

1995-2005
10th Anniversary Year



2005 Mitial Benchmarking Report

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1 INTRODUCTION

1.1 Introduction

Mitial Research International or MRI for short, have been producing reports on the UK & Ireland contact centre industry for 10 years. Although it is obviously foolish to treat these two mature markets in isolation from the wider offshore and nearshore markets, our customers had told us they they wished to see performance standards from mature and advanced contact centres.

There was a perceived weakness in providing analysis with too great a reliance on data sourced from developing call centre economies such as India and South Africa. If we look at attrition levels in these countries we see India with rapid increase in attrition (32 percent) and the Philippines at a very, very low level. The UK & Ireland levels are at around 28 percent and falling. To look at data from a mix of economies therefore has the effect of skewing results and making averages fairly unusable in both gap analysis and performance improvement. What is true of attrition would also be true of all quantitative KPI's.

We do however provide useful insight into KPI's on a country by country basis.

1.2 Definition of Contact Centre Types

Mitial Research International (MRI) has always been at pains to clearly identify the parts of the Call Centre Market its studies are investigating. Therefore, we are setting out definitions below. Mitial Research use the term Call Centre as a universal description, not just for voice only facilities, but for those with web, email and fax enablement. However our definitions are laid out here to the Communication Centre standard.

Pocket Call Centre or PCC

The Pocket Call Centre is a dedicated department or section of an organisation specifically tasked with taking or making calls or other forms of contact such as email, Internet, video or fax. It will have procedures; supervision and normally technology aimed at supporting this task. This centre will have at least four seats and as many as nineteen.

An operator of such a facility is referred to as a *Pocket Call Centre Operator*, or PCCO.

Full-Size Call Centre Operator

The Full-Size Call Centre is a dedicated department or section of an organisation specifically tasked with taking or making calls or other forms of contact such as email, Internet, video or fax. It will have procedures; supervision and normally technology aimed at supporting this task. This centre will have at least twenty seats.

These operators are simply referred to as *Call Centre Operator*.

Multiple Call Centre Operator

Businesses operating more than one Call Centre of Full-Size and/or Pocket types will be referred to as a *Multiple Call Centre Operator* or MCCO. A large company typically owns the MCCO, operating other sites with group-wide or international buying power in terms of technology and expert personnel.

2 EXECUTIVE SUMMARY

2.1 Key Findings

The 2005 Report highlights significant improvements taking place in the UK & Irish contact centre space.

- The concept of the contact centre industry is fading fast. Businesses are reintegrating the call handling elements into a broader quality view of the whole customer experience. CCO's are working more closely with similar businesses and not unrelated call centres to achieve best practice
- End customers are increasingly happy with routine call handling, this is due in part to effective IVR for routine enquiries.
- There is a shift in emphasis from cost reduction offshore to profitability onshore. CCO's shed costs, but also shed customers!
- Staff loyalty in terms of length of service and lower attrition is apparent in the over 35 age bands.
- The report shows tangible evidence of career progression and challenges the concept that there are no opportunities to progress in contact centres.
- Quality Improvement is entering a new phase with an injection of new ideas coming in from experts in manufacturing, retail and supply chain.
- There has been progress with absenteeism although it remains a significant problem.
- There is a greater acknowledgement of the need for leadership and for staff to see this coming from within the contact centre and broader business.
- The contact centre industry is now realising the benefits of VoIP and moving channel development forward as a result.

MRI also highlight s significant challenges that lay ahead.

- Customers are still handled badly in non-routine calling situations and far too many still abandon calls.
- The excessive use of IVR in non-routine calling situations is fantastically annoying to customers if the decision tree is incapable of handling the issue of concern. Call centres beware – you will lose customers with this approach.
- Driven on by the success of channel shift in routine situations, businesses are trying to push the use of the web as an alternative to live agent in wholly impracticable situations for the customer.
- Call centres are still facing huge difficulties in predicting demand and balancing manning with call volumes.
- The majority of UK contact centres are in fear of gaining real customer feedback.
- There is a lack of co-ordination between the contact centre and other components of the business – particularly in fields of home service engineers and deliveries.
- Recruitment and attrition in outsourcing remains a huge issue.
- Managerial staff feel very insecure about their own jobs and as a result are moving every three years. This is causing instability and unnecessary change in the facility.
- The industry is highly confused over acoustic shock.
- There are almost 88,000 unused work stations in the UK & Ireland. Spare capacity within outsourcers is around 28,000 positions and this cost burden is damaging already thin margins.

2.2 Installed Base

The installed base of Full-Size call centres in the UK and Ireland is static at 2785 Full Size sites. There are also 4000 smaller 4-19 seat Pocket centres.

The structure of the installed base has changed. Two years ago around half the seats in the UK were controlled by 67 organisations. The base of control has broadened as large finserve, telecoms and utility businesses reduce sites through merger and acquisition (M&A). MRI believe that M&A has had a far bigger impact than offshoring on domestic jobs.

At least 35 substantial financial service contact centres have been closed in the last twelve months. Large new sites such as Dell and O2 are relatively rare.

The outsourcing sector continues to grow with 82 more sites than a year ago. This sector was already over-subscribed and MRI forecast challenging times ahead for all but the largest operations.

London and the South continues to be the largest concentration of sites in the UK. The South West of England has suffered most with closures.

There has been a slow down in offshoring and NASSCOM in India has forecasted some closures. However India remains the location of offshoring choice.

Eastern European locations seem to offer cost, telecom, access and legal compatibility (EU) and are the most likely destinations for projects that do not go to India.

South Africa appears to have missed the boat to a large extent in terms of the first wave of outsourcing and despite high levels of interest, it seems to be struggling to actually secure substantial foreign call centre investment. Deregulation of telecommunications was only completed in February and the removal of this log-jam will create renewed interest. It should be remembered that South Africa is the only offshore market with a fully-developed advanced domestic contact centre industry and that managerial expertise within the CCO's is very high.

The Philippines seems to be the main location of interest at this time, with several domestic outsourcers interested in using it to secure a foothold in the North American market. Companies like PLDT have substantial experience in serving the USA both in terms of cost efficiencies and scale. A 200 seat project in the Philippines would typically be seen as a pilot.

2.3 Customer Satisfaction

Sixty eight percent of callers now have a Positive experience from their call centre. However, 5.5 percent of all calls are abandoned by callers. Seventy seven percent of customer queries are now resolved during the first call. MRI believe that IVR has significantly reduced call abandonment rate.

The 2005 MRI survey shows that contact centres have significantly improved service to customers particularly in routine situations. Customers are now very familiar with the routine of checking bank balances, train times and ordering gifts for example. They are acquainted with voice and IVR based self service and the customer they are increasingly accepting. Seventy one percent of respondents believe service is Very Effective in routine situations.

In non-routine situations the opposite is true, only twenty eight percent of respondents believe service is Very Effective. When a problem occurs which may be a little unusual, customers are not being fast tracked to the type of simple efficient assistance they want. Too often they find themselves locked in decision trees which, given their situation of distress, urgency or annoyance due to service failure are extremely frustrating. In the midst of this type of problem to be told that they can be served via a web site is a sure fire way of doing lasting damage to the customer's perception of its service provider.

It is also very clear that the days of generalist call centre performance standards are fading very fast. As organisations running contact centres increasingly take a business process view, rather than a call handling view, benchmarks on good customer satisfaction will increasingly be based on the specific situation of the business. One assumes this means vertical market, but MRI believe that benchmarking will focus on even more detail. For example, benchmarking will not look at all financial services call centres, but individually to cover insurance, retail banking, investments and vehicle finance.

Customer satisfaction measurement is starting to get more intelligent, but the survey still shows large numbers of businesses ignoring it or using tokenist measurement. Shockingly fifty six percent of all respondent sites carried out NO external customer satisfaction research. A call centre can report good call response rates and short wrap up times. However if the customer is expected to wait in all day for delivery this is simply poor service and no matter how good the call service is, the customer will be dissatisfied.

It is widely known that several businesses, especially financial services, suffered loss of market share by forcing customers to be serviced from outside the UK & Ireland. For a range of reasons, customers often did not like this and moved to other providers in protest. The desire to reduce costs actually led to a loss of profitability. In 2005 there has been an acceleration of "Forced Channel Shift." This is when CCO's deliberately deprive callers from voice contact or make voice access challenging, this is in the hope that the customer will seek service via the web. MRI gives the industry a stark warning. In most verticals the customer has a range of choice. In telecoms the customer may not have access to a cable provider, but can choose to use mobile or internet based telephony and the "writing is on the wall." Customers cannot be cynically manipulated to shift channels and those using Forced Channel Shift are upsetting customers and WILL drop market share as a result.

2.4 Salary

Perhaps the two most significant developments in salaries are significant increases in basic salary – average of 28 percent and a fall in cash bonuses.

For the majority of call centre staff, salaries have increased significantly since the study of 2002/03. In particular inbound and outbound agents have benefited from pay rises greatly in excess of inflation, with average rises over the period of 28 percent. Blended agents and linguists have also received inflation beating rises of 15 and 13 percent, respectively, however explanation for these more moderate rises may be an increased reliance on off-shoring for these particular roles.

Overall, agent cash bonuses have fallen considerably over the past two years. In 2002/03 the average agent cash bonus was £2,742 compared to a current figure of £1,793, representing a 35 percent decrease. Linguists, blended and inbound employees have been the most affected. The author hypothesises that the decreased bonus levels may be accounted for by offshoring of multi-lingual ICT helpdesk work to Eastern Europe, coupled with the associated transfer of more experienced agents to non customer facing staff roles. Staff roles offer reduced potential of target related bonuses, however, the supposition being that they are now receiving a higher level of basic salary.

A diverse range of non cash benefits were prevalent amongst call centres with the most frequently offered being free beverages and subsidised meals. The less frequently cited benefits tend to be vertical sector related perks e.g. travel vouchers offered by the Hotel, Holiday and Leisure sector.

Government and Transport related call centres, are the most heavily reliant on overtime. In terms of reliance on staff working excess hours in addition to their standard contracted period, Telecoms and Information Communications Technology (ICT) related call centres are less likely to depend on staff working overtime.

With regard to agent to team leader ratios, Marketing Communication Services (MCS)/Market Research (MR) and outsourcers have the highest with typically ten agents per team leader. Conversely, ICT have the lowest ratio with each team leader having responsibility for just six agents. However, in contrast to agent to team leader ratio, ICT has the greatest number of team leaders to supervisors ratio with seven team leaders per supervisor, whilst MCS/MR exhibit the closest supervision with supervisors on average managing two team leaders. This close monitoring is mirrored higher up the management structure, with MCS/MR having the lowest number of supervisors per Call Centre Manager (2:1). Likewise, Transport, Courier and Post related call centres also exhibit close supervision with ratios of two supervisors per call centre manager. Call centres in the utility sector have the greatest supervisor to call centre manager ratio with seven supervisors reporting to the call centre manager.

On the whole, Greater London, the South and the Republic of Ireland command the highest salaries of all call centre agents, irrespective of whether they are inbound, outbound or linguists. The situation differs slightly for blended agents where Greater London and the Republic of Ireland still account for the highest average salaries, however, the salaries in the South of England for this category only qualify for sixth position in the regional league table.

2.5 Attrition

Our benchmarking report shows that attrition falls by half when agents pass the age of 35. This leads to a clear recommendation – recruit people of 35 and over.

The biggest reason for leaving a call centre is reported to be “Too much pressure” and this accounts for 39.7 of departures given at exit interviews. Data from the Mital Workplace Benchmarking Programme has dispelled the myth that agents do not tend to leave the contact centre, only to go and work at another CCO. Thirty seven percent of our agent respondents left a call centre to join their current employer.

The three most popular methods of improving attrition were recorded as

- 1st Improve Team Leader Leadership Qualifications
- 2nd Improve Fun/Culture in the Contact Centre
- 3rd Diversify the role of agents

The survey did highlight a lack of continuity at Call Centre Management level. The leader will probably stay a little more than 3 years before moving on and there was a surprisingly high level of uncertainty over job security at this level.

Attrition has fallen over the last year and currently stands at 28.7 percent in the UK and 29.4 percent in Ireland.

Attrition in India has shot up by 50 percent in the last two years to 34 percent.

Swansea and Belfast have the lowest attritions in the UK & Ireland at 13.4 and 14.8 percent respectively. South West England has the highest regional attrition at 33.4 percent. Attrition has fallen most in the West Midlands.

Unsurprisingly the outsourcing community has the highest attrition at 41.4 percent up from 37.2 percent. They also suffer the highest levels of early losses with 14 percent of staff failing to stay beyond basic training.

2.6 Quality Management

We clearly conclude that CCO's are really struggling to deliver comprehensive quality management for a number of key reasons, these are:-

- A lack of integration of media channels
- A lack of true Quality Management expertise (i.e. QM in a scenario of change)
- Operational pressures resulting in predetermined and routine performance measurement being cancelled.
- A general industry pre-occupation with subjective awards as a measure of quality
- Lack of alignment of KPI's in a benchmarking context.

The survey showed that there were massive differences in quality goals between businesses. It added weight to the view that there is no call centre industry but actually a collection of verticals which have call centres.

The biggest quality task for most respondents was measuring performance in

“FRONT OFFICE + WEB + BACK OFFICE + SUPPLY CHAIN”

Clearly QM in a multi-channel environment is extremely complex. We have observed an increase in the number of quality professionals coming into contact centres from retail and manufacturing backgrounds. We also note a marked increase in interest in Lean Service and Six Sigma techniques.

Our survey also showed that 14 percent of contact centres employ a Six Sigma black belt and this programme looks set to increase in popularity in the service business as a whole.

What is very clear about both Lean and Six Sigma quality movements is their tendency to cut across business boundaries. They both pay no attention to the concept of a call centre as a department of the business, but look more broadly at profitability in customer management and deployment of resource.

A contact centre implementing Lean or Six Sigma is a business trying to remove departmental distinctions.

There has been a noticeable increase in confidence in the capability of QM technology over the last two years.

Data entry quality is a key element of overall quality performance. A significant number of respondents (12 percent) believed that their systems were 100 percent error-free as they had “zero-potential for error.” However, the vast majority of respondents (88 percent) told us that they did have potential for error in their data entry systems.

The web portal is becoming more common as the typical way of feedback to agents. Portals will typically allow agents to obtain and review their performance. This can include complaint or exemplary recordings. Even basic portals allow agents, team leaders and supervisors to play back calls and screens from web browsers.

Portal interfaces are now being used for the tracking of agent KPIs by Supervisory staff. Supervisors and quality assurance staff now typically use their portals to mark out and send back interesting recordings for later use in training.

The main finding of Mital's Workplace Benchmarking programme in 2004 was the widely held feeling amongst agents that feedback sessions were not genuine. Sessions were felt to be based on tokenism. In specific situations staff heard repetition of a customer problem time after time, but despite reporting it back, no change was made. This was noted as a massive disincentive for staff. In worst case scenarios it led to apathy and real anger in feedback sessions.

2.7 Training & Commitment

There were four significant issues coming out of this area:-

- Most contact centres are still struggling with recruitment
- Absenteeism is a big issue
- Predicting demand is a problem leading to “fire-fighting” to make staffing levels.
- Managers do not feel their own roles are very secure

Nearly two-thirds of contact centres polled stated that recruitment is either a “Significant” or “Serious” problem.

Our work dispels all myths that the contact centre agent role is without promotional opportunity. We found that 16 agents in every 100 had been promoted to senior CSR (or equivalent) in the twelve months leading up to the survey. One agent in twenty became a team leader and six percent of agents changed role out of call handling.

The survey also uncovered a large scale problem with regular absences from work. Staff with a tendency to be absent from the contact centre on a regular basis, are fully aware that recruitment and attrition are management challenges. As a result they are aware that they are unlikely to be dismissed for abuse, because of people shortages. This leads to regular absence. Forty two percent of respondents felt absence to be either a “Significant” or a “Serious” problem. Key innovations in controlling absent staff were:-

- “Duvet Days” an allocation of days which can be taken off at very short notice, this practice has been extensively used in Australia for several years and seems to have had some effect in the UK and Ireland.
- Short notice “Shift Swaps” organised between staff. The practice is well honed in manufacturing.
- Leave granted to working parents covering school holidays.

Two thirds of contact centres were really struggling with workforce management. A total of sixty three percent of respondents felt that Workforce Management was causing “Serious” or “Significant” challenges. Most of these organisations were using workforce management technology, but were finding it really difficult to predict demand. This was putting real pressure on staff and frequently led to requests for late working and or shift changes which were unpopular.

Only one manager in twenty felt that their own job security was not a problem. Therefore many senior people were almost always scouting for alternative roles.

2.8 Mitial Workplace Benchmarking

MRI operate an inter-company staff satisfaction service for contact centres including Sky, Barclaycard, Avis Europe and West Midlands Police to give some examples. This service enables us to set benchmarks against five key areas of HR performance based on staff rather than managerial views.

The areas are detailed fully in the Training and Commitment section 8.9 – 8.13 and are:-

- Employer of Choice
- Perception of Leadership
- Employee Engagement
- Work/Life Balance
- Development & Training

2.9 Environmental Efficiency

This section deals with two key issues, firstly the actual location of the contact centre and perceptions of best locations, secondly we look at the actual design of the contact centre as a means of achieving commitment and profitability.

Locations

Offshore destinations have a high degree of confidence in their ability to sustain contact centres. Respondents in offshore destinations have a universally high opinion of their country's sustainability, whilst “Old Guard” locations are less confident.

Scotland and Northern Irish respondents have the highest level of confidence, whilst respondents based in England have the lowest confidence. In England the South West contact centres have the lowest level of confidence in sustainability.

When looking at locations selection, it was interesting that our senior-level respondents universally commented that they would be responsible or involved with any project regarding the front and or back office, including shared service centres. This fact adds credence to the fact that the call centre is being re-integrated back into the business.

Our perception analysis shows that **Glasgow has regained top place in terms of a domestic location of choice**. Manchester came a very close second, but fellow North West location Liverpool came bottom, highlighting the gulf in perception between them.

Looking at the offshore locations, not surprisingly **India topped the Table**, but the Philippines is now in second place, with South Africa relegated to bottom place behind Eastern European locations and Spain.

Respondents were generally familiar with India, starting to hear interesting news about the Philippines and viewed South Africa as a great holiday destination, but too problematic to accommodate an offshore site.

Internal Efficiency

If we now look at the internal issues of environmental efficiency, starting with **acoustic safety**. Acoustic safety is probably the most contentious issues ever to affect the contact centre industry.

Our research shows that there is a serious split amongst reference groups and the industry is confused. One trade association in concert with its biggest sponsor are downplaying the seriousness of the issue, on the other hand the DTI, HSE, the majority of other headset providers and the scientific community claim this is a big issue which could prove costly to businesses failing to adhere to regulations.

From a **transport** perspective we show that less than one third of contact centres can be reached by rail, one contact centre in five cannot be reached by bus and that only 62.1 percent of contact centres were accessible by car to a company car park within ten minutes from the building. Interestingly, 14.3 percent of sites are now reachable by tram/light railway.

The survey showed some interesting results in terms of **parking** available to agent level staff. Only two percent of contact centres had parking for all agent staff. A small proportion (1 percent) of Business Park based contact centres had no parking, but 37 percent of contact centres had no parking at all.

Twelve percent of contact centres had parking for 1 to 25 percent of staff. Fourteen percent had parking sufficient for 26 to 50 percent of their staff. One in twenty sites (19 percent) had enough parking for 51 to 75 percent of their staff and sixteen percent of respondents could accommodate 75 to 99 percent of agent's cars. In the Mitial Workplace Benchmarking programme we saw the level of importance parking has for staff, the impact is really very marked.

Almost 70 percent of agents can commute to major shopping areas during lunchtime, but thirty percent cannot. Over 27 percent of sites have regular visits from mobile shops (we tended to exclude mobile catering from this category).

Just under half of all respondents were able to walk to a major shopping area and back during lunchtime.

In Section 9.6.2. we detail the use and availability of a range of **work "spaces"** in contact centres. This is best viewed in detail rather than in summary here.

MRI also examined **lighting**. It was very clear that levels of understanding amongst senior respondents were very low. Over one-quarter of respondents could not specify the type of lighting present due to lack of knowledge. Half of contact centres polled only have essential ambient lighting and of those that knew only nine percent had essential ambient, decorative and atmospheric lighting.

There such a mass of evidence behind the benefits of good lighting that the results were generally reflective of a backward approach.

There are at least 87,500 unused seats in UK and Irish contact centres at mid year 2005.

28,000 of these are within buildings operated or mothballed by outsourcers. This is a very large financial burden to organisations working on very thin margins. The financial services industry also has a portfolio of 23,000 seats. The Telecoms vertical also has a substantial number at 16,500.

Hotel, Holiday & Leisure (HHL), Utilities and ICT are also sitting on large numbers of unused seats.

2.10 Performance Metrics

In section 10 we look at performance metrics on the basis of the following functions:-

- Customer Service
- Telemarketing/Telesales
- Debt Collection
- Order Taking
- Reservations
- ICT Helpdesk
- Web Support
- Information Lines
- Market Research

If an overall view is taken of the industry, it can be seen that the sign on time is approaching 80 percent of the total work time. It is more appropriate however for readers to examine the specific data shown in section 10.

