

Outsourcing Product Documentation Reduces Project Costs

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With the economy stalling, you have two corporate directives:

- Reduce product development costs
- Reduce operating expenses

Cutting people from the payroll reduces these costs, but you still have a company to run. You still must get products out the door and into the customers hands.

How can you do that?

This paper explains how outsourcing your product documentation to a technical writing outsourcing company such as Anthrobytes Consulting can reduce both operating expenses and product support costs.

The Problem

Major players in the technology world are reporting less than expected earnings. Companies are laying off people to reduce costs. As a project manager, product manager, or documentation manager, you are still tasked with getting the products out the door on time to meet shareholder or investment capital deadlines. How can you do that with fewer people available to work on the projects?

If you are higher up in company management, you are looking at reducing other operating costs. You know that if you layoff a certain number of people, you can meet the basic reduction plan. But how can you reduce costs further without losing needed people?

You can outsource the product documentation to a company that writes useful, helpful product documentation.

- Outsourcing cuts costs in the product documentation development cycle.
- Useful, helpful product documentation reduces product support costs.

This paper shows you how.



Product Documentation Costs

Outsourcing your product documentation reduce your costs. Let's look at your cost for your product documentation group. For example, if you have three writers and one manager, your costs are the following averages:

Annual Salaried Product Documentation Group Costs	Total Costs	
3 full time writers salary ^a	\$ 51,850	\$ 155,550
1 full time manager ^b	\$ 64,610	\$ 64,610
Payroll expenses (unemployment taxes, benefits, and so on)	30% salary	\$ 66,048
Equipment, workspace, and tools	30% salary	\$ 66,048
Training	10% salary	\$ 22,016
Total		\$ 374,272

a From Society for Technical Communication Salary Survey, Year 2000

b From Society for Technical Communication Salary Survey, Year 2000

If you have more writers, your costs are even higher. If you are based in an area with a higher cost of living, your costs are much higher.

If your product cycle includes 2 releases a year, this group doesn't have a lot to do for the month after each product release. That means you pay your documentation group nearly \$60,000 while they add little to product development. That time is probably spent sending them to training, giving them paid vacation, and so on.

Let's look at the costs if you hire a product documentation outsourcing company. Assume you hire Anthrobytes Consulting to write your product documentation on an as-needed basis for 10 months a year. Your costs are the following for the same group:

Annual Anthrobytes Product Documentation Costs	Total Costs	
3 full time writers		\$ 288,000
1 full time manager (included when you deal with us)		\$ 0
Payroll expenses (unemployment taxes, benefits, and so on)	N/A	\$ 0
Equipment, workspace, and tools	N/A	\$ 0
Training	N/A	\$ 0
Total		\$ 288,000

Anthrobytes Consulting saves you nearly \$100,000 over your salaried group.

Customer Support Costs

Good product documentation can reduce customer support costs. Let's look at your customer support costs. For example, if you have 3 support people and one manager, your costs are the following averages:

Annual Salaried Customer Support Group Costs	Total Costs	
3 full time support people salary ^a	\$ 45,000	\$ 135,000
1 full time manager	\$ 60,000	\$ 60,000
Payroll expenses (unemployment taxes, benefits, and so on)	30% salary	\$ 58,500
Equipment, workspace, and tools	30% salary	\$ 58,500
Training	10% salary	\$ 19,500
Total		\$ 331,500

^a Both figures from Association of Support Professionals, Technical Support Salary Survey, 2001

The numbers get worse. The following table shows the percentage of total company gross revenue spent on customer support.

Company Sales Size^a	Percent of Total Revenue
\$100 million or larger	7%
\$10 million to \$99 million	6%
\$5 million to \$9.9 million	15%
Under \$5 million	20%

^a From Association of Support Professionals, Technical Support Cost Ratios, 2000

If your total company gross is under \$10 million dollars, 15% is going directly to customer support costs. If your company grosses \$5 million dollars, you are spending \$1 million simply supporting your products.

