

HOW TO START A TELEPHONE ANSWERING SERVICE

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HOW TO START A TELEPHONE ANSWERING SERVICE

Organize yourself properly, decide how much money it's going to take for you to feel comfortably wealthy, and then reach for it with your own Telephone Answering Service.

Our research has turned up hundreds of husband and wife entrepreneurs who, beginning with just a couple of thousand dollars in borrowed funds, and a lot of ambition, are grossing \$20, 000 or more after just a couple of years in the business.

The exciting part is that the door is wide open for you to do the same! The demand for telephone answering services is growing!!! The advent of the electronic answering devices is not even beginning to slow this demand! A great many people are "turned off" by the frustration of expecting to talk with a "live person," and having to listen to a recording that advises the caller to leave a message at the sound of the tone. Exasperation of this kind can sometimes cost a business person thousands of dollars in lost profit. Realizing this, today's successful business person wants the personal touch of a friendly, professional, "secretary" answering their phones for them.

The professional answering service operator can pass along the proper messages to the different callers, take messages, get clarifications and even set up meetings with special customers. In many instances, businessmen come to think of the operators at their telephone answering service as vital to their success, and often regard them with special favors or bonuses when a particularly lucrative deal is closed because of courteous and efficient service by the people at the answering service.

To get started properly, you'll need an initial investment of about \$10,000 for equipment and facilities, plus working capital. In the beginning, with a 2 person operation, you can have your operator selling by phone while you make in-person sales calls. You might also want to add a couple of "hungry" commission sales people to help line up a good list of accounts as fast as possible. These efforts will take planning and coordination because you don't want two different sales people calling on the same prospect.

You can begin operating out of a spare bedroom or your garage - you'll need a leased switchboard from the telephone company - with plans to move your operation into more formal quarters at a later date. However, it's quite expensive and time consuming to have a switchboard moved once it's been installed. Our suggestion would be to locate a "beginning" small office, and plan on being there at least 5 years from the start.

Many operations begin in a small 200 to 300 square foot economy office location, and as their growth warrants, open a second location with space for eventual expansion to include 3 or more switchboards. Our research has found that you'll need an average of 85 regular customers per switchboard in order to realize a minimum profit after expenses.

Just about anyone with a business card will be a good prospect for your services. People working out of their homes are very good prospects, especially those holding down regular jobs while moonlighting with a part-time businesses of their own. Every salesman is a prospect, people who work on a 24 hour "on-call" basis, repair service business owners such as plumbers, electricians, locksmiths and auto mechanics... There are other kinds of services that will be

interested too, such as ambulance companies, towing services, volunteer fire departments, survey organizations, and customer complaint departments of virtually every business in your area... By all means, don't forget the doctors, dentists and other professionals.

A lot of beginners start by providing service only for these intermittent users. These people "put out the word" that if they can be reached at their regular number after 4 or 5 rings, the caller should dial the number of their answering service. The answering service, which in this case is just a housewife answering her home phone, takes the caller's message and either relays it to the customer or holds it until he checks in with her. Very simple, very easy and very profitable.

Usually after such a "shoestring" operation has 15 or 20 such customers, it's necessary to install a phone with multiple incoming lines. The cost and questions of the phone company can be allayed by purchasing your own telephone and explaining that you have several teenagers in the family. However, once you have 35 to 50 customers, it's time to expand into a commercial operation complete with switch board and hired operators.

The average rates to charge for your service should be about \$35 per month for a specified number of calls - usually 70 to 75 - with a surcharge of 25 cents for each call beyond that number. Other calls such as "wake-up calls" and reminder calls for appointments, are usually billed on a "per call" basis at about 50 cents per call.

Most telephone answering services provide a variety of other services to keep their operators busy during the times when there are no incoming calls. These services range from typing, envelope addressing, computer input services, envelope stuffing, subscription soliciting and order fulfillment for mail order operators to reviewing books for publishing agents. In recent years some have even included private post office, mail drop and forwarding services. The important thing is to keep your operators busy doing some kind of work that makes money for you. When you decide to lease an office and get going, complete with switchboard - it's important that you try to get as close to the telephone company's switching or exchange station as possible. This is due to the mileage charges it will cost you for land lines. Remember too that each exchange station handles prefixes limited to customers within a certain radius of that station. What all of this means is that if most of the business in your area has a 234 and 345 prefix, you'll want to locate your answering services offices as close to the station serving these prefixes as possible. Basic installation and set-up of one switchboard will cost close to \$4,000...

Generally a metro population of 35,000 people will support a telephone answering service hoping for \$50,000 per year; 75,000 to 80,000 people will be needed for \$100,000, and 150,000 people for \$200,000 per year or more. For more help and further information, it would be wise to contact the Associated Telephone Answering Exchange, Inc. This organization, the industry's watchdog group, can update you on current practices and trends.