The average call handling time is below 10 minutes at 8 minutes 22 seconds, with 4.8 calls being answered every hour.

While the average time to answer a call is over two and a half minutes, this does take into account peak call times.

Nearly a fifth of voice calls were abandoned before reaching an agent.

An hourly average of 25.2 outbound calls resulted in 7.2 calls reaching a voice, with an abandonment rate of 2 percent.

2.11 Technology Roadmap

The biggest issues affecting the contact centre in 2005, are VoIP, IVR and CRM. Both technologies are not fully adopted despite being on the radar screen for some time.

VoIP

Forty seven percent of UK contact centres are using classic ACD's with VoIP modifications, only 12 percent are using full SIP/VoIP systems.

Sales of SIP/VoIP within contact centres remain far lower than originally expected, despite vendors such as Avaya, Nortel, and Cisco supporting the technology by offering full, comprehensive solutions. With less than 10 percent of all contact centres within the UK's established market employing a fully SIP/VoIP solution, and nearly 40 percent steering completely clear of any SIP/VoIP-enabled products, why are contact centres within the UK dragging their heels?

Contact centres within the UK are also now starting to adopt SIP/VoIP to allow integration between isolated contact centres (or even remote agents) – creating a level of virtualisation never possible previously. As a technology that allows a truly location-independent contact centre, where calls from one central queue can be distributed to any number of agents, located anywhere in the world, the attraction of SIP/VoIP is becoming more and more clear.

IVR

IVR has been a very controversial topic since it first arrived on the contact centre stage. This year's research shows that CCO's are supportive of IVR in areas where it can help with surges in demand as a back up, as well as helping customers with fast, routine actions such as balance enquiries in banking. Where customers have a discretionary choice of provider or potential to switch IVR has proven very unpopular.

Respondents were relatively interested in using IVR as an aid to help staff deal with more essential issues. There is a large appetite to use IVR for dealing with unpredictable call volumes (57 percent of respondents using or planning to use it).

CRM

CRM is now moving into a completely different second phase. Initially it was intrinsically linked with the acquisition of a large application and many hours of consulting time. Many CCO's looked at this and decided that CRM was a philosophy or journey which could be taken without recourse to huge investment outside the business.

The future success of CRM, however, does not lie with the SMEs, or any other market demographic. For CRM to justify itself in the modern contact centre world, the technology itself has to take a back-foot to each business's individual needs, and the processes and working environments specific to it. CRM applications can offer real ROI by providing invaluable information and a concrete structure to a contact centre's customer relationship cycle - but the whole process must start with a strategic approach to CRM itself, and not merely the tool that facilitates it.

Diallers

Demand for diallers is increasing, after a relatively flat period. The use of diallers by 20-50 seat contact centres is now growing fast.

Performance Management Technologies

Penetration of the call centre market by workforce management (84 percent) and demand forecasting (78 percent) is not high.

Almost half of all contact centres have some form of CRM technology, whilst 32 percent have supply chain linkage in their applications.

Interactive benchmarking and customer balloting applications are relatively new to the market but are forecast to grow.

3 INSTALLED BASE

3.1 Installed Base UK & Ireland

The combined Anglo-Irish market is now recovering from a lack of growth in terms of sites in the 2002-3 period. After most operators developed offshoring to India there is now a period of relative stability.

In the same way that contact centres took some time to react to the need for multi-channel strategies, there has been an adjustment in terms of offshoring. The general view now exists that there is a need for a balanced offshore, nearshore and onshore portfolio.

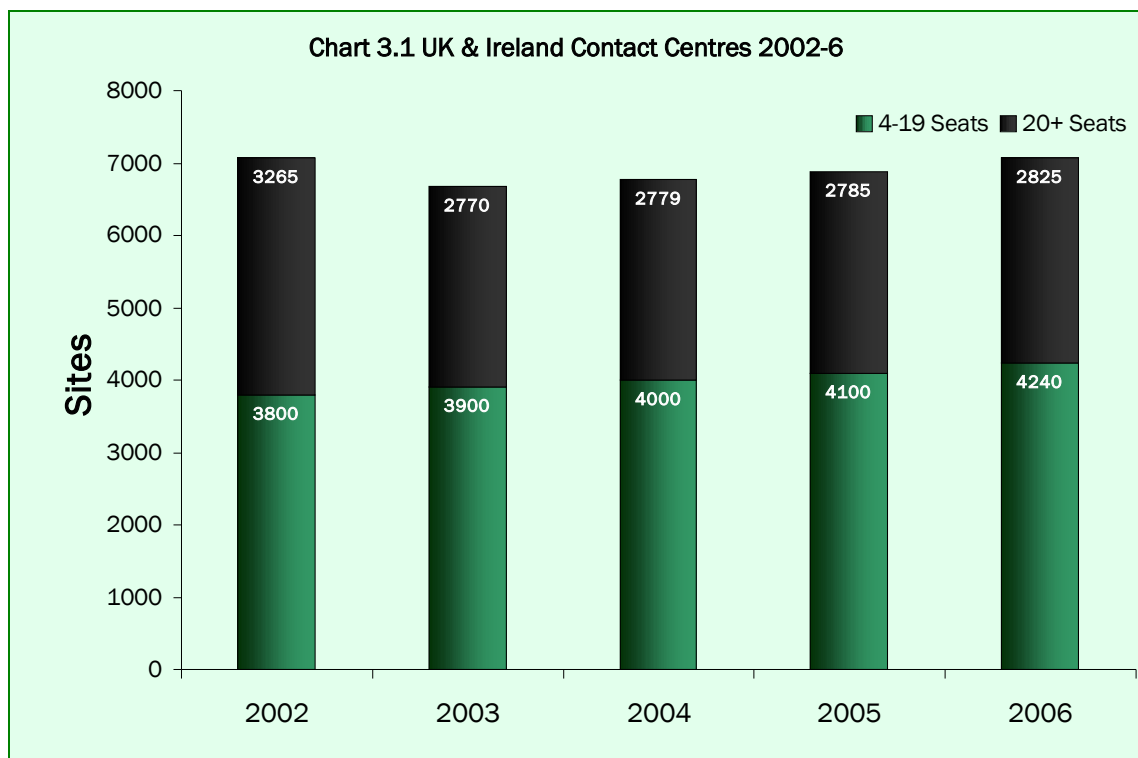
With end customers less willing to use offshore facilities than they were, there has been more emphasis on channel shift throughout 2004, with large CCO's encouraging customers to use non-voice channels as a compliment to domestic and offshore facilities.

There will be more offshoring, of this there can be no doubt as Indian operations gain experience and in some cases outperform domestic operations. However, the main cull of UK sites seems to be nearing an end.

We are also witnesses a new wave of entrepreneurial activity in the creation of outsourcers in particular. It is likely that in 2005 or 2006 at the latest, outsourcers become the largest vertical, replacing financial services.

Chart 3.1 below shows the 2004-2006 recovery in the number of call centre sites in the UK & Ireland. We maintain our belief that the number of full-size sites fell from 3265 to 2770 in 2002-3, but the industry has rallied in 2004 with 2779 sites towards year-end. We forecast modest, but sustained growth in 2005 and 2006.

We continue to endorse steady growth of Pocket call centres. With 4000 such operations running in 2004 the overall installed base stands at 6779 sites.



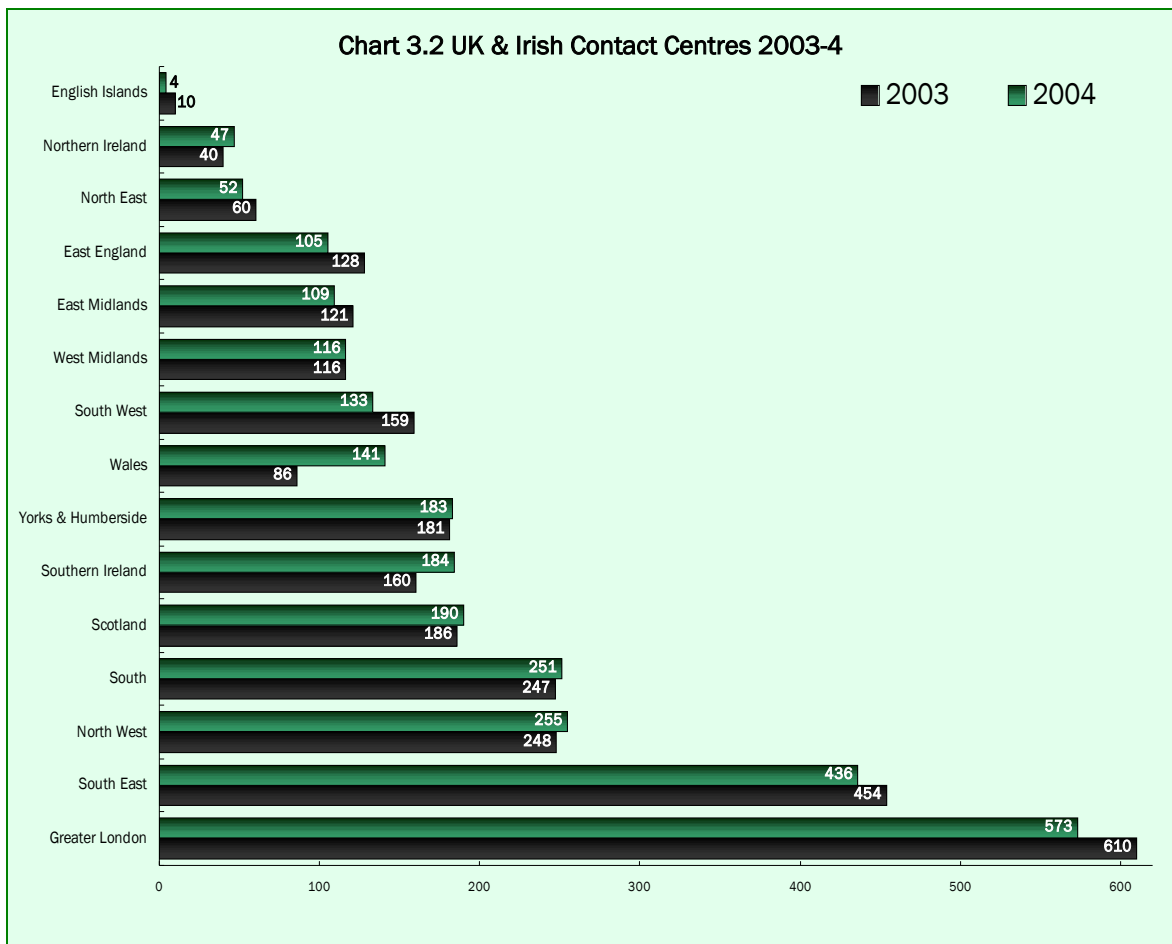
3.2 Geographical Distribution

The geographical distribution of sites in the UK & Ireland has changed quite noticeably over the last 18-month period. Greater London and the South East continue to be the largest concentrations and there is little new in that.

However, Chart 3.2. below highlights the growth and decline of regions. MRI notice that there has been a noticeable increase in regions where development agencies have been noticeable in maintaining a call centre investment strategy and noticeable decreases in areas with no prominent activity.

Wales, Northern Ireland and the Republic of Ireland have grown their installed base by the largest amounts 39, 15 and 13 percent respectively. West Wales in particular has shown most growth. Northwest, Scotland, Southern England and Yorkshire & Humberside have shown more modest yet tangible growth.

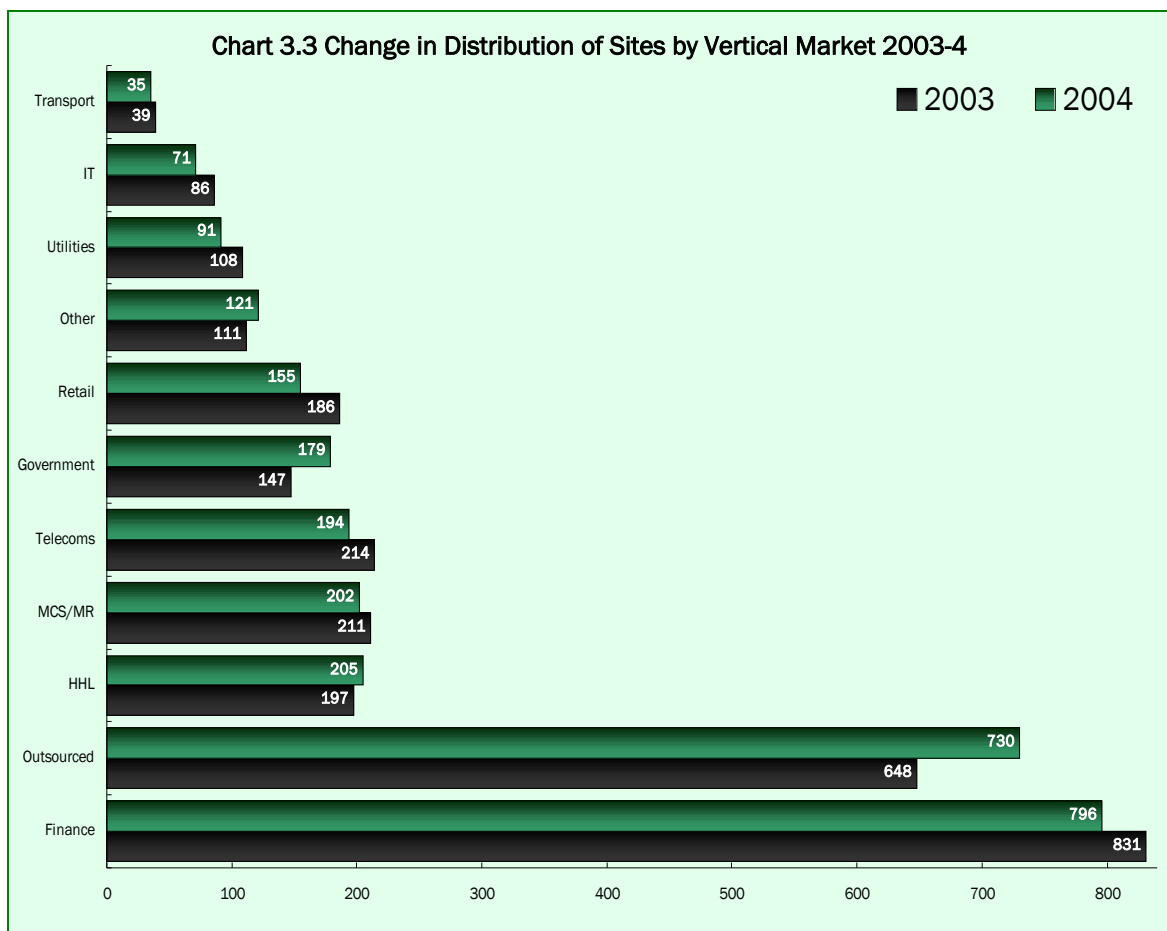
However South West England, East of England, North East England and East Midlands have lost call centres. This is also true of Greater London, although they have lost 6 percent of their base, this relates to 37 operations, a significant number.



3.3 Vertical Market Distribution

There have been significant changes in the vertical market distribution of contact centres over the last 18 months, as Chart 3.3. shows. Financial Services and outsourcers continue to dominate with 796 and 730 sites respectively. Hotel, Holiday & Leisure (HHL) is now the third biggest vertical overtaking Marketing Communication Services/Market Research (MCS/MR). There are now 179 Government call centres and this number continues to rise. The Other category is also increasing.

There have been a substantial number of closures in the Telecom vertical and MRI believes that one should also consider that several BT sites are now smaller employers than in the past, due to offshore transfer to India. Retail and IT call centres have reduced in number as a result of channel shift to both the web and an increasingly IT competent consumer. Utility sites have fallen in number, mainly as a result of cost-reduction and merger within the sector



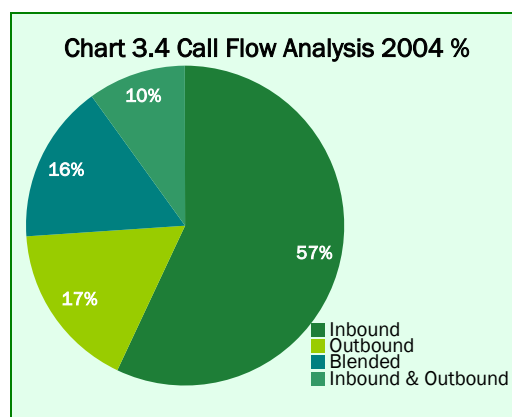
In Table 3.3 below we can see how the installed base has changed across the vertical markets, with the biggest fall being financial services and the biggest growth in outsourcers.

Table 3.3 Change in Share of Installed Base by Vertical 2003-4 %

Vertical	2003%	2004%	Change +/-
Finance	29.9	28.6	-1.3
Outsourced	23.3	26.3	3.0
HHL	7.1	7.4	0.3
MCS/MR	7.6	7.3	-0.3
Telecoms	7.7	7.0	-0.7
Government	5.3	6.4	1.1
Retail	6.7	5.6	-1.1
Other	4	4.4	0.4
Utilities	3.9	3.3	-0.6
IT	3.1	2.6	-0.5
Transport	1.4	1.3	-0.1
Total	100	100	0.0

3.4 Call Flow

Chart 3.4 shows the distribution of calls at UK & Irish sites. Not surprisingly, inbound calls is the largest category, but it is less frequent than it was three years ago. The dominance of inbound calling seems to be changing and this is probably linked to channel shift. Blended calling now almost matches outbound calling in terms of frequency and this points to increased success in making agents more flexible in their work. Early failures in blended calling now seem to have been overcome and we expect blended calling to overtake pure outbound during 2005. The use of pure outbound work is increasing, driven by more debt collection work. Unstructured outbound and inbound work is increasing, and it is likely that many of these enterprises will formalise their work into automated blended calling in the future.



3.5 Functions

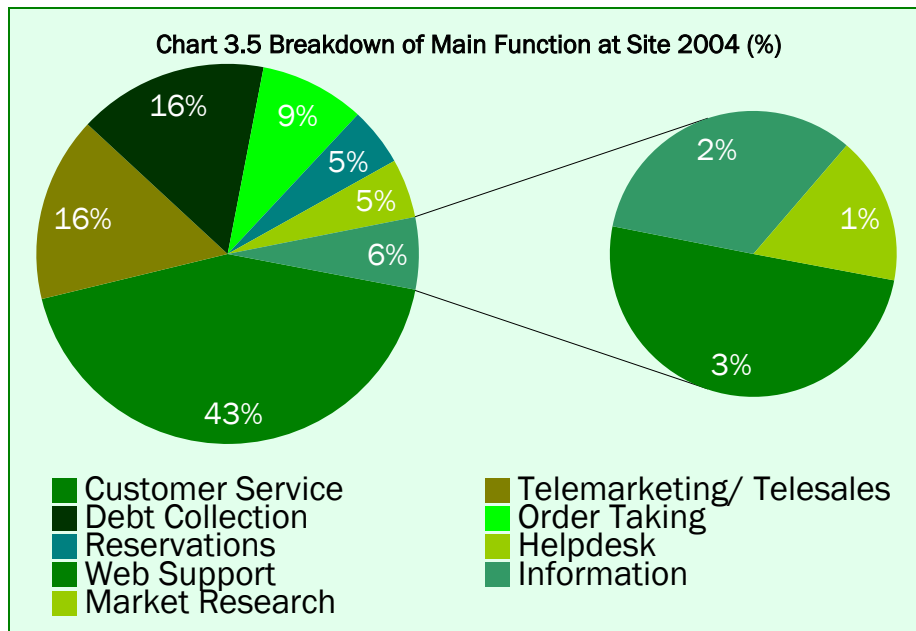
Table 3.5 shows the distribution of sites in terms of main function carried out at the site. Customer Service continues to be the key function right through from 2001 to 2004. Telemarketing/sales continues much as it was in 2001. However, the frequency of debt collection has increased markedly from 7 to 16 percent. One call centre in six in the UK now focuses on debt collection.

Order taking is down from 12 percent to 9 percent, probably due to e-commerce. Information lines have fallen for the same reason. Web support has grown from 1 to 3 percent, but it did stand at around 5 percent in 2002-3.

Table 3.5 Analysis of Main Function at Site 2001 and 2004

Main Function	2001	2004
Customer Service	40	43
Telemarketing/ Telesales	16	16
Debt Collection	7	16
Order Taking	12	9
Reservations	10	5
Helpdesk	8	5
Web Support	1	3
Information	5	2
Market Research	2	1
Total	100	100

In Chart 3.5. we show the 2004 data graphically.



3.6 Public/Private Operation

When examining this category MRI sought to count both call centres being run directly by government enterprises, such as local authority call centres and NHS Direct as well as outsourced operations such as the Passport Office or Companies House.

Whilst only 6.4 percent of call centres are run directly by government (179 sites in 2004) a further 87 operations are known to be outsourced.

