have it at the ready. At a minimum, you will want to track 9 metrics:

- a. Total calls
- b. Total call processing time
- c. Average speed of answer
- d. Average call durations
- e. Total number of calls placed on holds
- f. Total hold time
- g. Average hold time
- h. Date, time and caller ID for each call
- i. Operator assigned to call

6. What kinds of fees do you charge?

Everyone has fees. Just don't pay for too many of them. Fees are necessary and can be justified. But let's take a look at the kinds of fees normally associated with answering services.

- a. **Activation Fees** – This fee is standard and is billed by answering services to cover basic setup, implementation and provisioning costs. Scripting and basic agent training costs are also covered by most activation fees. Expect to pay between \$50 and \$100 for most activation fees. However, some account set ups are more complex and require additional time. Ask for quotes in advance.
- b. **Line Fees and DID Fees** – Some answering services bill you a monthly fee for the call forwarding number (or Direct Inward Dial number) that they issue to you. However, most services include this fee in the cost of their service. You should not expect to pay for a call forwarding number, even if it is a toll free line. However, if you require multiple call forwarding lines in order to separate the way incoming calls are answered and handled, you can expect to pay a small fee for each additional number. Usually these fees are between \$5 and \$10 per month.
- c. **Rounding Fees** – Most services round up their call time to a pre-determined interval. Expect to have calls rounded to the nearest 1-second, 3-second, or 6-second interval. However, some services round up to the next minute. If they do this, you are being overbilled. Other services may bill a minimum of 20 seconds for each call no matter the duration. There is a lot of variety here, so be sure to ask for specifics.

- d. **Hold time fees** – Your answering service should not bill you for hold time. But some services do. If they do, don't buy in. Hold time is not something that you should be financially responsible for. After all, you should not be penalized because your service experienced a call rush and had to put your caller on hold. Don't pay for hold time.
- e. **Wrap time** – Wrap time is more of a traditional "call center" type of fee. Wrap time is the work that is done after a call is completed. Usually an operator is doing data entry and putting information into a system. Call centers normally bill for wrap time. But answering services rarely have any wrap time due to the way in which they process calls. You should not expect to pay for wrap time.

7. What methods of payment do you accept?

You need them all! Check, credit card, wire transfer, money order, cash. If you can pay, they should be able to accept!

8. What are your payment terms?

Normally, you can expect payment terms to range between 10 and 30 days from the date of invoice. Larger answering service customers may ask to negotiate longer terms because it can take their bureaucracies a bit longer to process invoices.

9. What is your billing cycle?

There are some services that will place you on a 28-day billing cycle. Seems innocent enough until you do the math. If you are on a 28-day cycle, you will actually pay 13 invoices over the course of a year, rather than just 12. You just got hit with an extra monthly payment! Insist that your vendor place you on a 30-day cycle. There is no good reason for doing a 28-day cycle other than taking you for extra money.

Final considerations

What do their collateral materials look like?

When you are done shopping, you should begin to receive a lot of collateral materials. Contracts, agreements, brochures, business cards, email, faxes and mail. So what does it all look like? Is it well-thought out, cohesive presentation material? Does it have a strong brand image? Is it a consistent brand image? Or are you looking at a bunch of Microsoft clip art pasted on recycled materials that has misaligned margins and a few typos thrown in just for fun? Collateral materials speak volumes about the company you are dealing with. Clearly, you don't want overkill – hundreds of documents. But you should receive a reasonable amount of collaterals and it should be well organized and easy-to-understand. Make a determination if you are reading “fluff” or if you are getting valuable information. Pay particularly close attention to the agreement. Read the terms and conditions carefully. Ask questions about anything you don't understand.

Evaluate your sales rep

Was your rep friendly? Knowledgeable? Courteous? Professional? Did they ask you for your complete contact information or did they hurriedly get your name and email and whip a contract over to you? Ask yourself this question, “Did you like your sales rep?” You have to be able to build a relationship with your answering service company. That relationship starts with your sales rep. If they seemed shallow or even dishonest, you need to steer clear.

Evaluate the follow up

Did your rep stay in touch with you or just give you the obligatory voicemail that said, “Just following up on that contract I sent over to you and wondered if you had a chance to look at it yet.” Or are you being hounded every hour on the hour by an overly-aggressive sales rep? You'll get a good feeling for the company you are about to deal with by the way the sales rep treats the follow-up process.



What about “Cheap” Answering Services?

When you choose a professional live answering service, you must know exactly what you are signing up for. Ask yourself this question: Are you basing your decision strictly on price or are you looking for a high-quality support service? Most would answer, “A little of both.” Everyone wants to save money. Everyone wants a good value. But can you get both with a live answering service?

Yes. But many are fooled by the disingenuous offers of the low-price call center vendors. Low-priced telephone answering services pride themselves on... low price. What you commonly find with these services is that service and performance both suffer. These services may offer a low fee but they do not have the internal resources to provide complete, comprehensive and consistent service. Most people would agree that it isn't worth putting your business reputation at risk just to save a few bucks.

There you have it. Use this guide to navigate the process of shopping for an answering service, and you will have a successful experience that hopefully ends with the selection of the perfect answering service to help your business.

Please let us know if there is anything we can assist you with as you search for the right answering service to help your business flourish. We are always just a dial away: 800-577-1550

