



STARTING A 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 \$250,000 or more after a couple of years in 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 electronic answering devices in not even beginning to slow this demand! A great many people are completely "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 thick of the operators at their telephone answering service as vital to their success, and often reward 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 won'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 feet 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 a very good prospects, especially those holding down regular jobs while moonlighting with a part-time businesses of their own. Every salesmen 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't be reached at their regular number after 4 or 5 rings, the caller should dial the number of the 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 to 20 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 your 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 switchboard 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" 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 form 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 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'll cost you for landlines. 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 businesses in your area have 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 you 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 up-date you on current practices and trends.

Meanwhile, in setting up your own facilities keep your costs in line with a realistic view of your anticipated first year income. It should'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 thru your in-person sales calls on them, or your telephone soliciting efforts, and send their payments in by mail.

You'll need 125 square feet of space for each 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 restroom 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 the 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're ready to go, consider the attitudes and feelings of the people who'll be working long hours on the switchboards for you--invest in some cherry 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.

When you order your first switchboard, listen to the telephone company's instruction, 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 outgoing 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 for 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. As you add to your 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 maintenance, so whenever you have a problem or something isn't working properly to suit your needs, call and ask the phone company to send a repairmen.

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 and answered the call, but it does not prevent the customer from picking up his phone after the operator has answered. The customer could by 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 headset 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're calling from a different number, or pre-designated trunk line. Most answering service owners equipment works both ways until they decide upon the system that works best for them. Whichever 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 takes the call, jots down the message, punches the time clock and 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 shifts 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 on 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 a lazy Susan clips similar to what restaurants use for fast food orders. At any rate, you shouldn't have any problem 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 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 thru 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 one switchboard, make sure you have that position-splitting key, and that you balance the board. In other words, don't put all of your similar customers--such as plumers, electricians and doctors on one side of the board. Instead, divide them across your board--half on them on one side and half on the other side. This will enable you to put two operators on that 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 services you should have him sign a simple contract that specifies the name and address of the firm to be billed for the service, and typed name as well as 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 emergency, and any special answering instructions the client may want you to use. Don't forget to include a clause requiring 30-day notification of service 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'll be money ahead by paying a good contract that not to put all that you want into a legal contract that not only protects yo