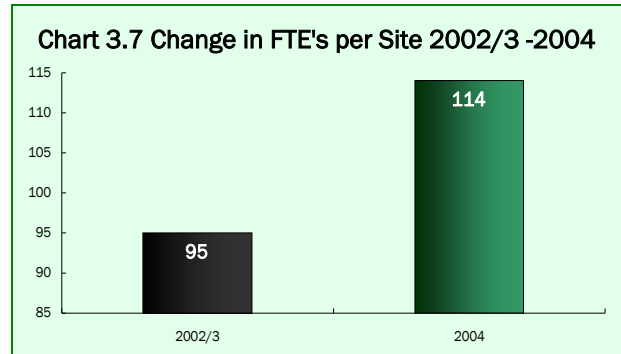
In combination therefore, government call centre operations number 266 known sites or 9.6 percent of the installed base of 2779.

3.7 Average Size

The average size of call centres has increased markedly in the last 18 months from the 2002/3 figure of 95 agents (FTE's) per site to 114 in 2004.

MRI believes this increase to be primarily driven by rationalisation of MCCO sites into fewer larger sites.

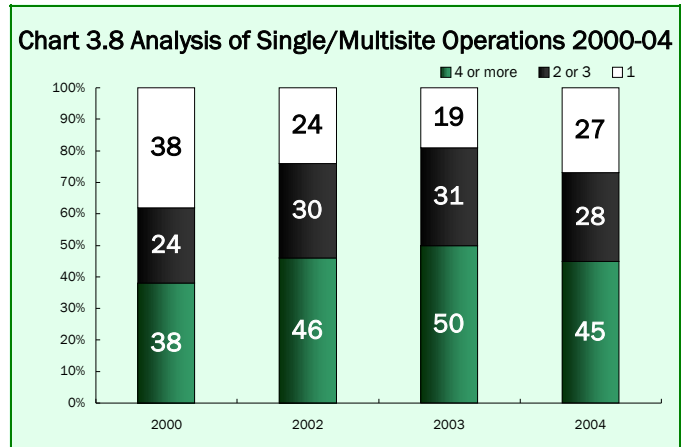
This can be seen in Chart 3.7.



3.8 Number of Sites in Group

In Chart 3.8, we see the changing nature of site structure since 2000. Up to 2003, the installed base seemed to be concentrating into the hands of around 67 organisations. In 2003 half the call centres in the UK & Ireland belonged to businesses with 4 or more call centres. In fact in 2002/3 work completed by MRI for BT, showed that 67 organisations controlled half the seats at that time.

Over the last year single site call centres have become relatively more important again, with 27 percent of sites now being single site operations.



3.9 Number of Sites Offshore

Offshoring has been a major fact of life for businesses in UK & Ireland in recent years. The secrecy with which offshoring is now surrounded, makes detailed assessment of the phenomenon very, very difficult for research businesses and the following data is based on known data only. MRI calls this phenomenon "Offshoring by Stealth."

There is, without doubt, a massive corporate fear of adverse publicity and in many companies there is an embargo on providing information to external bodies.

MRI believe that there has been considerable adverse reaction to offshoring in many consumer quarters, most noticeably financial services and telecoms. Privately many finserv respondents have told us that decisions to outsource offshore saved the business lots of cost, but also resulted in loss of market share.

In the same way that call centre businesses are adopting a mixed channel strategy in terms of the media they serve customers with, they are adopting a more intelligent mixed location strategy.

The main factors behind this strategy are:-

- Customer typology
- Customer reaction to offshore
- Countries used
- Outsourced/in house offshore
- Experience of offshore agents and management
- Cost Savings
- Diction

MRI benchmarking shows that some offshore sites are not only less expensive than onshore ones, but are performing better in terms of KPI's. However diction quality remains very mixed and there still seems to be a latent need for an alternative to India.

Although South Africa has excellent built infrastructure and highly experienced operators with over 410 call centres serving domestic customers (2002), it has not sold itself anywhere near as effectively as India. The only large-scale operation known to have set up in 2004 is Budget Insurance part of the South African owned Auto & General Group. There is no doubt that South Africa has a role to play, but to date potential rather than investment has been the state of play.

The deregulation of the local telecoms market has taken a very long time. However the new legislation allowing VoIP did finally come into play in February 2005, which should open up the market.

Having carried out detailed research on the Philippines in 2004, MRI can see the Philippines rivalling India. KPI measurements and call monitoring carried out at the Teletech and PLDT call centres in Manila showed excellent performance standards. Diction is very good, and notably better than India, but carries a US accent.

India itself continues to mature as the dominant offshore location for the UK & Ireland. Increased experience has improved the quality of local middle management.

Table 3.9 below shows the distribution of offshore call centres serving the UK & Ireland.

Table 3.9 Offshore Sites Serving the UK & Ireland 2004 by Country % Known

Country	Sites	% of Total
India	247	67.3
USA	47	12.8
Netherlands	33	9.0
Spain	12	3.3
Canada	6	1.6
Pakistan	5	1.4
Other	4	1.1
Czech Republic	4	1.1
South Africa	3	0.8
Philippines	3	0.8
Poland	2	0.5
Hungary	1	0.3
Total	367	100.0

3.10 Opening Hours

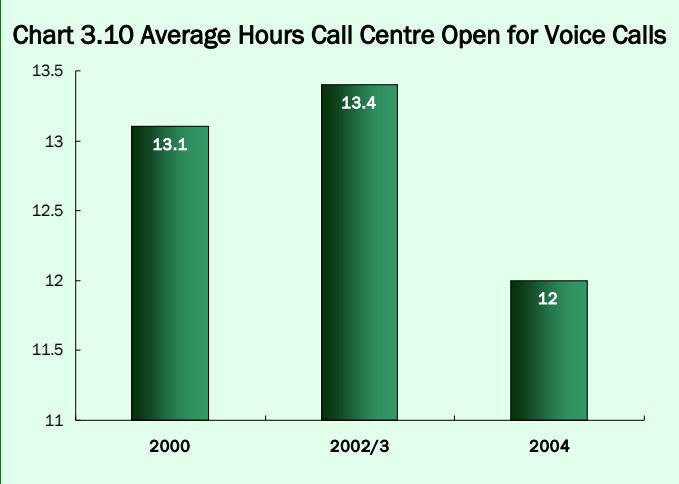
In Chart 3.9 below we see that the average numbers of hours call centres are open per 24-hour day has fallen quite markedly during the last 18 months. On average a call centre is open for exactly half the day of 12 hours. This is a full 84 minutes less than in 2002/3.

This is clear evidence of domestic call centres passing calls offshore outside of regular 8-6 hour day. It also shows increased use of IVR and forced channel shift to on-line alternatives outside of hours.

Table 3.10 shows the main alternatives used outside of normal domestic hours. More than one site in ten now transfers calls offshore outside of normal office hours. However this does also mean that 90 percent of sites do not.

Almost one-third (31 percent) refer callers to their website and normally state office opening hours.

A similar number (29 percent) attempt to service the customer automatically through IVR and this is becoming the norm for simple transactional requests.



A simple answer message telling callers to, essentially wait until morning is used in 16 percent of sites and 11 percent use the traditional “leave a message” system. Only 3 call centres in 100 provide no service.

Table 3.10 Main Alternatives to Domestic Live Agent Used Outside of Normal Working Hours

Method	%
Transferred Offshore	10
Referred to Website	31
IVR Only	29
Answerphone Service - no message	16
Message Recording	11
No Service	3
Total	100

3.11 Male:Female Split

The split between male and female agents has traditionally been slightly in favour of female staff. In 2002 it was 44 percent male and 56 percent female. This is virtually unchanged in 2004 with a 55:45 percent split, again in favour of female staff.

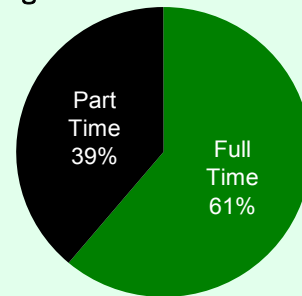
If we look at Chart 3.11, we can see that women become more dominant in Team Leader and Supervisor roles (60 and 62 percent respectively). Women are also in a majority of call centre management roles at 57 percent.

3.12 Full/Part-time Splits

Chart 3.12 below is based on Full Time work accounting for 30 or more hours per week. It can be seen that 6 workers in 10 are employed Full Time and 4 in 10 Part Time.

There seems to be a move to more Full Time roles within the call centre shown by previous regional studies, (such as an audit of Welsh centres) carried out in the UK.

Chart 3.12 Breakdown of Full Time/Part Time Agent Staff in Call Centres



3.13 Working Hours

On 2004 averages, a Full Time agent will work 35.2 hours and a Part Time one 19.7 hours. These are based on normal contracted hours.

Overtime is not that widely used in UK and Irish call centres. However on average a Full Time worker will complete 28 minutes overtime per week and Part Time agents a little more than 42 minutes per week.

3.14 Days Open Per Year

In Chart 3.14. below we can see that more than one-third of call centres stay open for 365 days of the year. A further 31 percent stay open for at least 360 days (in the main closing only for Christmas Day, Boxing Day and New Years Day).

Only one call centre in twenty opens for less than 260 days per annum. The remaining 27 percent are open between 260 and 359 days per annum.

3.15 Agent Age Splits

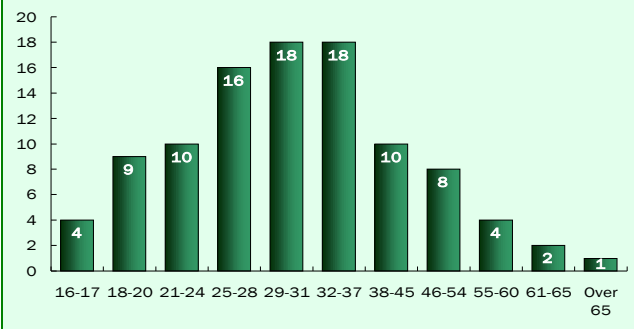
There has been a very interesting shift in age profiling in UK & Irish call centres over the last three years since 2001.

In Chart 3.15, we can see that 52 percent of agents are now in the age band 25-37. This is a considerable change from 2001 when the bulk of agents were below 28 years old.

There are at least four main reasons for this:-

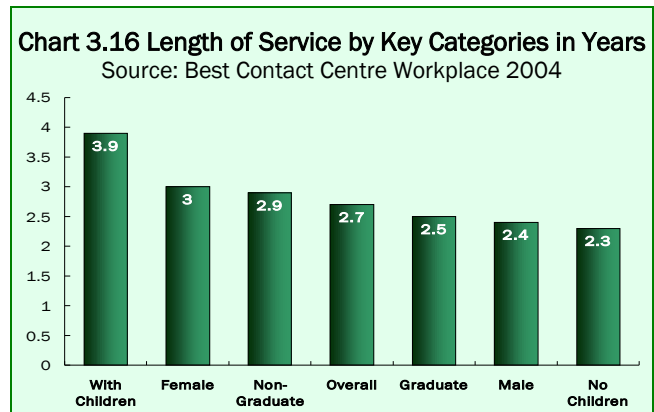
- The agent who joined the call centre as a younger person has matured
- More call centres are looking for people with commitments who will be reliable
- Under-graduate student labour is now being avoided as highly unreliable
- Call centres are now being positioned as a career and more agents than ever are staying in their roles and progressing to senior customer service representatives

Chart 3.15 Analysis of Agents by Age %
Source Best Contact Centre Workplace 2004



3.16 Length of Service

Best Contact Centre Workplace interviewed approximately 6700 agents, across 67 call centres. The average length of service is 2.7 years. As Chart 3.16 shows, agents with children stay the longest in their job at 3.9 years (this could often include maternity leave.) Agents without children, however do not stay nearly as long. The Best Contact Centre Workplace data also shows that female staff will stay more than half a year longer on average, than their male counterparts. Finally, and widely believed already, the graduate provides shorter service than the non-graduate does at 2.5 and 2.9 years respectively.



3.17 Country of Ownership

MRI examined ultimate ownership of UK Call Centres in 2000. Unfortunately, this data did not include the South of Ireland.

Table 3.17 updates this data for 2004. This table highlights a key fact missed by The Rt. Hon. Patricia Hewitt, Secretary of State for Trade and Industry in 2004 speech. The fact is that control of the UK call centre industry is changing and as the industry becomes more internationally owned, the passion to retain UK jobs will diminish, especially if offshore call centres begin to outperform on increasingly uniform KPI's. In Table 3.16 we see that UK companies now control seven percent fewer domestic call centres than in 2000.

Therefore, the Secretary of State's comment "We shouldn't fear the growth of other economies. A job gained in India or Ireland doesn't mean a job lost here. Our slice of the cake doesn't get smaller, the cake gets bigger for all of us," does seem to lack customer management insight.

By contrast virtually every other country listed in 2000 has increased ownership of UK companies. It is noteworthy that the UK economy is not widely multi-lingual as it is in Ireland. Therefore, buyers of UK call centres are most often servicing UK customers. International ownership will as it already has in manufacturing, drive offshoring and channel shift.

Table 3.17. Analysis of Country of Ownership

Country	2000	2004
UK	58.2	51.3
USA	18	19.2
Ireland	2.9	4.1
France	3	3.9
Germany	3	3.4
Other	2.9	3.1
Netherlands	1	2.8
Canada	2.4	2.5
Australia	1.9	2.2
Scandinavian Countries	2.2	2.1
Japan	2	2
Belgium	1	1.1
South Africa	1	0.9
India	N/A	0.9
Italy	0.5	0.5
Total	100	100

3.18 Age of Call Centre

The average age of an UK call centre is now 8.9 years. The average age of an Irish facility is 9.3 years, slightly older.

3.19 Call or Contact Centre

MRI is often told that our clients run a Contact Centre or Customer Service Centre. Each company is entitled to name it's own business in the way it wishes to do so. However it is important not to confuse long-term established definitions with market and HR PR positioning.

Strictly-speaking a call centre deals only in voice, a contact centre will have other medium to reach customers other than voice.

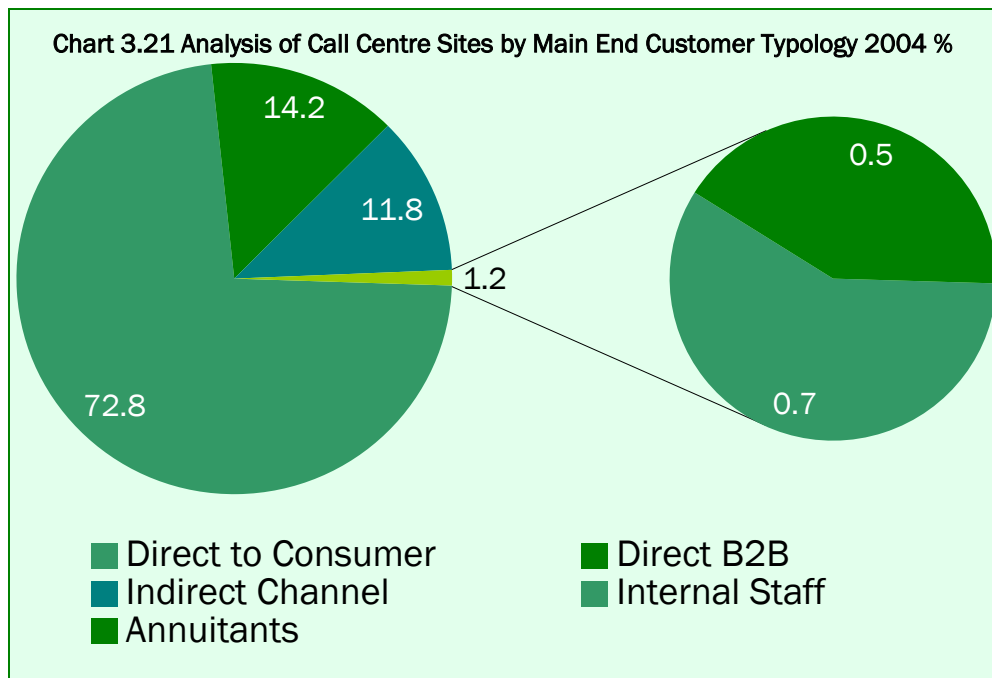
3.20 Disabled Staff

MRI estimate that there are currently 13,500 registered disabled agents working in UK call centres.

3.21 Direct and Indirect Customer Types

In Chart 3.21 below we see the breakdown of end customers by typology. As one would expect, Direct to Consumer is the largest category with 72.8 percent. Direct B2B is second with 14.2 percent, followed by Indirect Channels at 11.8 percent. Indirect Channels make up a far greater amount of the work carried out by call centres and this is particularly true in the Hotel, Holiday & Leisure vertical and the insurance and pension industries.

Although very small in number, work with Internal Staff and Annuitants is part of the work carried out by call centres. This is the area where call centre work is over-lapping with that of HR shared service centres.



4 CUSTOMER SATISFACTION

4.1 Reaching the Call Centre

CCO respondents were asked which channels of customer contact were available at their call centre. The most frequently cited response was voice via a live agent. 99 percent of the organisations sampled offered the facility of direct access to a call centre agent. Table 4.1. summarises the media channels utilised.

Table 4.1. Customer Contact Channels

Media	%
Voice - Live Agent	99
Post	38
Voice IVR	23
Email External	12
Web	5
SMS	3
Retail	1

From this Table we can see that the integrated use of email to external users, is actually unavailable to agents in 88 percent of call centres. Furthermore, MRI believe that of the 12 percent of call centres with external email, only 8 percent, is handled by agents with voice contact. Four percent is handled by dedicated teams without voice contact to the customer.

However, the use of integrated channels is growing, of this there can be no doubt.

On site postal processing has grown after several years of decline. In 2004, 38 percent of UK & Irish call centres do process post.

Voice IVR is now used in 23 percent of all call centres. Our in-depth interviews throughout 2004 show the IVR issues facing call centres can be prioritised as: -

- 1st Don't have it, but will be putting it in the next year. We need to make best use of our valuable agent time.
- 2nd IVR is our essential tool for handling customers out of normal hours; we see it as a key extension of service.
- 3rd Have set up our first system, which customers don't like much and we are rebuilding it with fewer levels
- 4th We will never have IVR as it does not reflect our caring, customer facing attitude
- 5th We are taking IVR out because it has affected customer satisfaction and probably market share

There is no doubt that IVR is here to stay, but the general consensus is that the first phase of implementation was very crude and was often used as a forced method of channel shift, with the customer's adverse reaction considered to be a tolerable problem.

One major electrical retailer had over 90 customer options in their tree and has reduced this, with a rebuild to less than 20.

One of the UK's top 10 financial services brands is removing all IVR from it's operations.

One cinema chain continues to use a system that fails to recognise customer's voice in many cases and offers no live agent alternative.

It would seem that IVR has a foothold in applications where the consumer has no choice. But where customers have real choice, poor quality IVR has had an impact on brand loyalty and profitability and MRI have seen several CCO's rapidly rebuilding and scaling down IVR to provide improved service.

However, IVR technology has improved and resellers are now focussing less on cost reduction and more on improved service as a way of convincing clients to adopt IVR.

Web integration into the call centre really has not happened to date. Only one agent in five is actually connected to web channels.

In reality the majority of businesses serve voice customers through a call centre and web customers through web and email without voice. These facilities are normally separate and often under different brands. However, the irony is that Internet businesses are adding voice to their service, rather than call centres adding Internet.

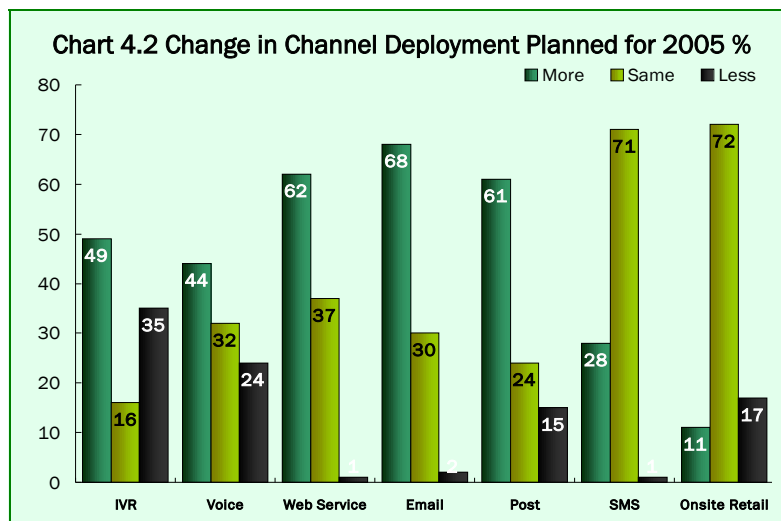
A good example of this is in low-cost airlines.

4.2 Channel Shift

Chart 4.2 below presents some very interesting information regarding deployment of channels in 2005. Respondents were asked to tell MRI which channels they would use “more”, the “same” or “less” of in 2005.

We can see that almost half of respondents said they would use more IVR, but 35 percent said they would use less. This seems to be based on adverse customer reaction.

Only 24 percent of respondents said they would use less voice, and 44 percent said they would use more. There was a virtually universal view that Web channels would grow (62 percent), or at least remain, as they were (37 percent).



The use of email is expected to grow by 68 percent of respondents, in many cases this came with a caveat, which is best described as “subject to security.” The use of Instant Messaging (IM) will also drive email use up.

Postal channels are also expected to grow by a majority of respondents (61 percent). This is mainly as a result of a greater volume of transactions and more debt recovery work.