Meanwhile in setting up your own facilities, keep your cost in line with a realistic view of your first year's anticipated income. It shouldn't be too difficult to find low-cost rental space in an older building not far from the telephone company's exchange building - the telephone company is usually just as reluctant to pay high rent as you are... Locating in an older, less than "beautiful" building should not detract from your business because few of your customers will ever actually see your offices. Most will sign up for your services either through your in-person sales calls on them, or your telephone soliciting efforts, and send their payment in by mail.

You'll need 125 square feet of space for each switchboard you plan to eventually install. Also plan for a small reception area which can also double as a rest area for your operators and general office area for bookkeeping, billing and other administrative functions. Be sure there are convenient rest room facilities as well.

Before installation of your first switchboard, the phone company will require an inspection of your office, mainly to determine if the floor is strong enough to support the weight of the switchboard. Save yourself a lot of frustration by explaining this to the real estate agents or building managers before they start showing you what's available. The best thing is to ask for certified copies of the original building blueprints or previous inspection reports, and have these in hand when you contact the phone company.

Once you are ready to go, consider the attitudes and feelings of the people who will be working long hours on the switchboards for you - invest in some cheery paint for the walls, non-glare lighting, carpeting for the floors and a few wall prints, pictures or other decorations. Look around for good used office furniture and buy or lease only what is absolutely essential. A pocket calculator and a used manual typewriter will work fine until you get the business running on a dependably profitable basis.

When you order your first switchboard, listen to the telephone company's instructions, read the operating manual and attend their training sessions. The more you know about the equipment, the easier it's going to be to operate it, and the more you'll understand your profit potentials.

The traditional telephone company switchboard is known as the model 557 or TAS-100. This board handles 100 incoming secretarial lines and 15 office trunk lines. With this board, you have the capabilities of receiving incoming calls and making out going calls at the same time. You also have a business answering line which can be used as your number for customers wanting to use your number as their business number and/or for special events such as a special number of survey replies or telephone orders such as advertised on television for one-time-only sales promotions.

Even though you have the capabilities of 100 incoming lines, you shouldn't activate more than 5 or 10 more than your actual customer list, it's then a simple matter for the phone company to activate or "tie-in" according to your needs. Your rental/lease payments to the phone company for equipment includes all maintenance, so when ever you have a problem or something isn't working properly to suit your needs, call and ask the phone company to send a repairman.

Some of the extras you can get with your board includes a "secrecy switch." This feature prevents an operator from listening in if a customer has already picked up his phone after the operator has answered. The customer could then request the operator to hang up and conduct whatever conversation he wants with the caller.

Another feature is the "position-splitting" key. This involves plugging in a second head set and simply turning the key to enable two operators to work the same board during an especially busy period. When your customers want to call to check with you for any messages, you can have them call their own number if they are calling from a different number, or pre-designated trunk line. Most answering service owners experiment both ways until they decide upon the system that works best for them. Which ever method is finally chosen should be decided upon with the efficiency of the operators in mind.

In addition to your switchboard, you should install a time clock and message racks. These are ideally located above or on top of your switchboard. The operator then takes the call, jots down the message, punches the time clock and then quickly slips it into the customer's message box. When the customer calls in for his messages, the operator retrieves the messages from his message box, reads them to him, again punches the time clock with each message slip, and drops them into a "dead message" box.

You should keep these message slips for totalling at billing time, so it's a good idea to have each operator file them in your customer folders as they finish their shift on the board. Retention of these message slips for at least 30 days is not required, but it is a good policy to practice. You may find a customer will want to check a message received or double-check his billing against your records.

Basically, your message rack can be either pigeon-hole compartments in a wooden box designed and built to fit your space, or lazy-Susan clips similar to what any restaurants use for fast food orders. At any rate, you shouldn't have any problems in finding what you need on the open market.

It isn't necessary that you have specially designed or printed message slips, but you should have a plentiful supply available and within easy access to your operators. Simple 4 x 5 inch pads should be all you'll need, and if you'll check with your local quick print shops, you'll find most of them willing to make up a thousand or so pads of 50 to 100 pages each, from scrap paper, for almost next to nothing. Another essential to plan on - buy in wholesale lots and keep handy for your operators - is pens. It may be exasperating until the business is on a sound profitability basis, but in a busy month, one operator can easily go through 100 or more pens. Don't fight the how's and why's, just charge it up as a business expense and order more pens.

You'll need some form of maintaining basic customer information such as address, name and number to contact during an emergency and any special answering instructions. For this, simply go with 3 x 5 or 4 x 5 index cards and place them in each customer's message slot for easy operator reference. Many services have these cards laminated in plastic to prevent them from getting dirty or deteriorating with constant use.