**WEB-BASED
SUPPORT
COSTS**

If you have moved some or most of your customer support to a web-based model, your average costs are shown in the following table:

Web-based Customer Support Costs	Total Costs	
3 full time knowledge base writers salary ^a	\$ 40,000	\$ 120,000
1 full time manager ^b	\$ 50,000	\$ 50,000
2 full time customer support people ^c	\$ 45,000	\$ 90,000
1 full time web developer/designer ^d	\$ 50,000	\$ 50,000
Additional payroll expenses (unemployment taxes, benefits, and so on)	30% salary	\$ 58,500
Equipment, workspace, and tools	30% salary	\$ 58,500
Training	10% salary	\$ 19,500
Total		\$454,500

a From Association of Support Professionals, The Economics of Web-based Support, 1999
 b From Association of Support Professionals, The Economics of Web-based Support, 1999
 c From Association of Support Professionals, Technical Support Salary Survey, 2001
 d From Association of Support Professionals, The Economics of Web-based Support, 1999

From The Economics of Web-based Support, web-based knowledge support typically answers support questions for 42% of your customers. That leaves 58% who call your support people. Or worse, they return the product, forcing you to incur an unacceptable return rate.

Web-based support and phone support costs combined for this example are \$786,000 per year. Your costs are probably higher, because our example is a small support group. Your support costs are 20% of your gross revenue.

**WHAT YOU
CAN DO**

How can you reduce these support costs? You can have better product documentation. Useful product documentation can reduce customer support costs because people read the documentation and get their answers there. There is a percentage of people who will always call—nothing will stop them. But what if you can reduce calls by 10% or more?

Documentation is actually read by many people. When the documentation is useful, they find their answers and do not call your customer support. Even if your customers have never read the product documentation before, when they call, the customer support person can help them find the information in the product documentation. The next time that customer needs help, he or she will look in the product documentation before calling.

Good Product Documentation

So if good product documentation can reduce these costs, what does good product documentation look like? Some of the things to look for include:

- **Proper writing.** Good product documentation is written in present tense, using active voice, speaking directly to the reader as “you”. Sentences are short—no longer than 15 to 25 words. Concepts are clearly explained, using appropriate illustrations and examples to support the concept.
- **Task-based.** Usability testing shows that customers want to know how to do the task at hand. Customers want product documentation to quickly provide the information they need to help them with the task they need to accomplish. Not every task that can be performed should be documented. Other testing shows that the 80% of customers use about 20% of the total available functions of a software or hardware product. Heavily documenting this subset of tasks will meet the needs of 80% of your customers. Imagine reducing customer support costs by half that figure—a 40% reduction in calls.
- **Well-indexed.** Usability testing also shows that customers always use the index to find the information they are looking for. If they cannot find it in the index, they assume it is not in the manual—and they call customer support.
- **Logically organized.** Good product documentation is also logically organized. That means breaking the documentation into logical parts that logically flow. For example, the chapter about installing the product does not appear in the middle of the manual. It means making the Admin Guide separate from the User’s Guide, if the customers are not the same people. It means providing a tutorial to help customers move from a previous version of the product to the new version.
- **Appropriately delivered.** Customers need product documentation delivered in a way that is accessible to them. For example, if your product is installed across a network, the product manuals may be locked in a safe room somewhere. Online help or a PDF may be the only means of assistance to which your customers have access.
- **Visually pleasing.** Good product documentation is also easy to look at. If the product documentation is delivered as a PDF file, it helps customers if the PDF file is designed to be read on screen. This allows the user to find and read what they need and get back to work. If the documentation is printed, that means using professional book design in such a way that helps the reader find and read the information they are looking for.

**INCREASE
MARKET
PERCEPTION**

What else can good product documentation provide? What is market perception of your products worth to you? In a private survey we know about, customers were surveyed about the quality and reliability of a consumer product, based on the product documentation. Customers rated the consumer product low in quality and reliability.

After the documents were re-designed, re-organized, and re-written, customers rated the quality and reliability of the consumer product as high, based on the product documentation. As a bonus, their 35% return rate dropped to less than 5%, saving them even more money.

Summary

In this paper, we have shown you how you can reduce operating costs and use product documentation to leverage your products.

- If your company is looking to reduce costs, outsource your product documentation needs. For a group of 3 writers and one manager, a company such as Anthrobytes Consulting can reduce product documentation costs by nearly \$100,000, on average.
- Using an product documentation outsourcing company such as Anthrobytes Consulting can reduce your customer support costs by reducing customer calls. A reduction in customer calls means that you can staff fewer customer support people, further reducing costs.
- Well-written product documentation can also increase the market perception of your product. Increased market perception of your product results directly in a reduced return rate and an increased market share.
- Reducing costs and increasing market share means you are seeing a better bottom line. That will get you through the economic downturn.