SMS is either favoured, or not favoured by respondents - views are polarised. Therefore the same figure of 71 percent should be read with the understanding that many respondents feel it still has no part to play in their interaction with customers. Although 28 percent of respondents believe they will use it more.

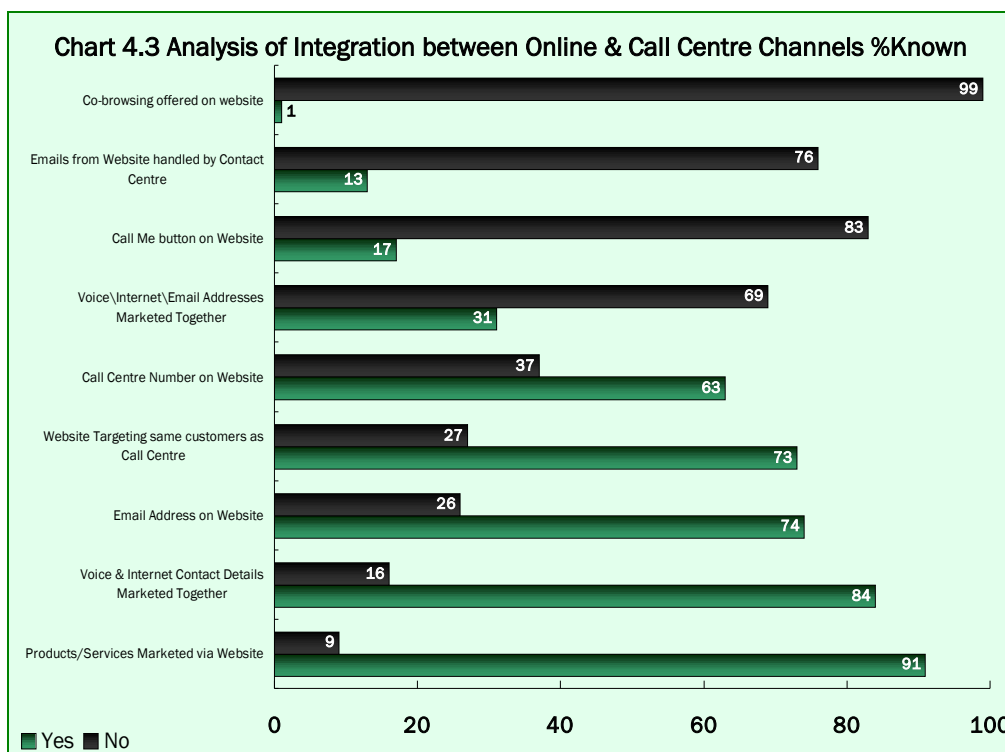
According to the Mobile Data Association 70 percent of the UK population owns a mobile phone and 65 percent of them send business text messages. Wicom, believe that 60 percent of businesses have no system in place to respond to text messages and 70 percent had no plans to implement a solution. This suggests inertia in this area.

Finally, we look at on-site retailing, to be specific, dealing with customers on a personal basis from the call centre building itself. Here we see a reversal of past retail closures, with 11 percent informing us that they will be dealing with customers on-site. This trend is mainly driven by public sector and city centre CCO's. The huge growth in urban living also means that local (on foot) customers have grown significantly in number in the UK and Ireland.

4.3 Websites

In Chart 4.3 below we see an analysis of integration between the call centre and the online media channels.

We can see that more than 9 out of 10 call centres do market services via the web. Eighty four percent do market voice and web contact details together. Just less than three-quarters (74 percent) claim to promote an email address on their website.



Almost three-quarters of call centres use the website to target the same customers as the call centre itself does. However 27 percent of respondents use the website for a different type of customer to the call centre - and do this consciously.

It is very interesting that only 63 percent of respondents issue a telephone number on their website. This means that one-third does not promote a telephone number at all. This is forced channel switching which, like too many levels of IVR, has been proven to push customers away in situations where they have discretionary choices.

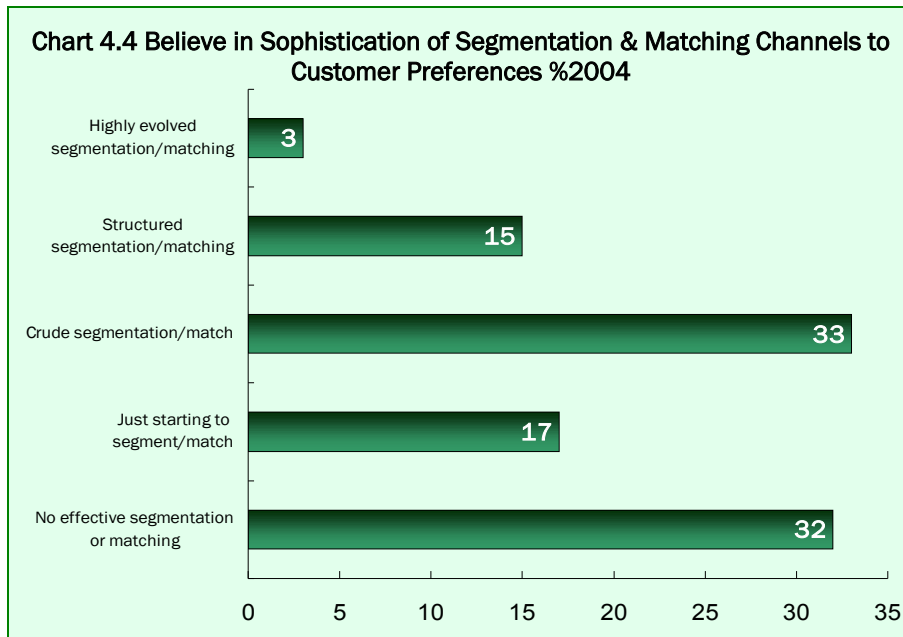
Only 13 percent of call centres handle emails within the call centre facility.

Interestingly, despite much talk of integration only 17 percent of websites hold a "Call Me" button.

4.4 Customer Segmentation

Respondents were asked for an honest view on how sophisticated they believed their channel strategy was in terms of matching channels with customer's preferences.

Responses generally suggest that the call centre was still very much on "a journey" in terms of the matching process. This is highlighted in Chart 4.4 below, which shows that 32 percent believed they were not effective in segmenting and matching channels to customer preferences. Only 3 percent of respondents believed themselves to be "Highly Effective." The remaining responses suggest that there is still much to be done.

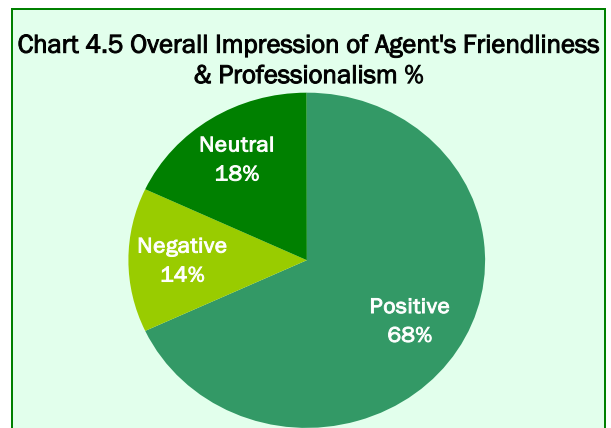


4.5 Friendliness & Professionalism

Our consumer survey Best Contact Centre Service (BCCS) examined callers views on overall "Friendliness & Professionalism" towards the agent who handled their call.

Chart 4.5. shows that more than two-thirds (68 percent) of respondents felt positive, a further 18 percent felt negative. Finally 14 percent felt negative towards the agent.

This seems to suggest that generally respondents believe agents are friendly and professional, but there are situations where improvements could be made.



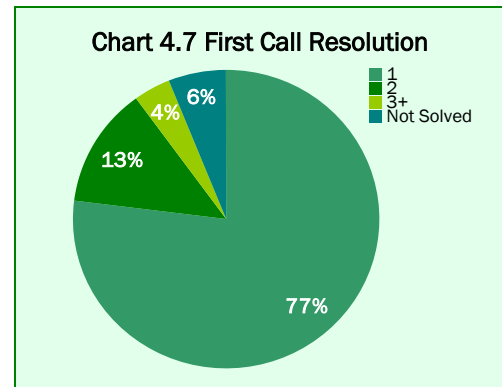
4.6 Abandonment

The average UK & Irish front of house call abandonment rate is 5.5 percent.

There is no doubt that IVR has reduced this level, especially on transactional calls such as balance enquiries.

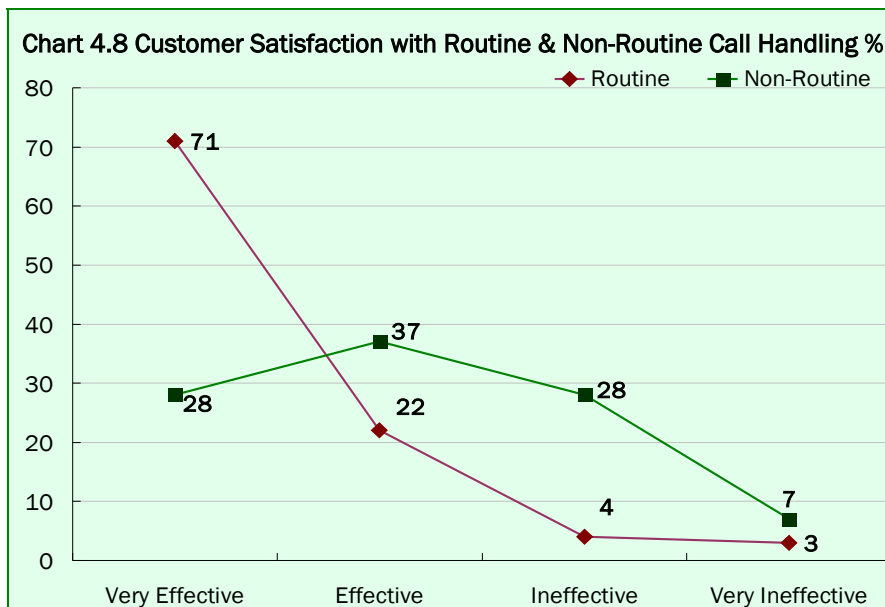
4.7 First Call Resolution

Chart 4.7 looks at the number of agents spoken to in progressing the call. The pie chart shows that 77 percent of callers gain call resolution through their first call. When one considers how many very routine calls exist, then this merits further examination. More than 1 call in 20, 6 percent is not resolved at all and 4 percent need three or more separate dialogues of escalation for the caller to be satisfied.



4.8 Call Handling

Our research shows that benchmarks for customer satisfaction in routine and non-routine calls are very different. It would seem that the consumer learns how to deal with routine transactional calls to the bank and becomes relatively easier to please. But as Chart 4.8. shows, non-routine calls are a different matter.

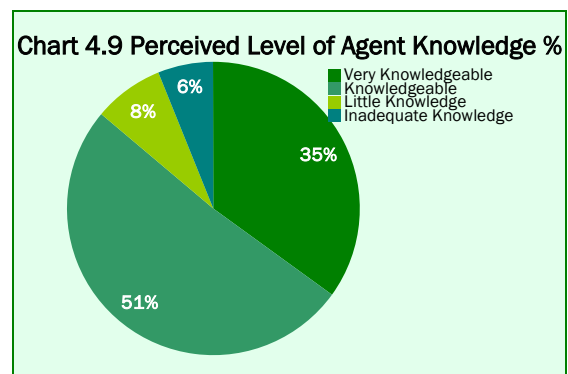


In routine calling situations 71 percent of consumers believe call centres are Very Effective. In non-routine situations this figure is just 28 percent. In non-routine situations the caller is far more difficult to satisfy, with 35 percent of respondents finding call handling Ineffective or Very Ineffective.

4.9 Knowledge Responsibility

MRI examined caller's views on the level of knowledge held by the agent in regard to the matter in which they were calling.

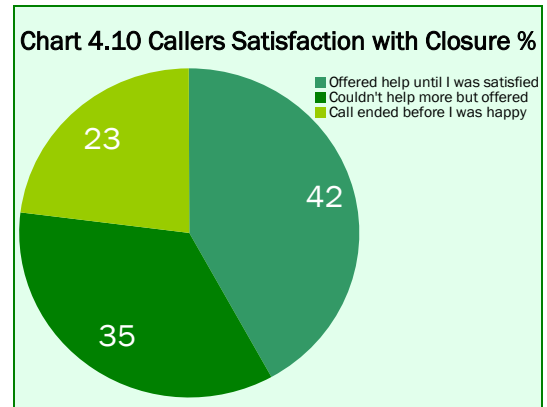
Chart 4.9. below shows a generally good picture. More than one-third of respondents (35 percent) felt that agents called were Very Knowledgeable. More than half (51 percent) felt they were Knowledgeable. A combined balance of 14 percent felt that they had Little or Inadequate knowledge./



4.10 Call Closure

In Chart 4.10 we examine benchmarks for caller satisfaction with the way in which agents closed the call. We can see that 42 percent of callers were offered help until they were satisfied. Thirty five percent of respondents felt that the agent could do no more, but was willing to help. Finally 23 percent of respondents felt the call ended without them being fully satisfied. They were in most cases rushed off the phone.

This is a very strong reflection of general good practice in the call centre industry.



4.11 Customer Satisfaction Methods

UK & Irish call centres are often tokenist in their approach to fully understanding customer satisfaction levels. The benchmarks shown in Table 4.11 highlight this fact.

The main internal method of measuring customer satisfaction is sampling calls monitored. This is implemented in 52 percent of sites. Complaint and Bouquet levels are used in slightly more than one case in ten, but this method is clearly not that scientific. In the Quality Management section further on, we see that the volumes of calls inspected is very low compared to other benchmark countries.

The use of simple screen balloting software at call end is becoming increasingly popular and this was found in 7 percent of sites.

True quality circles run by designated teams were rather rare, at just one site in fifty. The "Staff Meeting" method is basically the statement used by respondents when there is no other method in place.

The picture is probably worse in external research. More than half of all respondent companies (56 percent) did no external third party customer satisfaction research in the 12 months preceding the survey.

This figure looks even worse when one considers that the companies carrying out focus groups and tracking, tend also to be the ones doing other forms of customer research.

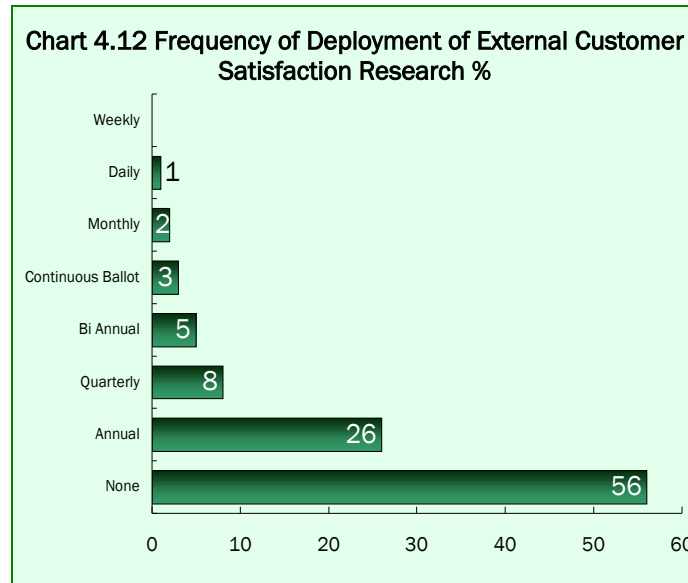
At time of writing, many, many UK & Irish call centres are reluctant to carry out customer surveys. They clearly believe the results will be negative due to offshoring and forced channel shift. This has been stated to MRI countless times during 2004.

Table 4.11 Analysis of Customer Satisfaction Methods

Internal	%
Sampling Call Monitoring	52
Complaint & Bouquet Levels	11
End of Call Surveys	7
True Quality Circle	2
Staff Meetings	79
External	
Focus Groups	4
Tracking	11
Other Contracted Surveys	34
"Which" type ratings	7
None Identified	56

4.12 Satisfaction Measurement Frequency

In Chart 4.12 below we look at the frequency of deployment of external customer satisfaction measurement. It has to be said that these levels of external measurement are probably far lower than in the USA and certainly lower than in Canada, France, Germany and South Africa.

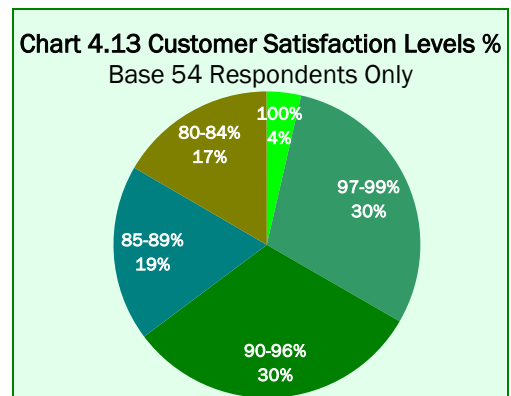


4.13 Customer Satisfaction Levels

MRI believes there is no accurate method available at this time to measure relative customer satisfaction between call centres.

MRI can clearly see that the methods of measuring overall customer satisfaction by CCO's differ substantially from business to business and site to site. For this reason we find it difficult to understand how it can have been consistently measured in the past. Without each call centre implementing surveys of essentially similar content, uniform comparison is all but worthless.

However, we have gathered overall customer satisfaction levels from 54 of our domestic respondents (UK & Ireland) and present them in graphical form in Chart 4.13.



The key thing that this Chart shows is that customers are almost always very happy!

One might ask why the Chart does not show satisfaction levels below 80 percent. It is because, there seems to be no situations where customers are less than 80 percent satisfied.

There is clearly something really wrong in the ways that call centres are examining customer satisfaction. We detect a real fear of adverse publicity and we can only conclude that this has resulted in a lack of meaningful customer satisfaction work, which is comparable between call centres.

Feedback on this point is most welcome, please send your comments to feedback@mitial.com

5 SALARY

This section of the report outlines the detailed salary findings from the research. It begins by offering current perceptions and anticipated trends within the industry gleaned from Senior Management level sources, then concentrates in depth on remuneration packages for call centre employees, concluding with analysis of management/supervisory staffing levels to agent ratios.

5.1 Future Trends

The majority of the results featured in Section 5 of the report are of a quantitative nature i.e. containing hard facts and figures, however, in order to add depth to the research the opinions were sought of management level personnel from within the industry. Whilst not being categorical, the perceptions gathered from industry professionals are intended to offer an indication of potential trends affecting salaries and staff retention within the industry over the next two years.

“The main shift, we have found, particularly over the last 6 – 12 months period is the increased power of the candidate in the negotiation.

It has been our experience that quality candidates are no longer tied to salary bandings and on occasion can demand significantly above the salary originally offered.

Although the remuneration packages available form only one part of the overall offer, employees need to be competitive to attract the ever diminishing pool of talent available to them. If this proves impossible a creative view on benefits could also become an attractive feature.

The golden rule is to make sure you measure yourself against your competition both sector wise and geographically and find ways of making sure that the salary forms part of a very attractive employment offering”

Sally Wells, Teleresources

“Whilst clearly a factor in staff attrition, I do not believe that salaries are the key underlying cause of high staff turnover within the call centre industry. My experience of recruiting, selecting and training call centre personnel leads me to believe that attracting and retaining more mature staff - people with responsibilities and life experience - is vital in order to deliver consistently on KPIs such as customer satisfaction whilst still managing overall costs. And, it doesn't have to be expensive if you attune your selection process to the specific deliverables of the call centre concerned.

Having seen many 18 to 25 year old staff come and go and having also watched HR departments try to stem the outflow with ill-conceived, hurriedly concocted incentive schemes or over-elaborate pay-gradings, I have learned the valuable lesson of really getting a grip on the customer's business - finding the staff then becomes an instinctive process and it is surprising how many quality older staff can be brought in for the long term at the same rates of pay as the younger, more fickle candidates, whose very lack of ties (family, mortgage etc.) makes them a poor attrition risk right from the outset.

What are the future trends in my view? Attrition will come down as employers realise that the classic 18 month turnover for call centre staff is financially unsustainable once recruitment, induction and training costs are taken into account. With improved benchmarking and KPI measurement metrics, even the negative impact on increasingly critical customer satisfaction is starting to get through to those who would rather pay 15 mediocre staff £15K, as opposed to finding, nurturing and keeping 10 quality people at £16K. The difference being in the entire approach - rewarding and mentoring, rather than simply expecting to get longer-term staff by offering more money.