Efficiency is the name of the road leading to profits in any small business, so when you begin with one switchboard, make sure you have that position-splitting key, and that you balance the board - half of them on one side and half on the other side. This will enable you to put two operators on that one board in times of emergency. Your customer lines must be distributed according to usage across the board for maximum efficiency of your operation.

Each time a customer "signs" for your service, you should have him sign a simple contract that specifies the name and address of the firm to be billed for the service, and the typed name as well as the signature of the person authorizing the service. There should also be space on this contract for alternate phone numbers, names and addresses as well as phone numbers of persons to contact in case of an emergency, and any special answering instructions the client may want you to use. Don't forget to include a clause requiring a 30-day notification of cancellation by either party to the contract. It's also a good idea to state that a full month's payment must be made for any partial month's usage, in order to cover any disconnect charges. You'll probably want to stipulate that the last month's base charges

are to be paid at the time of service approval, in order to enhance your working capital situation.

Check with the phone company - find out if they or you are to bill the customer for hook-up charges, and the line into your switchboard. By all means get everything written out and fully explained in the contract. You will be money ahead by paying a good contract attorney to put all that you want into a legal contract that not only protects you, but also is binding upon your customers.

One other item of paperwork you should have is an Errors & Omissions Insurance Policy. This protects you and your operators against any liability from mistakes or missed messages - very good to have, and available at very low cost through the Associated Telephone Answering Exchange, Inc. by special arrangement with Lloyd's of London. Your other insurance needs are those basic to any business. Always shop around for the best rates.

In the beginning, you and your spouse or partner can operate a telephone answering service. However, we strongly suggest that you add to your operator staff just as quickly as you customer list warrants. The longer you try to operate with just two people, the longer it's, going to take you to achieve real profitability.

Remember you want a 24 hour, seven-days-a-week, full service operation. This will require at least three full-time operators for your board, plus at least one relief operator - and don't forget about commission sales people.

Ideally, you should try to hire people with telephone switchboard experience, but in order to get these people, you may have to offer short-shifts, moonlighting jobs to regular telephone company operators. It will take some time to train inexperienced people, so bear this in mind when you begin looking for people to hire. It's always a good policy to hire your new, inexperienced people for the evening shift. Break them in by having them "sit in" with an experienced operator during the day-time hours, and have someone close at hand during their first week on the evening shift before turning them loose to handle the board by themselves.

The most important qualifications to look for in an operator are voice and attitude. The voice must be pleasant and sound alert, interested and ready to help the caller. Warn your operators never to allow their "personal feelings" to show through when they are answering the phone. They represent your business and your customers. As such, they must project a professional manner at all times.

Teach your operators to answer the phones with a "happy smile" in their voices. Train them to take their time with the callers, and get the message right by reading the message back to the caller, and also be sure they ask the caller for the correct spelling of his or her name. Unless specifically instructed otherwise by a customer, insist that your operators never allow an incoming call to ring more than twice before answering it. Hardly any thing frustrates anyone calling a business number more than a telephone that seemingly rings forever before someone answers it.

You can start your inexperienced people at \$4 an hour, and your experienced operators at \$6 an hour. Try to explain to them that the success of your business depends on them, and as your business prospers, so will their monetary rewards. Get them involved and interested in helping you succeed.

It's going to take aggressive selling on your part to reach success with a venture of this kind. You must spend at least 50 percent of your time making sales calls - if you can't or don't wish to do any personal selling, then you will have to hire at least two full time sales people to take your place. In addition to your own sales efforts or people who fill your shoes in this area, you should hire at least one other full time salesperson. You should plan to have someone making telephone solicitations for at least 3 hours out of each working day.

Selling your service - building an ever larger customer list - is the name of the game for real success. You've got the start up information, and from here on, the rest depends on your own ambition.

Associated Telephone Answering Exchanges, Inc.
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TYPICAL EQUIPMENT COSTS

Two Operators Chairs.....	\$90
Desk & Chairs.....	100
Two side chairs.....	50
Bookcase.....	50
Filing/Supply Cabinet.....	50
Calculator.....	50
Used Typewriter.....	150
Base for Switchboard.....	60
Message Rack.....	75
Time Clock.....	250
Office Furnishings/Decorations.....	150
5 thousand message pads.....	25
24-dozen pens.....	12
Switchboard lease (one board).....	4,000
Cable Installation (one board).....	1,500
Rent on office.....	600
Utility deposits.....	50
Business Licenses.....	50
Business Insurance.....	350
Legal fees.....	100
Supplies.....	200
TOTAL.....	7,962