As for future trends in call centre salaries? In my view, not necessarily upward if the right approach is taken. However, the true savings will always be realised through retention. The industry needs to work harder at proving the hidden savings that the money men, blinded by the more obvious performance metrics, just don't see”

Richard Wright, Leading Consultant, Icon CIS, a division of Icon Search and Selection

5.2 Executive Summary

- For the majority of call centre staff, salaries have increased significantly since the study of 2002/03. In particular inbound and outbound agents have benefited from pay rises greatly in excess of inflation, with average rises over the period of 28 percent. Blended agents and linguists have also received inflation beating rises of 15 and 13 percent, respectively, however explanation for these more moderate rises may be an increased reliance on off-shoring for these particular roles.
- Agents with multi-lingual talents demand the highest salaries of all call centre agents (however some new starters earn slightly less than their outbound colleagues).
- On the whole, Greater London, the South and the Republic of Ireland command the highest salaries of all call centre agents, irrespective of whether they are inbound, outbound or linguists. The situation differs slightly for blended agents where Greater London and the Republic of Ireland still account for the highest average salaries, however, the salaries in the South of England for this category only qualify for sixth position in the regional league table.
- With regard to team leader remuneration, typically, leaders of linguistic teams command the highest salaries.
- Overall, agent cash bonuses have fallen considerably over the past two years. In 2002/03 the average agent cash bonus was £2,742 compared to a current figure of £1,793, representing a 35 percent decrease. Linguists, blended and inbound employees have been the most affected. The author hypothesises that the decreased bonus levels may be accounted for by offshoring of multi-lingual ICT helpdesk work to Eastern Europe, coupled with the associated transfer of more experienced agents to non customer facing staff roles. Staff roles offer reduced potential of target related bonuses, however, the supposition being that they are now receiving a higher level of basic salary.
- A diverse range of non cash benefits were prevalent amongst call centres with the most frequently offered being free beverages and subsidised meals. The less frequently cited benefits tend to be vertical sector related perks e.g. travel vouchers offered by the Hotel, Holiday and Leisure sector.
- In terms of reliance on staff working excess hours in addition to their standard contracted period, Telecoms and Information Communications Technology (ICT) related call centres are less likely to depend on staff working overtime. This contrasts with Government and Transport related call centres, those being the most heavily reliant on overtime.
- With regard to agent to team leader ratios, Marketing Communication Services (MCS)/Market Research (MR) and outsourcers have the highest with typically ten agents per team leader. Conversely, ICT have the lowest ratio with each team leader having responsibility for just six agents. However, in contrast to agent to team leader ratio, ICT has the greatest number of team leaders to supervisors ratio with seven team leaders per supervisor, whilst MCS/MR exhibit the closest supervision with supervisors on average managing two team leaders. This close monitoring is mirrored higher up the management structure, with MCS/MR having the lowest number of supervisors per Call Centre Manager (2:1). Likewise, Transport, Courier and Post related call centres also exhibit close supervision with ratios of two supervisors per call centre manager. Call centres in the utility sector have the greatest supervisor to call centre manager ratio with seven supervisors reporting to the call centre manager.

5.3 Inbound Agent Basic (Internal Payroll and Agency)

The overall average salary for UK and Irish based inbound call centre agents is £14,325. This equates to a 28 percent increase when compared to the 2002/03 figure of £11,225.

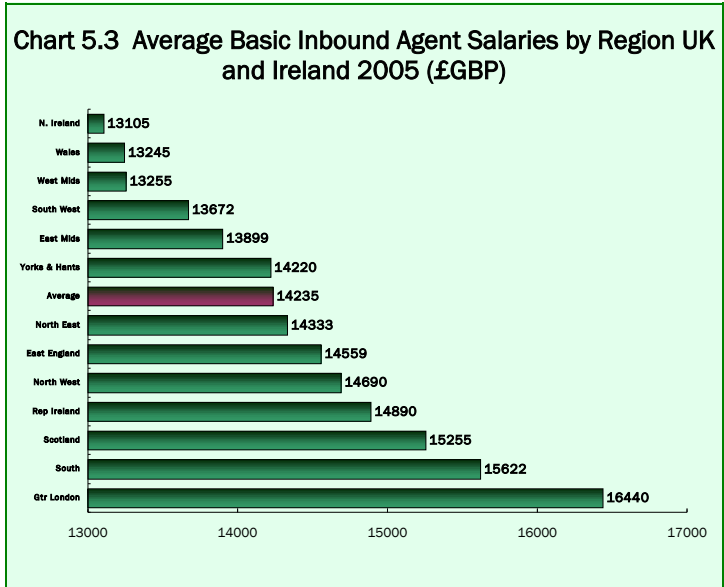
In this year's study on average, payroll staff enjoy a 7.1 percent higher salary than their agency derived colleagues (£14,469 compared with £13,448, respectively). The previous research in 2002/03 concluded that payroll received a 5.7 percent enhancement indicating the gap between the sectors is increasing.

Typically, agents commence on £13,080 (combined payroll and agency average) with the highest paid employees (payroll) earning £19,305. Table 5.3 summarises the average salaries for inbound agents.

Table 5.3: Basic Agent Salary Comparisons UK and Ireland 2005 (£GBP): Inbound

	Payroll	Agency	% Variance	Overall Average
Starting	13,165	12,870	+2.2	13,080
Average	14,469	13,448	+7.1	14,235
Highest	19,305	16,449	+14.8	17,880

As Chart 5.3 demonstrates, Greater London and the South command the highest salaries of all UK and Ireland based inbound agents, averaging £16,440 and £15,622, respectively. Interestingly, employees based in Scotland are the next most highly paid group (£15,255) followed closely by the Republic of Ireland (£14,890). This scuppers any theories of a neat North / South salary division. Closer examination of the data for the lower paid regions indicates that the Midlands, South West, Wales and Northern Ireland lag behind. Compared to the 2002/03 study, these results indicate considerable changes in the regional rates of pay both in respect of increases in simple financial terms but also with regard to the regions earnings ranking in the UK and Ireland as a whole.



For example, in 2002/03 the top earning region for basic inbound salaries was the North East on £12,663 compared with seventh place this year on £14,333 (only slightly above the overall average of £14,235). Conversely, Scotland ranking ninth place in 2002/03 on £10,703 have since jumped to third position with an average salary now of £15,255 which equates to a 43 percent salary increase.

5.4 Outbound Agent Basic (Internal Payroll and Agency)

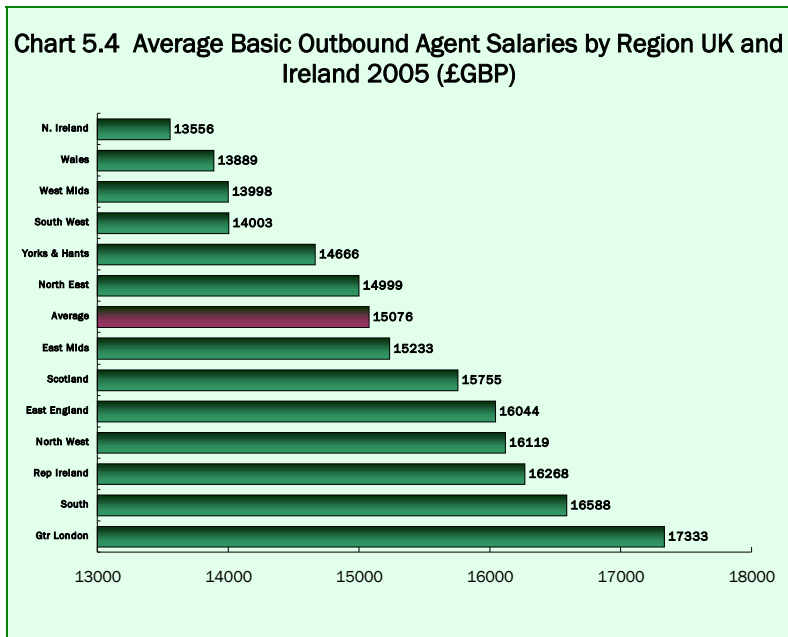
Table 5.4 shows the average basic agent salary for outbound staff. When compared to 2002/03 findings, average outbound agent salaries have also increased by 28 percent. Average outbound agents in the UK and Ireland now earn £15,076 compared to £11,809 in 2002/03.

Table 5.4 Basic Agent Salary Comparisons UK and Ireland 2005 (£GBP): Outbound

	Payroll	Agency	% Variance	Overall Average
Starting	13,770	12,569	+8.7	13,441
Average	14,995	15,100	-0.7	15,076
Highest	21,336	17,005	+20.3	19,886

In contradiction to the position on inbound employee earnings, average outbound agency staff command a premium over their payroll colleagues typically earning in the region of 1 percent more. However, at the top of the pay scale, the status quo is restored with highest earning employees again being payroll staff, on average receiving a 20 percent greater income. In general, payroll staff have regained the advantage over their agency peers, in 2002/03 agency staff out-earned their equivalent payroll colleagues in all categories (i.e. starting, average and highest) earning typically 10 percent more. 2004/05 data demonstrates increased earnings for payroll employees in all categories except the basic agent average wages.

Replicating the pattern for inbound agent salaries, Greater London and the South are again ranked highest in terms of earnings for outbound agent salaries (£17,333 and £16,588 respectively). The 2002/03 study concluded that the outbound staff employed in the North East were the most highly paid. However, the most recent study indicates the region has dropped dramatically in terms of UK and Ireland regional ranking, to eighth place with a salary now typically below the UK and Ireland average (£14,999 versus UK and Ireland average of £15,076). It appears that their loss has been to the East of England's gain as this region has been promoted from bottom of the table in 2002/03 to fifth place this year. Regional outbound agent salaries are illustrated in Chart 5.4.



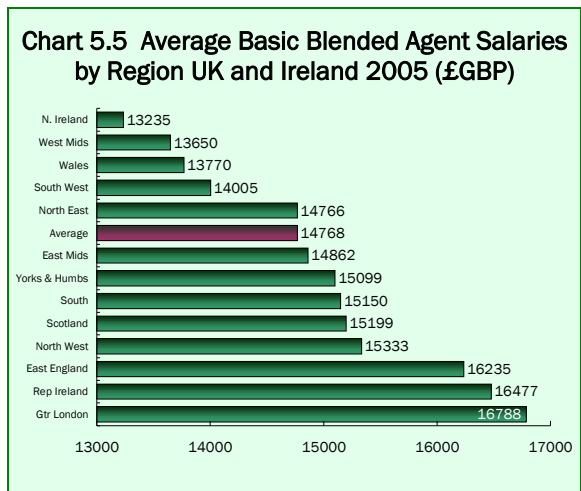
5.5 Blended Agent Basic (Internal Payroll and Agency)

Overall, blended salaries have increased by 15 percent over the past two years. Blended agents currently receive an average basic salary of £14,768 compared with £12,606 for 2002/03. In terms of the differential between payroll and agency employees, for blended staff the figures are similar to basic inbound salaries in that payroll enjoy an average 6 percent premium over their agency colleagues (£15,100 versus £14,144, respectively). Again, comparative data from 2002/03 demonstrates that agency staff previously commanded a premium over payroll, the latest study confirms that similarly to outbound agents blended payroll employees now typically earn more than their agency counterparts. Table 5.5 summarises basic blended agent salaries for payroll and agency employees.

Table 5.5 Basic Agent Salary Comparisons UK and Ireland 2005 (£GBP): Blended

	Payroll	Agency	% Variance	Overall Average
Starting	13,449	12,999	+3.3	13,200
Average	15,100	14,144	+6.3	14,768
Highest	17,440	16,200	+7.1	16,846

Greater London and the Republic of Ireland regionally command the highest average blended basic salaries (£16,788 and £16,477, respectively), however, the East of England has seen a massive increase both in terms of regional ranking and salary moving from bottom position in 2002/03 to third place currently. Average salaries have risen from £10,450 to £16,235 representing a 55 percent increase for the region. Conversely, the North East have fallen from first position to ninth overall over the past two years with salaries actually falling by 10 percent, before taking inflation into account i.e. in real terms the amount they have fallen by over the period would be considerably higher.



Blended agents from Scotland followed the trend set by their inbound and outbound colleagues in that they have as a region considerably increased their placing and salary over the past two years, moving up five places and enjoying a salary increase from £11,620 to £15,199 equating to a 31 percent. Chart 5.5 illustrates 2004/05 regional salaries for blended agents.

5.6 Linguist Agent Basic (Internal and Agency)

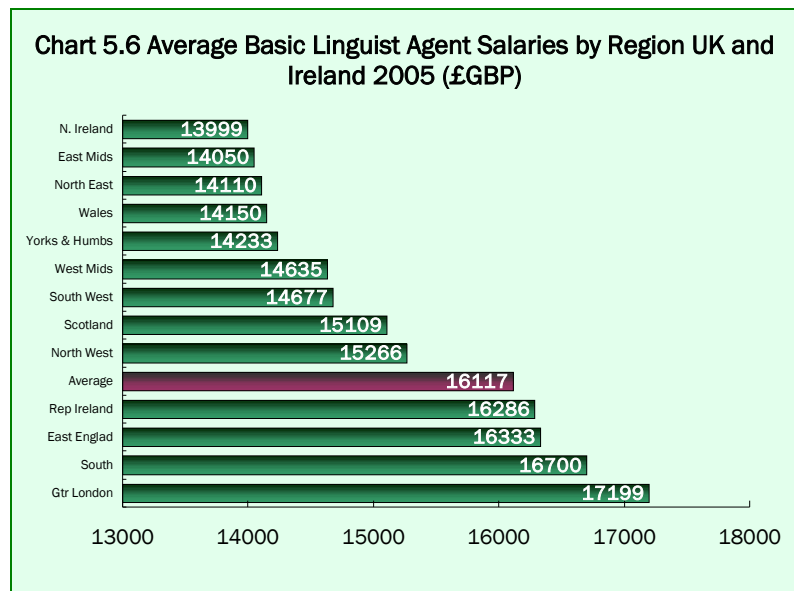
Agents with multi-lingual talents demand the highest salaries of all call centre agents (however some new starters earn slightly less than their outbound colleagues). Despite this, typical basic salaries are £16,117 which is 10 percent higher than the agent average. Comparatively, this has increased by 13 percent since the 2002/03 study was undertaken, representing the lowest overall increase of any of the roles.

Usually, payroll employees earn more than agency blended staff both initially and at the highest level. However, earnings for employees with average levels of experience are marginally higher for agency staff over payroll (£16,308 compared with £16,005, respectively). These results are outlined in Table 5.6.

Table 5.6 Basic Agent Salary Comparisons UK and Ireland 2005 (£GBP): Linguist

	Payroll	Agency	% Variance	Overall Average
Starting	13,552	13,155	+2.9	13,299
Average	16,005	16,308	-1.9	16,117
Highest	21,885	18,934	+13.5	20,009

In terms of regional earnings, chart 5.6 clearly illustrates that linguists based in Greater London (£17,199), South (£16,700), East of England (£16,333) and Republic of Ireland (£16,286) command salaries significantly above the rest of the UK, ranging from a minimum of £1,020 to a maximum differential of £3,200 for linguist agents based in Northern Ireland. This corroborates the findings from 2002/03 when Northern Ireland again received the lowest average salaries for linguists. However, at that time, the most highly paid linguists were those based in the North West. This region is currently fifth overall in terms of regional salaries at £15,266.



5.7 Team Leader (4-12 in Team)

Overall, team leaders currently receive an average basic salary of £17,040. When compared to findings from 2002/03, where the equivalent salary was £16,113, this represents a 6 percent increase over the past two years, barely keeping pace with inflation and being significantly lower than the increases enjoyed by the agents in their teams.

Typically, leaders of linguistic teams command the highest salaries, on average earning £18,244 with the most highly rewarded linguistic team leaders receiving £26,335. Table 5.7 outlines these results.

Table 5.7 Basic Team Leader Salary Comparisons UK and Ireland 2005 (£GBP)

	Inbound	Outbound	Blended	Linguists
Starting	15,020	16,100	15,450	15,700
Average	16,375	17,005	16,534	18,244
Highest	20,075	21,750	21,744	26,335

5.8 Supervisor (13+ in Team/and or Team Leaders)

As illustrated in Table 5.8, supervisory staff earn an average salary of £21,018 with outbound supervisors commanding a premium over their inbound, blended and linguistic colleagues, with a typical salary of £22,606 increasing to a maximum of £31,333. In comparison with 2002/03 data, basic salaries appear to have fallen for some supervisory staff however, due to lack of comparative data for linguists these results are indicative rather than conclusive.

Table 5.8 Basic Supervisor Salary Comparisons UK and Ireland 2005 (£GBP)

	Inbound	Outbound	Blended	Linguists
Starting	18,770	19,466	18,999	20,005
Average	20,189	22,606	20,055	21,222
Highest	28,440	31,333	27,333	31,010

5.9 Bonuses (Average)

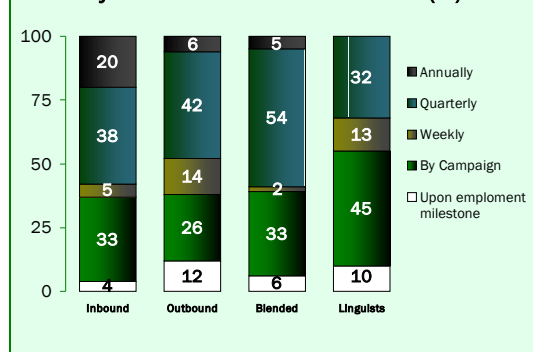
Overall, agent cash bonuses have fallen considerably over the past two years. In 2002/03 the average agent cash bonus was £2,742 compared to a current figure of £1,793, representing a 35 percent decrease. Those agents most greatly affected are linguists, blended and inbound employees with linguists receiving the largest reductions (69 percent). Outbound staff however, appear to have weathered the cutbacks over the past two years exhibiting maximum cash bonus cutbacks of 6 percent. Interestingly, whereas the linguist role previously received the highest value cash bonuses followed by outbound, blended and inbound agents, this year's study reveals that outbound and inbound agents are now commanding the greatest cash bonuses, followed by linguists and blended employees. These results are outlined in Table 5.9.

Table 5.9 Basic Agent Cash Bonus Averages Comparisons UK and Ireland 2005 (£GBP)

	Inbound	Outbound	Blended	Linguists
Starting	0	0	255	240
Average	1,640	2,466	1,605	1,460
Highest	3,900	13,660	3,890	2,790

As illustrated in Chart 5.9, blended and outbound agents are predominantly rewarded cash bonus payments on both quarterly and individual campaign result basis, with a slight bias towards the quarterly bonus scheme. To an extent, this also applies to inbound agents although annual recognition is also commonplace for this job function. Linguists, however are most likely to be rewarded by campaign results than the other roles, with quarterly recognition being a factor but to a lesser extent. Employment milestone bonuses e.g. for length of service and weekly bonus payments are less frequently utilised.

Chart 5.9 Analysis of Cash Bonus Payments by Most Common Time Period (%)



5.10 Bonuses (Aligned to Customer Satisfaction)

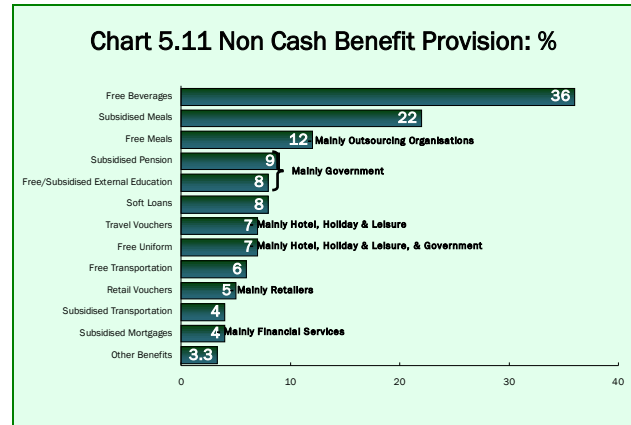
Blended (16 percent) and inbound (13 percent) agents are the most likely roles to receive bonuses aligned to customer satisfaction. The benchmarks for these are mainly complaint resolution and quality management based technology.

Table 5.10 Basic Agent Bonuses – An Analysis of the Frequency of Linkage to Customer Satisfaction UK and Ireland 2005 (£GBP) % Propensity

	Not Linked	Linked to Complaints	Linked to Bouquets	QM Technology Based
Inbound	87	7	4	9
Outbound	90	2	2	6
Blended	84	4	1	9
Linguist	93	3	1	8

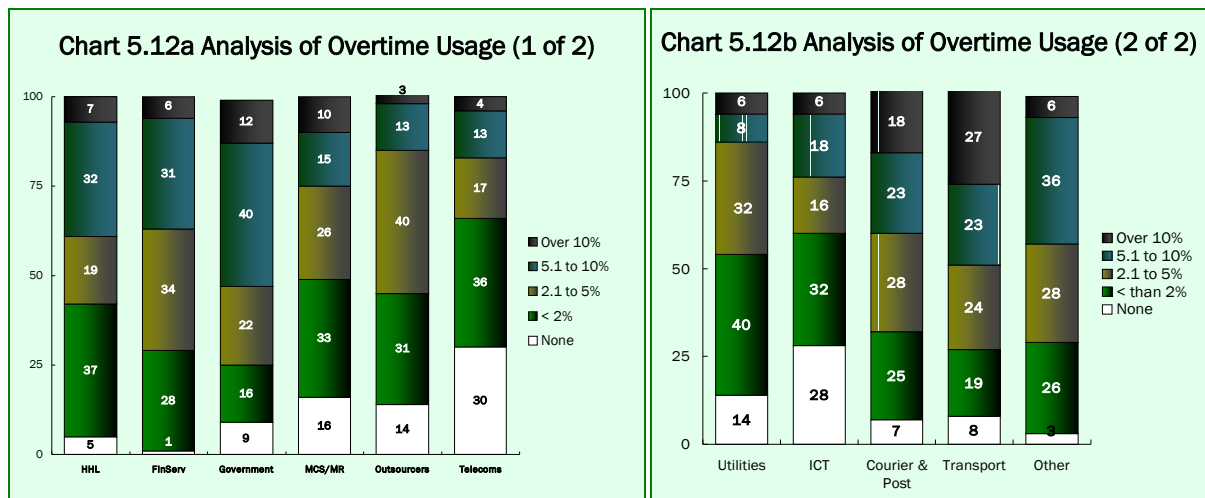
5.11 Non Cash Benefits

Chart 5.11 illustrates the main non cash benefits offered to call centre employees. Clearly, a diverse range of benefits in kind exist, with the most frequently offered being free beverages (36 percent) and subsidised meals (22 percent). The less frequently cited benefits tend to be vertical sector related, i.e. travel vouchers are predominately provided by Hotel, Holiday and Leisure organisations and some outsourcers with very little evidence of this provision being made available from Government or Utility related organisations. Similarly, free loans, soft loans and subsidised mortgages are most likely to be provided by financial services providers and least likely to be featured amongst benefits offered by outsourcing and marketing related companies.



5.12 Overtime

In terms of reliance on staff working excess hours in addition to their standard contracted period, Telecoms and ICT related call centres are less likely to depend on staff working overtime. In both cases, nearly three in ten employees work no excess hours. Conversely, Government and Transport related call centres are most heavily reliant on overtime with around 50 percent of agents in both cases working in excess of 5 percent of their contracted hours in overtime. Chart 5.12 highlights these findings.

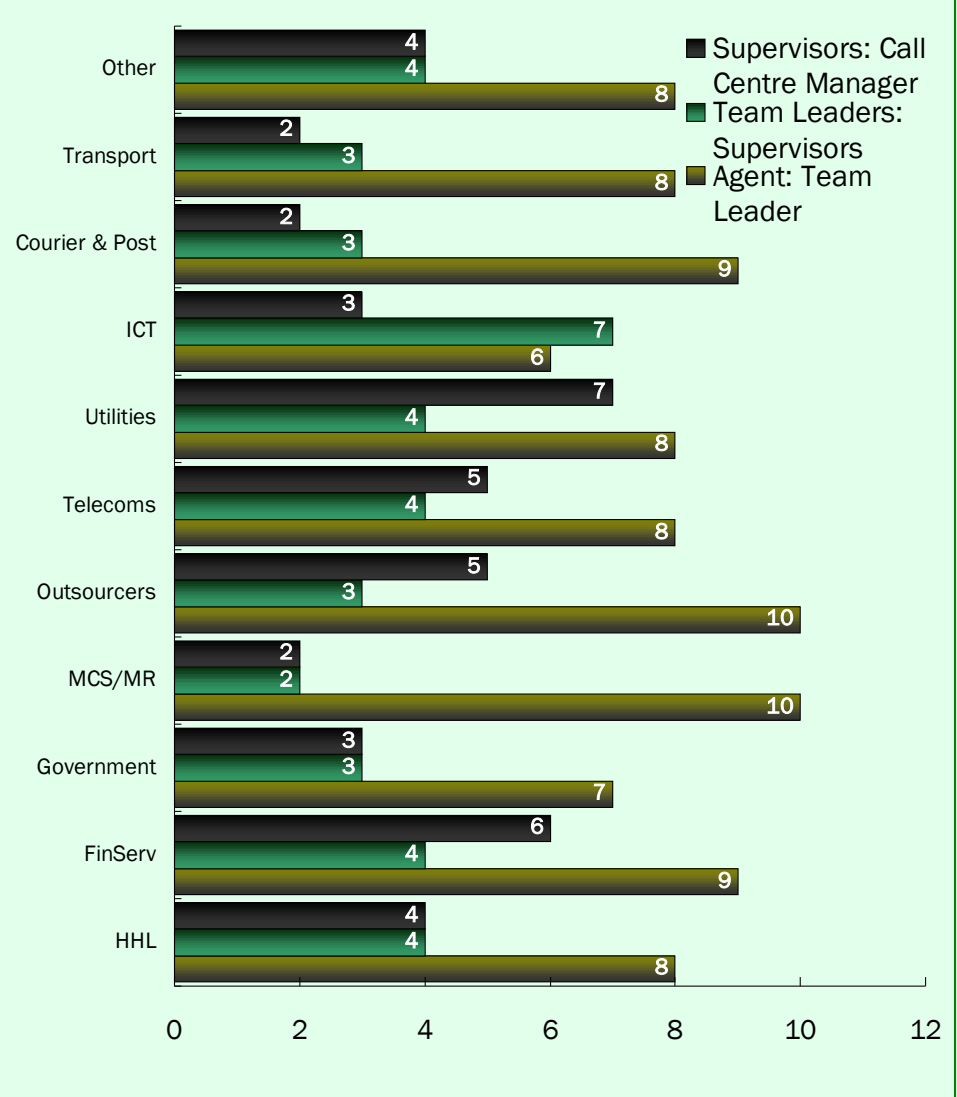


5.13 Management/Supervision Ratios

With regards to agent to team leader ratios, MCS/MR and outsourcers have the highest with typically ten agents per team leader. Conversely, ICT have the lowest ratio with each team leader having responsibility for six agents.

In terms of team leader to supervisor ratios, ICT has the greatest ratio with seven team leaders per supervisor. On the other hand, MCS/MR have the lowest ratio with supervisors having responsibility for just two team leaders. Similarly, MCS/MR have the lowest ratio in terms of the number of supervisors reporting to the call centre manager (2:1) providing further evidence of their management's stringent supervisory hierarchy. Likewise, Transport, Courier and Post related call centres also exhibit close supervision management structures with ratios of two supervisors per call centre manager. Call centres in the utility sector have the greatest supervisor to call centre manager ratio with seven supervisors reporting to the call centre manager. Chart 5.13 summarises these findings.

Chart 5.13 Analysis of Team Leader, Supervisory and Management Average Ratios



6 Attrition

6.1 All Agents Employed

In Chart 6.1. below we examine the changes that have taken place in attrition since 2002, look at current levels and forecast forward to 2007.

Taking the UK first of all we can see that attrition is falling. At the end of 2004 attrition in the UK stood at 28.7 percent per annum. This is a fall of 2.5 percent over 2002. MRI forecast the trend will continue, driven by three main effects, firstly a general slowdown in economic activity and housing markets prompting a more job security conscious public. Secondly a reduction in the number of agents job-hopping amongst local contact centres and thirdly improvement in recruitment and retention techniques amongst contact centres.

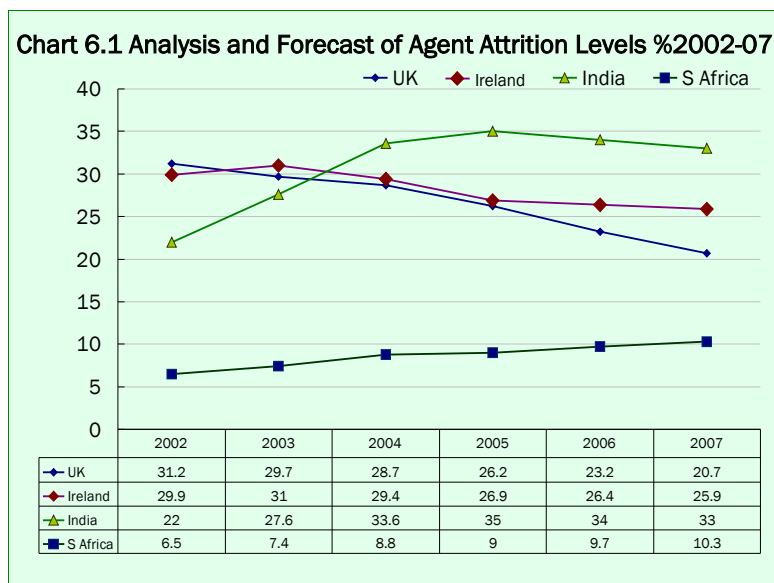
Ireland's attrition is also falling, but is nominally higher than the UK in 2004 at 29.4 percent. The rate of fall in Ireland will be less than the UK over the next three years and this will largely be due to the fundamentals of population size.

It is possibly India that provides the most startling data. India is experiencing significant problems with attrition. The 22 percent level in 2002 had grown to almost 34 percent in 2004 (up by half). MRI believes attrition will now level off in India and fall slightly in the forecast period. The honeymoon period for contact centres in India is now over. In 2002 and earlier, Indian workers desirous of career development in Western call centres flocked for work. Although labour supply is still very high and recruiting is not problematic at all, retention is becoming an issue.

It would seem that Indian employers are more wary of employer's lack of career progression opportunities. They seem to join the contact centre willing to jump to a better contact centre role or back office role in other contact centres at the earliest opportunity.

South Africa attrition level is now just below 9 percent per annum and growing marginally. This is being driven by the expansion of the domestic industry rather than foreign direct investment or FDI. FDI levels into SA have been extremely disappointing for SA since 2002.

However, the deregulation of the telecommunication market in February 2005 will see some increase in FDI. However SA's attrition levels will continue to be dominated by domestic issues. South African operators have informed MRI that an increase in attrition is actually a good thing for their contact centre as it provides the opportunity to shed poorer performing staff, which can be difficult to do within current labour laws.

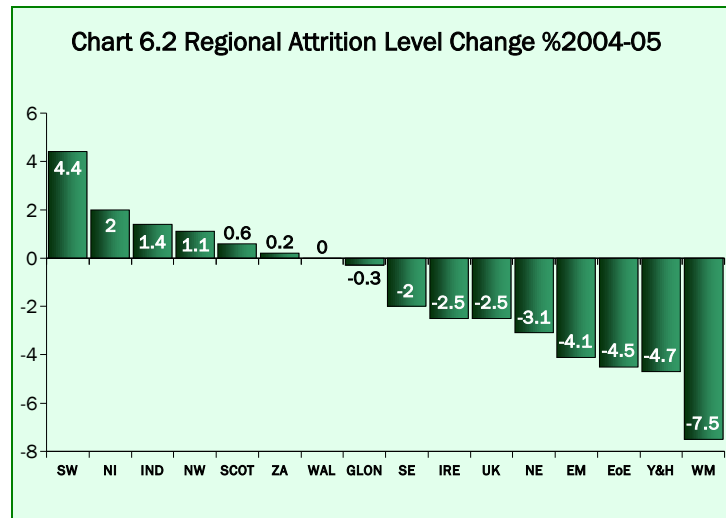


6.2 Geography

Wales and Northern Ireland have the lowest levels of attrition in the 2005. Swansea and Belfast have the lowest attrition at 13.4 percent and 14.8 percent respectively.

South West England has the UK's highest attrition rates with 33.4 percent, the North West's attrition is above national average. Scotland which one both the O2 and Dell projects does have attrition above national average, but seems to be able to demonstrate other forms of sustainability.

The most interesting thing about this work has been the changes in attrition levels over the last twelve months.



The West Midlands has had the largest fall in attrition from 32.6 to 25.1 percent – a massive 7.5 percent.

The Eastern side of mainland UK has seen falls in attrition, The North East, East of England, East Midlands and Yorkshire and Humberside have all seen falls as shown in Table and Chart 6.2.

Only the South West seems to have had a major increase in attrition at 4.4 percent. It is interesting that the South West Regional Development Agency is the only UK Regional Development Agency which does not target contact centres in its strategy. This may be a coincidence, but communication between existing South West contact centre operators is observed to be very low and may have had an impact.

Increases in the North West, Scotland and Northern Ireland are relatively small and reflect stability more than anything else.

Table 6.2. Analysis of Agent Attrition by Geographical Region 2004-5

Region		2004	2005 YTD	Change
South West	SW	29	33.4	4.4
Northern Ireland	NI	15	17	2
India	IND	33.6	35	1.4
North West	NW	30.6	31.7	1.1
Scotland	SCOT	28.6	29.2	0.6
South Africa	ZA	8.8	9	0.2
Wales	WAL	17	17	0
Greater London	GLON	29.5	29.2	-0.3
South East (ex London)	SE	25.4	23.4	-2
Ireland (Rep)	IRE	29.4	26.9	-2.5
UK	UK	28.7	26.2	-2.5
North East	NE	29.7	26.6	-3.1
East Midlands	EM	29	24.9	-4.1
East of England	EoE	33	28.5	-4.5
Yorkshire&Humberside	Y&H	29	24.3	-4.7
West Midlands	WM	32.6	25.1	-7.5

6.3 Vertical Market

In Chart 6.3 we see the changes in attrition 2004-5 year to date.

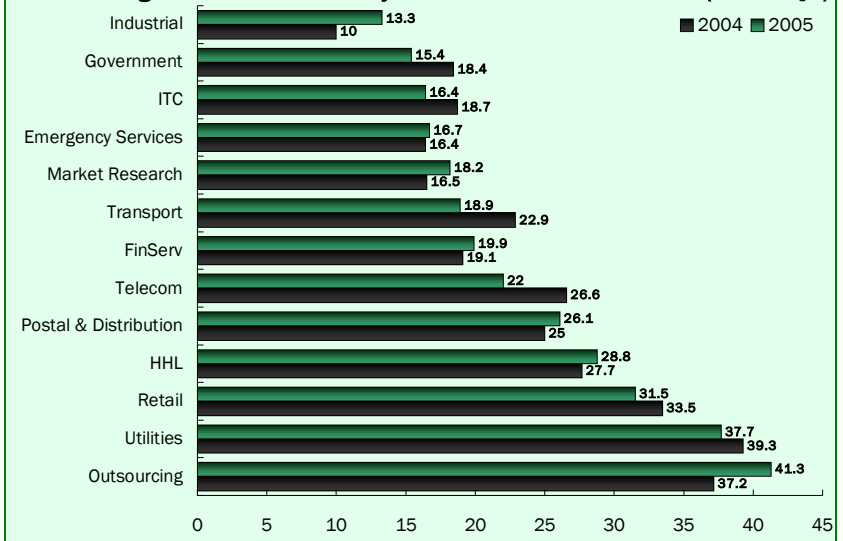
Outsourcing, Utilities and Retail contact centres have the highest attrition rates at 41.3, 37.7 and 31.5 percent respectively. Industrial, Government and ITC contact centres now have the lowest attrition.

Financial Services shed almost one agent in five per annum and the latest data suggests attrition running at 19.9 percent.

If we look more closely at Outsourcers, we can see that attrition stood at 37.2 percent in 2004 and in Q1 is currently running at 41.3 percent. It must have real operational impact to be running attrition at this level.

Utilities companies are also still running very high attrition levels, but there was a fall in Q1 to 37.7 percent.

Chart 6.3 Agent Attrition Levels by Vertical Market %2004-05 (2005=Q1)

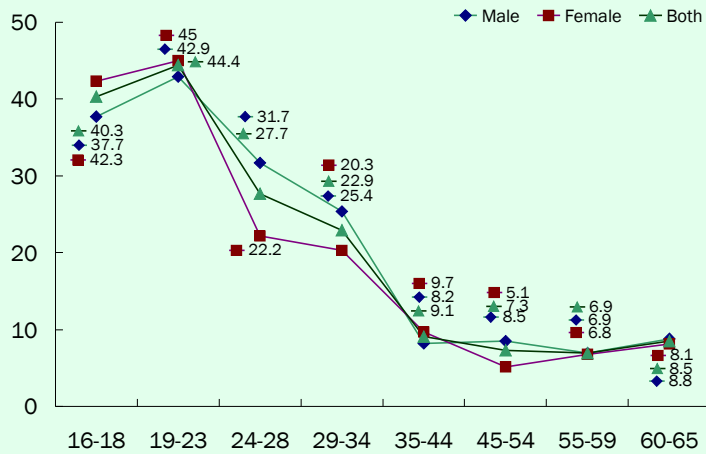


6.4 Sex & Age Splits

In Chart 6.4 we see a very interesting evaluation of attrition levels by age and sex.

Attrition amongst teenage and early twenty year olds is clearly shown to be very, very high at over 40 percent per annum. Attrition steadily falls thereafter, but the really interesting effect in the 35-year old age break. At this point attrition more than halves for both sexes and remains below 9 percent thereafter. Female workers of 45-54 years of age are very, very unlikely to leave the contact centre and the Chart suggests around one in twenty in the age band, will leave the contact centre.

Chart 6.4 Analysis of Annual Attrition by Sex and Age Splits %



If MRI were to provide a single recommendation on the basis of this information, it would be recruit from 35 years onwards. However, the picture is more complex as the number of agents 35 years and older are numerically far fewer than the younger bands.

There are slight tendencies to observe regarding male/female effects. Attrition amongst males up to 23 years of age is likely to be lower than with females. From 23-44 years of age, the reverse is true. But from 44 onwards female attrition is lower. In the final category 60-65 do remember the base number of female employees working past 60 is tiny and therefore not significant.

6.5 Role

If we look at attrition levels by roles in Table 6.5 below, MRI's data analysis confirms the expected view. Counselling, debt recovery and outbound telesales/marketing had the highest attrition levels. After this levels fall. What is interesting is that Emergency Response is actually a very low figure with 14.1 percent, despite the tough nature of the work.

Attrition amongst customer service agents runs at a little more than 20 percent at 20.2 percent.

Table 6.5 Analysis of Annual Attrition % by Job Function 2005

Role	%
Counselling	37.3
Debt Recovery	31
Telesales	29.4
Telemarketing	26.6
Language Support	22.6
Other	22.4
Customer Service	20.2
Technical Support	14.2
Emergency Response	14.1

6.6 Departures (Last 12 months)

Table 6.6 once again highlights a key area of denial within contact centre management.

Table 6.6 Analysis of Departures & Rational by % of all Responses

Reason for Leaving	%
Maternity	6.1
Too much pressure	39.7
Move to another call centre	36.6
Promotion to man-management role	11
Promotion to training role	3.3
Change to back office role	16.6
Retirement	4
Working on new customer channel	7.1

NB: Respondents can provide more than one response
Source: Mital Workplace Benchmarking

Managerial research work in 2004, once again revealed a general management consensus that agent's leaving the contact centre do not move to other contact centre roles. But the Table shows that 36.6 percent of staff **DO** move to another contact centre. This effect is most noticeable in Scotland and the North West, especially in city centre contact centre clusters.

What is really telling about this survey is that 4 in 10 (39.7) percent of contact centre agents are leaving due to "too much pressure."

Maternity accounts for 6.1 percent of departures. Promotion to man-management accounts for 11 percent of departures and a further 3.3 percent move to training.

One in six agents (16.6 percent), move to back office roles and 7.1 percent to work on non-voice channels.

This analysis shows that many of the changes of role are what one might expect from competent organisations. The 39.7 percent figure is the issue the industry needs to resolve.

Where agents are left to deal with customer situations and complaints generated from inadequate supply chain systems, continuity failures inadequately backed up or unexpected problems outside the company's control the personal pressure can become unbearable on the individual taking the "flak."

This leads to the "bounce in-bounce out" effect or contact centre shock, and is still responsible for many staff leaving the contact centre in early stages of recruitment. We examine this in section 6.7.

6.7 Early Losses

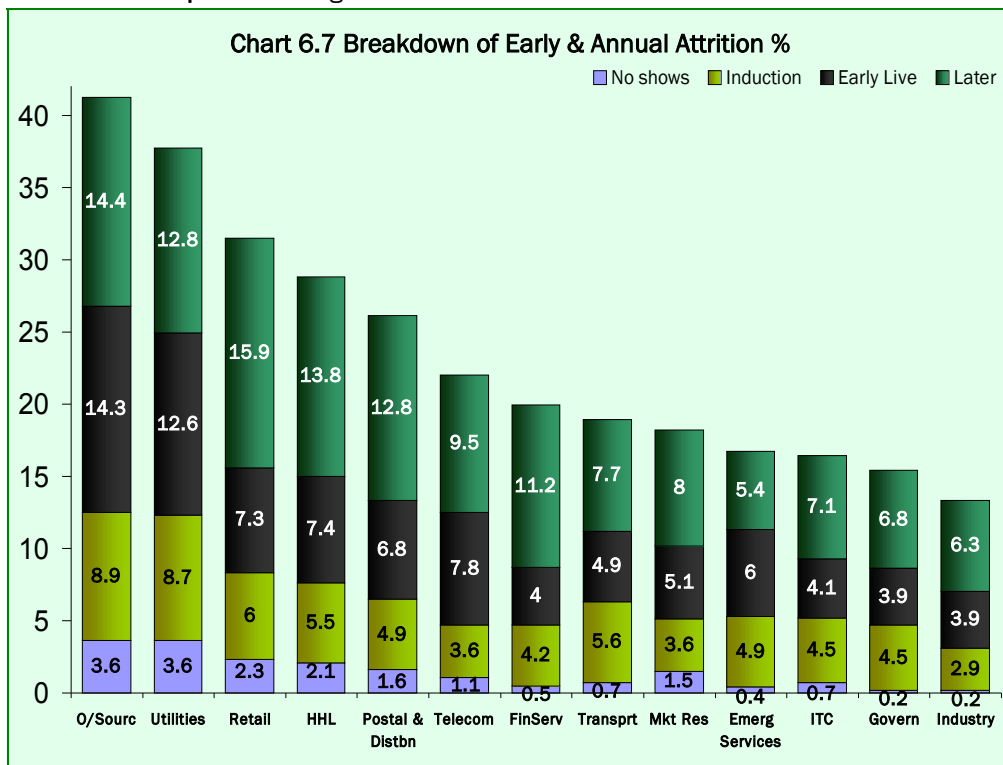
We have examined the biggest challenge facing contact centres in detail. The challenge is how to reduce early attrition. In Chart 6.7 we see early attrition in real detail.

The Outsourcing and Utility verticals have the highest level of "no-shows" with 3.6 of all candidates appointed **not arriving** to take up agent roles. This is also a significant problem in Retail and Hotel, Holiday & Leisure (HHL) contact centres. Governmental and Industrial contact centres are not really affected by this problem.

Telecom, Market Research and Industrial contact centres are the only three verticals not losing more than 4 percent of their new staff during **induction**. Again Outsourcers and Utility companies are losing the most people at this stage, both losing more than 8 percent of their inductees.

Perhaps the most interesting phenomenon on the Chart is the impact on attrition of the **Early Live** work. This is the first time the agent actually deals with the customer in a real live situation. Simply put, losses are still far too high to be acceptable to any industry. Imagine a situation where a car or aircraft manufacturer trained staff and then put them on the production line and 14 percent of them left. This simply would not happen would it? Yet in Outsourcing, which accounts for more than one contact centre in five this is normal.

What makes this problem even more of an issue is that losses of this type are almost a pandemic amongst contact centres. Outsourcers, Utilities, Retail, HHL, Telecoms, Post & Distribution all have this problem with a **seven percent** or higher loss rate.



6.8 Exit Interviews

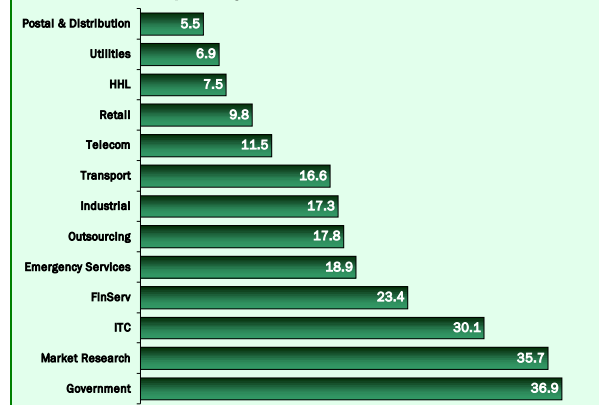
In Chart 6.8 below we look at the number of exit interviews being carried with leavers in each vertical market.

Government and Market Research companies carry out the most with 36.9 and 35.7 percent respectively. ICT also carry out over 30 percent.

Outsourcers who have the highest attrition levels are mid table in terms of exit interviews with 17.8 percent of leavers being interviewed.

Utility companies are noticeable in that they carry out exit interviews with less than seven percent of their outgoing staff.

Chart 6.8 Frequency of Exit Interviews % All Leavers



In conclusion there is a broad inverse link between exit interviews and attrition. Organisations with high attrition tend to carry out relatively few exit interviews, compared to those businesses with low attrition who carry out more exit interviews.

The University of Glamorgan and MRI are working on a project to actually test real reasons for exit. David Tee of the University's Psychology Department (and former Contact Centre Manager himself) is working on a programme to examine the real reasons for leaving with individuals who have left the contact centre. Results are expected by late 2005.

6.9 Development

Graduate Bays or Paddling Pools are dedicated areas set up to provide agents with a "soft-landing" into the contact centre and the real activity of dealing with customers. This is often confused with the "buddy" system that is still a very common way of providing early experience of life taking calls. However, the Graduate Bay should be considered as different to "buddying up."

The Graduate Bay is a dedicated area, with high levels of support for "Graduate agents." Supervision, Team Leader ratios, nearby training "facilities" and "waiter" service to support the new starters all feature. It may also be that the "buddy" system is operating in reverse in the facility with the agent being support one-to-one by an experienced agent.

Where the Graduate Bay is in place attrition is much, much lower as Table 6.9 shows.

Table 6.9 Effect of Graduate Bays on Annual Attrition %

Vertical	With	Without	All
Outsourcing	22.6	77.3	41.3
Utilities	24.1	65.2	37.7
Retail	22.5	44.5	31.5
HHL	20.8	42.7	28.8
Postal & Distribution	15.7	32.8	26.1
Telecom	15.6	37	22
Financial Services	14.4	27.1	19.9
Transport	12.2	27.6	18.9
Market Research	8.9	28.8	18.2
Emergency Services	14.3	19.9	16.7
ITC	6.3	29.5	16.4
Government	6.4	25.2	15.4
Industrial	4.5	19.4	13.3

In outsourcing, the level of staff loss in facilities without Graduate Bays has been benchmarked to be three times higher, than those operating the system.

The trend is completely uniform across all vertical markets without any exception.

6.10 Attrition Improvement

Respondents were asked to tell MRI the three most effective ways they had to reduce agent attrition. The results are shown below in Table 6.10 as the Top Ten methods of improving attrition.

The most popular answer was to “Improve Team Leader Leadership Quality.” This shows a significant change over previous work in this area.

Improving Fun and Culture also scored very highly.

Improving Basic pay did feature, but is not considered to be as important as it was in 2002. The Top Ten now also contains the “Improvement Of Reward For Long Service”, which is newly popular and reflects a need to recognise the core teams upon which many facilities stand or fall in terms of success.

Fourth placed (very closely behind third actually) was “Improve Systems used by Agents on Desktop.” There is an increasing recognition of the impact of weak IT and GUI’s on staff morale. This is probably especially relevant in situations where customers are subject to the same failing system and likely to be agitated.

Table 6.10 Top Ten Methods of Improving Attrition

- | |
|--|
| 1. Improve Team Leader Leadership Quality |
| 2. Improve Fun/Culture in Workplace |
| 3. Diversify the Role |
| 4. Improve Systems used by Agents on Desktop |
| 5. Reorganise Financial Reward |
| 6. Use of Task Forces/Quality Circles |
| 7. Increase Basic Pay |
| 8. Improve reward for long service |
| 9. Change working environment |
| 10. Provide more flexible working hours |

6.11 Average Length of Agent Service

Government contact centres enjoy the longest average agent tenure at 3.9 years. In many cases agent employment pre-dates the set up of the contact centre and staff have been transferred from other roles.

Financial services companies enjoy the second longest average agent service at 3.8 years. The package of benefits and mortgage support is widely thought to be the main anchoring benefit amongst all contact centres.

Postal and Distribution and Emergency Services also enjoy average tenures of more than 2.5 years.

The lowest tenure is with Utility verticals which average 0.9 of a year; Outsourcers are not as low on 1.3 years. It is worth pointing out that Outsourcer data is polarised, most likely on the basis of inbound and outbound projects.

Table 6.11 Analysis of Average Length of Service by Vertical Market

Vertical	Average Service Years
Financial Services	3.8
Telecom	1.4
Market Research	2.7
Industrial	4.1
ITC	2.2
HHL	1.5
Retail	1
Utilities	0.9
Transport	1.6
Outsourcing	1.3
Government	3.9
Emergency Services	2.7
Postal & Distribution	2.8

6.12 Management Attrition

In this year's benchmarking work MRI have examined attrition amongst leaders. Team Leaders, Supervisors and Contact Centre Managers have been examined and results are very interesting

Looking at Team Leaders we see attrition is much higher in Outsourcers (26.2) and Utilities (25.6) than the other verticals. In these vertical one Team Leader in four will leave the contact centre each year. The average departure rate for Team Leaders is 16.2 percent per annum.

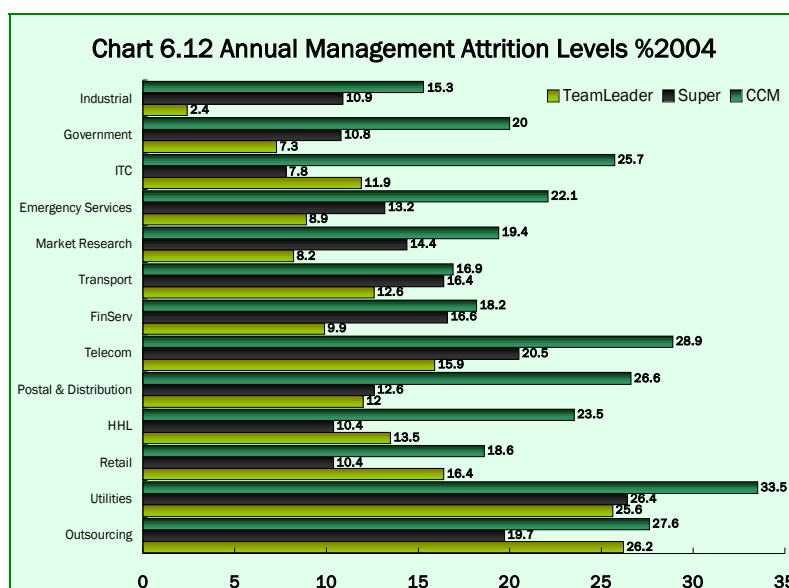
Telecom and Retail Team Leaders are also quite high at 15.9 and 16.4 percent per annum losses. Industrial contact centres have the lowest levels at 2.4 percent.

Supervisor attrition is at its highest in Utility CCO's. In this vertical one supervisor in four (26.4 percent) will leave the contact centre each year. There is a gap and then the next highest level is in Telecoms where one Supervisor in five will leave each year. The average departure rate per annum for Supervisors is 15.7 percent.

Last but not least is the Contact Centre Manager or CCM. Attrition amongst Contact Centre Managers is surprisingly high and demonstrates a lack of stability at operational leader level.

The benchmarking survey showed that at the highest level in Telecoms a Contact Centre Manager would last for about three years and Outsourcing turnover levels were a little lower at 27.6 percent.

In a MCCO environment this might mean that a Telecom company would lose one manager in three every year. The reason for this level of turnover is based on the growth of the industry, especially new outsourcer projects that would be looking to recruit experienced staff from other organisations.



6.13 Employment Tenure

In Table 6.13 below we compare attrition levels by region and by employment tenure.

One would expect there to be a big difference between company's own payroll and agency supplied of course. However, one should consider that MRI ask respondents to exclude staff brought in for shorter term contracts. This significantly reduces the amount of respondents we can analyse, but outputs remain highly valid.

In short attrition amongst staff on company payroll is more or less half that of staff on long-term agency contracts. In India the attrition level amongst payroll staff is over 15 percentage points higher than for payroll staff in the British Isles.

Payroll staff in Scotland have an overall annual attrition of 17.5 percent, which is below national average, however, the high level of agency labour (45.7 %) propels the overall average up to 29.2.

In Greater London and the South East the more international make up of employees brings figures for agency and payroll attrition much closer.

In the West Midlands, North West, and South West long-term agency staff have attrition levels of over 40 percent and this drives the overall attrition rates upwards, even though in the case of the West Midlands the average payroll attrition levels are very good.

Table 6.13: Comparison of Attrition by Employment Tenure %

Region	All	Payroll	Agency
South West	33.4	24.4	40.7
Northern Ireland	17	13.2	26.4
India	35	33.8	44.2
North West	31.7	23.7	44.8
Scotland	29.2	17.5	45.7
South Africa	9	11.8	3.5
Wales	17	14.2	23.9
Greater London	29.2	22.7	44.9
South East (ex London)	23.4	18.4	28.5
Ireland (Rep)	26.9	19.4	36.4
UK	26.2	19.5	37.8
North East	26.6	19.3	37.7
East Midlands	24.9	17.4	30.3
East of England	28.5	22	33.4
Yorkshire & Humberside	24.3	16	28.9
West Midlands	25.1	17.3	47.1
All British Isles	28.7	18.7	35.5

6.14 Hours Worked and Location Type

In Chart 6.14 below we see how annual attrition levels vary between hours worked and also location type.

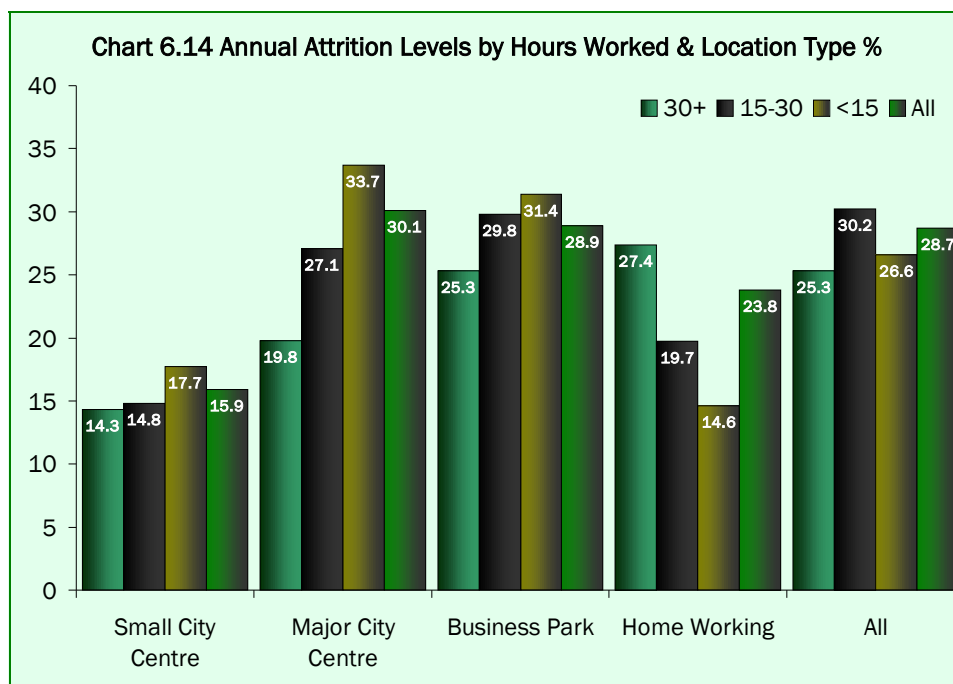
Please note responses on location are not mutually exclusive.

Dealing with location type first, we see that attrition is highest in major city centres such as Manchester, Glasgow, London and Dublin at 30.1 percent. Being located in a major city will provide a CCO with a lowest attrition level amongst workers providing 30 + hours (19.8 percent) and highest attrition amongst people working less than 15 hours part-time.

Small Towns and City Centres have attrition levels of around half that of larger Cities. The overall attrition level of Small Cities is 15.9 percent with fairly even spread of attrition across all worker hours (14.3 to 17.7 percent).

Business Parks out of town seem to have attrition levels of 28.9 percent overall and high levels for staff working less that 15 hours at 31.4 percent.

Finally Home working throws up some interesting findings, basically staff working fewer hours show the lowest attrition (those on less than 15 hours stand at 14.6 percent). Full time staffs have attrition levels near the overall national average at 27.4 percent.



7 QUALITY MANAGEMENT

7.1 Introduction

The challenge of balancing the delivery of a first rate customer experience and maintaining contact centre operational efficiencies is extremely tough.

In 2002 Mitial's UK Call Centre Quality Management (QM) Study conducted in May 2002 amongst over 200 UK call centre managers revealed that 86 percent of UK companies were not happy with the way they currently measured customer satisfaction - even though they recognised that 'repeat business' was the best measure.

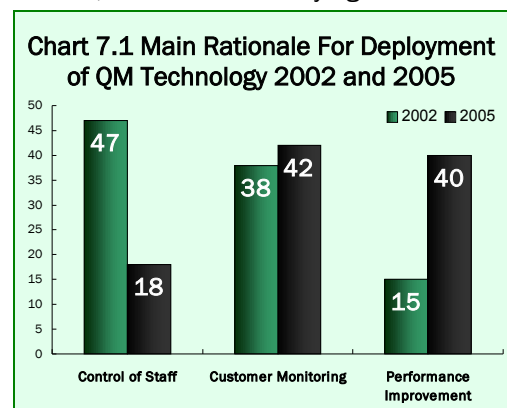
The study showed that UK Call Centres could be segmented in terms of the way they view QM into:

- Customer-facing sites that invest in QM solutions focused on business improvement in areas such as personnel, procedures and technologies
- Other call centres that claim to be customer-facing but exhibit none of the characteristics to be expected from customer-facing businesses.

We found that businesses in the latter category were often 'isolated, in denial and carrying out low-level transactional work which is at high risk from technology substitution and transfer to 'offshore' call centre operations'.

The study revealed that over 75 percent of call centres to be 'unhappy with customer satisfaction measurement and striving to effect change' had already invested in Digital and Advanced Digital QM Technology - and that these businesses enjoyed forty percent lower staff attrition than those without QM solutions.

This final finding was interesting because it effectively proves the ROI case for Digital and Advanced Digital QM Technology. With 40 percent lower staff attrition and with the average cost of losing a member of staff reported as being £4560, there is clearly a strong ROI business case for QM investments.



In Chart 7.1 below, we can see how the main rationale for deployment of QM technology has shifted between 2002 and the beginning of 2005.

Customer monitoring levels have remained static at around 40 percent, but there has been a major shift away from controlling staff to performance improvement. This is suggestive of a more mature industry and more experience agents too.

There are several key issues, affecting QM benchmarks, which are worth highlighting at this point.

- The concept of a "contact centre industry" is increasingly being seen to be something of a myth. At our April 2005 Best Contact Centre Congress, one delegate from an UK Housing Association told us "We have absolutely nothing whatsoever in common with the financial services contact centres." This sentiment is being expressed increasingly widely. In terms of benchmarking QM there are without doubt some universal measures for comparison. But CCO's are becoming far more interested and vocal about the quality KPI's that are pertinent to their own operation. It is clear that many operations have stopped "looking up" to the financial services and outsourcing communities for guidance and inspiration in these areas.
- Quality Monitoring now has to contend with a multi-channel environment far more than in the past and the days when monitoring meant listening to your agent's conversation with the customer comes is now a limited viewpoint. In today's contact centre there are additional contact channels that a customer can choose from including SMS, Email, IVR web chat and web self-service. All of these channels have to be monitored for quality as well as process execution.

Other key QM issues and challenges facing contact centre operators in 2006 will be: -

- Evolving from quantitative to qualitative measurement within the contact centre
- Handling non standard calls
- Empowerment of agents in the context of problem solving
- The honest assessment of diction quality and clarity of language as a key feature of branding
- More integration between front and back office standard operating procedures
- Driving bottom-up leadership and not top down control
- Avoiding tokenism with respect to agent involvement in quality circles
- Moving toward improved first call resolution
- Implementing focused coaching for agents evolving from service positions to more sales-oriented roles
- Agent retention
- Building a structured coaching culture
- Improving the overall customer experience
- Meeting regulatory compliance
- Improving visibility of real time customer issues
- Increasing domestic customer's acceptance of offshore service

7.2 QM Staff & Responsibilities

A strong quality assurance (QA) team is now transparently essential to any serious CCO. In the fearsome fight for market share in financial services and contracts in outsourcing the QA team is evolving in scale, functionality and importance. But the QA team is also evolving equally quickly in public sector, emergency service and other verticals.

Most QA teams are in development in EMEA and have not yet reached the level of importance found in the automotive or aerospace industries where they are strategic in every context.

If used in the right way QA teams have the opportunity to support strategic initiatives and support a proactive approach to managing the business.

In the vast majority of situations supervisors and team leaders are promoted from within the operation's pool of agents. With seniority comes the requirement to take performance QM data and transcribe this in many cases into coaching and developing their former co-workers.

MRI observes that the majority of MCCO's are actually centralising quality assurance. MRI have visited several Indian sites where QA is managed from the UK via quality monitoring systems piped in. Geographically remote monitoring is often accompanied by other remotely delivered operations including training, scheduling and reporting. This type of remote service has led to local supervisors and managers becoming messengers, able to inform agents of their QM scores, but unable to help them improve.

It is clear that most CCO's in the study merge, blend and generally "muddy" the areas of responsibility regarding monitoring and downstream actions. In some organisations the drive is to reduce the overall spend on training, monitoring and coaching and this has taken the form of passing responsibility to individuals such as team leaders. This can only be a road to quality deterioration.

To build higher quality in, the research suggests that best practice be based on a completely different roadmap. Leading call centres are defining clear distinctions among the roles of those who oversee monitoring, training and coaching.

Chart 7.2. Immediately below clearly shows this trend. In 2005 the majority of respondents now have QM staff (56 percent) who are dedicated to the role of quality monitoring. This compares with a third (33 percent) in 2002. In 2002 about half (48 percent) of the sample had QM staff who had a shared role, normally they were Team Leaders and Supervisors. In 2005, this situation has fallen to 35 percent and will almost certainly continue to fall.

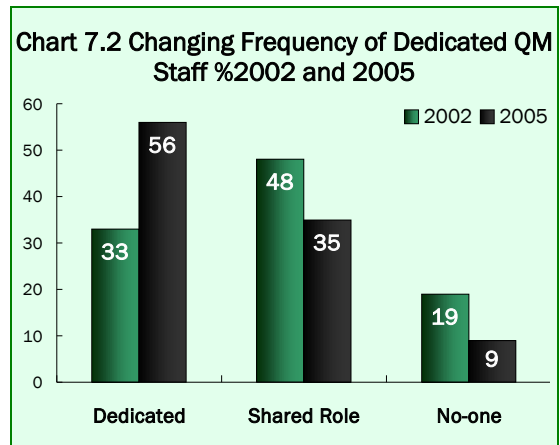
In 2002 almost one in five contact centres surveyed (19 percent) had no one in a QM role at all. This has fallen to just 9 percent. However, almost one site in ten still has nobody with responsibility for QM who could be identified by name.

Quality assurance personnel listen to calls, carefully calibrating evaluations for the sake of consistency.

Supervisors deliver feedback to their agents, with more CCO's .

Trainers help agents develop specific skills that are useful for most of the calls they handle. More computer-based training tools track agents' progress in training courses and this feedback is shared with the Supervisor. Increasingly the training tools are integrated into the quality monitoring technology.

The research shows that even amongst the largest MCCO's the one not centralised in best practice terms is coaching.



The research shows that coaching is the most overlooked area in the contact centre. Responsibility for coaching (not training) tends to be shared and often neglected. Several respondents (in what MRI consider to be high performing contact centres) now have separate coaches. The coaching role is still typically taken by the Team Leader.

More and more call monitoring vendors are offering coaching modules. These modules empower supervisors to direct agents to material they can refer to themselves. With these modules, you can send agents recordings of calls, or portions of them, to illustrate how their colleagues handle calls effectively, as well as courses and presentations.

It is worth pointing out that the contact centre industry is about to move into a second phase of quality. There is a clear parallel from manufacturing in the 60's and 70's to be seen here.

Phase One is actually a fairly basic top-down attitude to quality
 Phase Two (now) is a move to inspection
 Phase Three (future) is Total Quality Management, with bottom-up leadership on quality and staff empowerment.

7.3 Contact Centre is the Leading Brand Experience

Simply put the contact centre is now the business brand and the brand the contact centre. No matter how much "gloss" businesses use in advertising and promotion to their customer, the service received through the contact centre is now the primary basis for brand loyalty.

7.4 QM Systems

Benchmarking the use of quality monitoring systems is a challenge to be sure. There is now a myriad of modular "bolts-ons" to the original call recording systems.

To assess monitoring one needs to look firstly at outputs and secondly to the relevance of those outputs to specific CCO's in various situations.

However, if we first look at the key changes in the primary types of QM technology in use in 2002 and now in 2005 (Chart 7.4) we can see major changes.

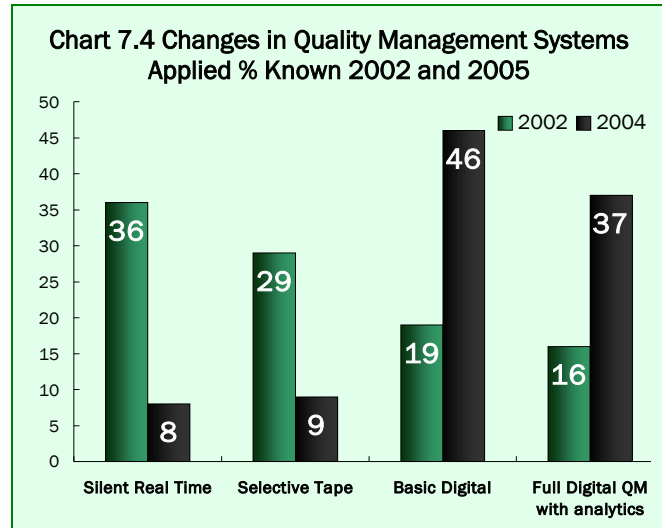
Firstly, the use of silent real time monitoring as the main method of quality monitoring has changed from 36 percent in 2002 to 8 percent in 2005. Put another way silent real time monitoring was the main method for over one-third of the respondents in 2002 and now fewer than one in ten.

Silent real time monitoring remains high in small pocket contact centres and also there is a relatively high prevalence in South Africa. In mainstream contact centres with over 100 seats silent real time monitoring as the main QM technology is very rare.

In 2002 selective tape monitoring was fading fast, but still in 29 percent of contact centres interviewed, this has fallen to 9 percent in 2005. The only last bastion of tape based monitoring is South Africa. The Philippines and India have never really used tape monitoring.

By the beginning of 2005 almost half of respondents (46 percent) use basic digital recording. This is a massive 142 percent increase on the 2002 figure of 19 percent.

Finally, if we look at Full Digital QM with advanced analytics, there has also been a substantial increase from 16 to 37 percent.



What is also interesting is that there is a high propensity for respondents to upgrade from basic digital QM systems to full systems with analytics very quickly after having bought into basic systems.

When asked which QM functionality they would like to bring into their contact centre our respondents provided three leading responses:-

- More actionable real time reporting
- More linkage between call monitoring and agent coaching
- More capability in analysing qualitative customer experience

Clearly one has to secure monitoring to training and coaching to the development of high-quality agents. Before considering relative outputs, you have to know what your call centre gets from call monitoring.

7.5 QM Staff Ratios

MRI's benchmarking research has isolated QM staff ratios into two essential schools of thought.

The first school we can call the **Supremo School**. This school tends not to have many (or any) dedicated QM staff within the contact centre, but to have one overall Head of Quality or Customer Service. This Supremo will typically have nothing more than secretarial support, but will manage the data flow, technology specification and information exchange between non-specialist staff at supervisory and agent levels. They are effective the information mover. Over the last three years the priority of this group has been to source and specify QM technology.

This group is most often found in the outsourcing community, where call monitoring levels are part of a specific SLA with clients.

In this group we find a desire to "technologise" as much as possible and to keep expensive head count in terms of QM personnel to a minimum.

The Supremo tends to lead on cross-departmental briefings, exchange and performance improvement.

School Two is the **QM Team**. This is a dedicated team of QM, customer service, market research and benchmarking professionals. This Team school tends to be a little more focused on the qualitative experience of the customer. It also tends to be a larger, often geographically disparate group.

This type of group tends to be most often found in the large multi-site operations in financial services, telecoms and utilities. On most sites a specific ratio of QM assessors will be apportioned to a set number of agents to monitor calls.

There are strengths and weaknesses in both models to be sure. However, there is a common issue in both formats in that they both tend to be based on top-down management and lack the ability to speedily react to problems faced by agents on a day to day basis.

In Table 7.5 below, we see the deployment ratios of dedicated QM staff to agents. Please note we are only including dedicated staff in this analysis.

The Table shows that again the Philippines invests in the highest ratio of QM staff to agents. Given the emergence of the Philippines as the serious alternative to India, it would appear that there is an advanced and invested commitment to quality in both inspection and technology terms. In South Africa the ration is 24:1. However MRI believe this is for very different reasons to the Philippines. In SA manual inspection levels are high, as investment in QM technology is low.

The UK and Ireland both have ratios of 37:1. There is no doubt that this is in part due to high investment in technology, but most QM inspection and non-conformance work is done by supervisory staff and not dedicated QM people.

If we look at vertical markets, the highest level of QM staff to agents is in government contact centres. There is a strong and increasingly vocal prioritisation with qualitative measurement and this accounts for the ratio.

In financial services the ratio is 25:1 and the use of dedicated QM staff is growing according to several leading recruitment agencies.

We can see that the ratios in the more transactional industries of outsourcing, telecoms and utility verticals are very different. In outsourcers the ration is 62:1, showing the lack of dedicated QM staff and the alternative use of shared job roles. This appears also to be the case in telecoms and utilities.

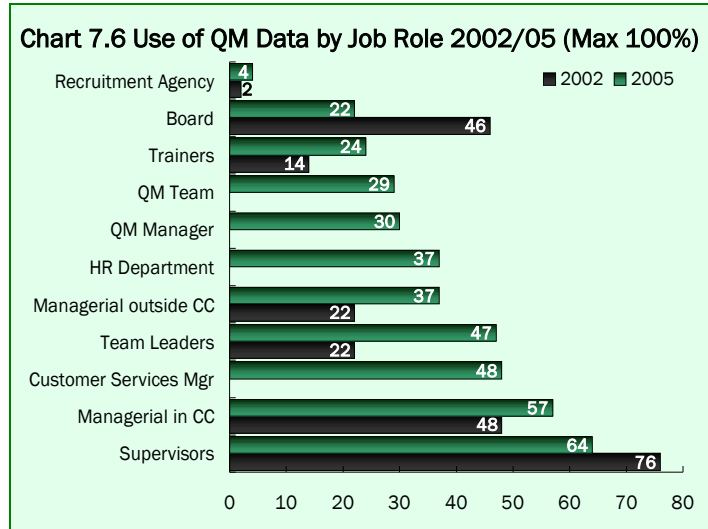
Table 7.5. Analysis of Dedicated QM Staff to Agents 2005

Country	Ratio
Philippines	16:1
South Africa	24:1
India	30:1
UK	37:1
Ireland	37:1
Vertical Market (UK & Ireland)	
Government	15:1
Financial Services	25:1
Retail	26:1
Other	28:4
MCS/MR	33:1
HHL	33:1
ITC	40:1
Utilities	54:1
Telecoms	57:1
Outsourced	62:1

7.6 QM Data

In 2002 we were able to examine to who QM data was actually being sent in the business. In Chart 7.6 we show the 2002 data and compare it to 2005.

The most striking thing about the Chart is the emergence of the dedicated QM people as recipients. In 2002, the QM Team and QM Manager did not feature at all, nor in fact did the HR department. Obviously this has changed completely with 37 percent of our respondents sending information to the HR department and around 30 percent to either the QM team or manager. In 2005 half of the respondents now send data to the customer services manager.



In general the Chart shows that QM data is being circulated more widely than two years ago.

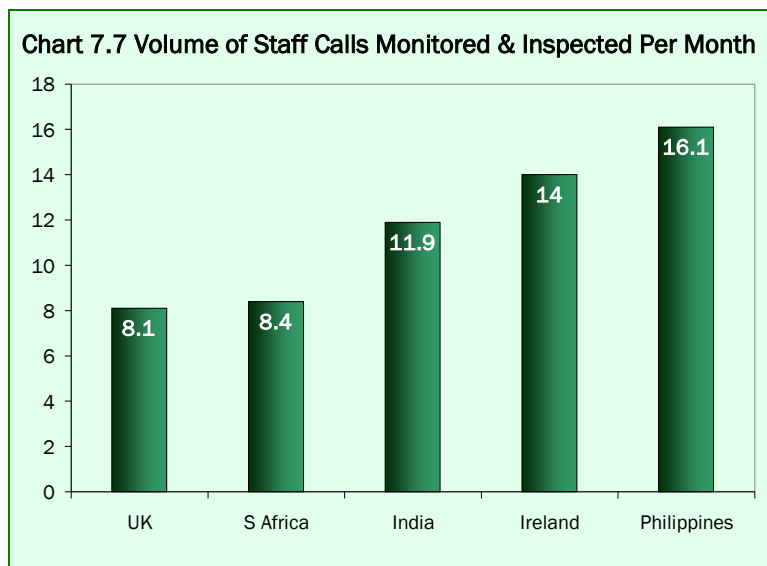
7.7 Call Monitoring Levels

It is worth mentioning the tendency for CCO's to abandon pre-determined call monitoring plans and volumes during times of unexpected pressure. In this section we look at the number of calls that are both monitored and inspected for quality.

Let us start with call monitoring and coaching levels across key countries in Chart 7.7. Readers will be interested to know that this Chart received a very interesting reception when presented at the 2005 Best Contact Centre Congress.

One vocal outsourcing manager made it clear that this Chart was "not correct" and really struggled to accept that Irish and Philippines contact centres were measuring far more calls per month than in the UK. Delegates were shocked that the UK had the lowest call monitoring levels in the analysis.

But one benchmark finding is clear. UK contact centres do generally have sophisticated QM systems. In SA deployment of advanced QM is still developing, but in Ireland, India and the Philippines most respondents have QM equipment which is equal to or better than, the UK. This means that the "playing field" is fairly level.



The reason that the UK monitoring level is so low, is the tendency for UK sites to abandon, or reduce predetermined call monitoring levels when under pressure. The high proportion of outsourcers in the offshore countries means that call monitoring levels are set at a high rate as part of client SLA's.

Table 7.7 provides analysis by country and vertical market. We examine the volume of calls monitored and inspected as well as the number of months where a SOP on call monitoring is cancelled.

Table 7.7 Analysis of Number of Months Standard Operating Procedure (SOP) Cancelled on Call Monitoring and Monthly Call Monitoring Levels

Country	Volume of Calls Monitored & Inspected per agent per month	Average Number of Months when SOP broken 1-12
UK	8.1	4.0
South Africa	8.4	5.4
Philippines	16.1	0.8
Ireland	14.0	1.8
India	11.9	2.3
Vertical Market		
Financial Services	12.6	0.8
ITC	10.6	1.7
Telecoms	10.4	3.3
Government	9.6	1.4
Utilities	8.3	3.3
Outsourced	8.5	2.1
MCS/MR	7.7	3.2
Other	7.7	2.9
Retail	5.2	3.5
HHL	6.0	3.9
Transport	4.9	1.9

It is very interesting that only South Africa breaks from call monitoring SOP's more than the UK. In the UK a typical contact centre will break from SOP in 4 months out of 12. This highlights a lack of conformance when under real pressure. MRI believes it may also be indicative of some tokenism towards call monitoring and when the centre is really busy "it doesn't really matter about a few inspections being dropped."

In India, Ireland and notably the Philippines where the proportion of outsourcers is much higher, then call monitoring and inspection is maintained.

In the vertical market part of Table 7.7. we see that financial services contact centres monitor and inspect most calls, with an average of 12.6 calls per month. This vertical is also the least likely to move away from SOP's on monitoring and inspection. The outsourcer will normally balance calls inspected against cost in a commercial agreement with its client. Some clients want to spend more than others on inspection volumes and this is reflected in frequencies.

7.8 On or Off

It is worth remembering that automated monitoring, unlike live real-time monitoring does not allow for changing the outcome a call as you're listening to it. With the scheduling and workload pressures on managers, most find it impossible to complete manual monitoring at busy times when the contact centre is under pressure. More commonly manual monitoring is scheduled during the quiet times and really does not provide much insight into the real-life pressures of busy periods.

7.9 Links to Customer Satisfaction

The main internal method of measuring customer satisfaction is sampling calls monitored. Table 7.9 shows that this is implemented in 52 percent of sites. Complaint and Bouquet levels are a good way of measuring customer satisfaction, assuming calls are inspected to standard operating procedure (SOP). As we have already shown, too many contact centres are still dropping out of SOP when challenged.

The use of simple screen balloting software at call end is becoming increasingly popular and this was found in 7 percent of sites. Screen balloting software is very smart thinking. Respondents have universally praised it for two main reasons, firstly staffs feel empowered and secondly the customer feels valued.

Table 7.9. Analysis of Customer Satisfaction Methods

Internal	%
Sampling Call Monitoring	52
Complaint & Bouquet Levels	11
End of Call Surveys	7

One respondent speaking about end of call surveys said:-

“We were nervous to introduce end of call surveys, but the staff love it and don’t abuse it, because they know we monitor calls. We ballot on one topic at a time and can manage to improve one thing at a time based on feedback.”

Another respondent using end of call pop-up balloting said:-

“I introduced balloting here and it definitely helps agents to feel they are seriously involved in quality improvement rather than just tokenism.”

One respondent commented:-

“I used to work for one of the UK’s biggest telecom businesses. They would never implement end of call surveys because the customer response they would receive would be overwhelmingly bad and they know it. They preferred to shove the customer into an automated system and spin them around so many times that they eventually give up.”

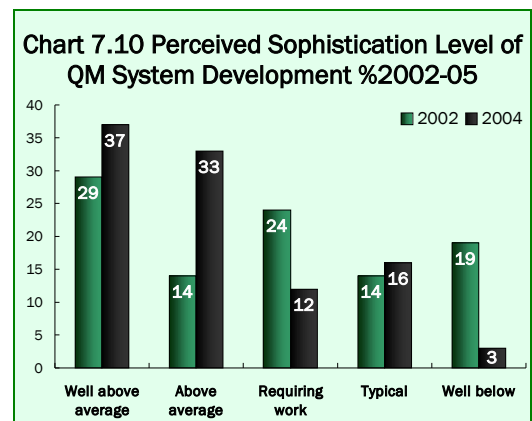
It is clear that QM systems are not mature in management of internal customer satisfaction data and although more people in the contact centre actually see quality monitoring data, MRI believe there is still a widespread avoidance of real customer understanding. This is highlighted by the fact that only 52 percent of respondents inspect calls to understand customers.

7.10 Benchmarking QM

If we firstly look at how respondents felt their own QM systems benchmarked to other contact centres – see Chart 7.10, we see an interesting profile and change since 2002.

There is increased confidence in the quality of systems most contact centres now have over 2002.

In 2002 29 percent of respondents informed us that they had deployed systems that were “well above average”, in 2005 this figure is now 37 percent. However if we look at the columns for “above average” we see a massive increase from 14 to 33 percent.



Half as many respondents now feel their system deployment “requires work”. In 2002 this figure was 24 percent and it is now 12 percent.

Around 15 percent of respondents in 2002 and 2005 believed they had “typical” deployment – so no real change. However, there has been a substantial fall in those believing their deployments are “well below” the average with a fall from 19 to 3 percent.

Chart 7.10 actually shows an industry that has improved its confidence in QM through investment over the last three years.

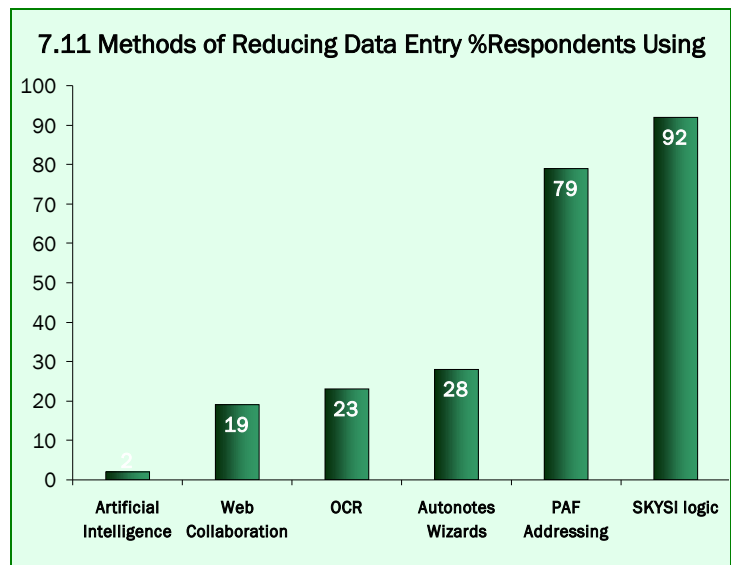
7.11 Data Entry Quality Monitoring

Data entry quality is a key element of overall quality performance.

A significant number of respondents (12 percent) believed that their systems were 100 percent error-free as they had “zero-potential for error.” However, the vast majority of respondents (88 percent) told us that they did have potential for error in their data entry systems.

The 2005 research showed several key methods being deployed to reduce data entry errors (Chart 7.11). Some of these methods are not new. Others were more innovative.

The use of the automated postal address (PAF) file for reducing errors in addressing was very widely used. Another system in place for some time was SKYSI logic in selection from pick lists, which both accelerated the process of finding information as well as reducing errors.



Optical character recognition (OCR) was widely cited as an aid to data entry in the contact centre, especially in dealing with new subscribers who may have completed a form which would then initiate an account set up call.

Web collaboration was cited as a way of reducing data entry errors. Some respondents encourage customers to complete online forms themselves as an alternative to taking details themselves, thereby blending the media channel used.

There is a growing trend to auto-populate, or autonote customer details in customer service situations using phrase or situation report wizards or pick lists. Building on this is the use of predictive artificial intelligence on customer forms.

We failed to find any deployment of speech recognition in the contact centre with agents speaking to their own PC's to record calls. However, MRI were informed of forthcoming trials of voice-based forms.

7.12 360 Degree Feedback & Quality Circles

360-degree feedback in the contact centre is not really a reality at this time.

The web portal is becoming more common as the typical way of feedback to agents. Portals will typically allow agents to obtain and review their performance. This can include complaint or exemplary recordings. Even basic portals allow agents, team leaders and supervisors to play back calls and screens from web browsers.

Portal interfaces are now being used for the tracking of agent KPIs by Supervisory staff.

Supervisors and quality assurance staff now typically use their portals to mark out and send back interesting recordings for later use in training.

Quantitative measurements are not always that good in identifying calls where problems occur. A long call might suggest an agent is not resolving a customer's problem, but there's no way to be sure without listening to the call.

Statistics such as wait time or number of transfers may reflect how frustrated a customer is likely to be but they don't show how that agent is handling the call.

MRI believe that coaching modules represent best practice, allowing supervisors to listen to calls and view agents' screens and possibly intervene (especially during an agent's early days in the contact centre).

The main finding of Mitial's Workplace Benchmarking programme in 2004 was the widely held feeling amongst agents that feedback sessions were not genuine. Sessions were felt to be based on tokenism. In specific situations staff heard repetition of a customer problem time after time, but despite reporting it back, no change was made. This was noted as a massive disincentive for staff. In worst case scenarios it led to apathy and real anger in feedback sessions.

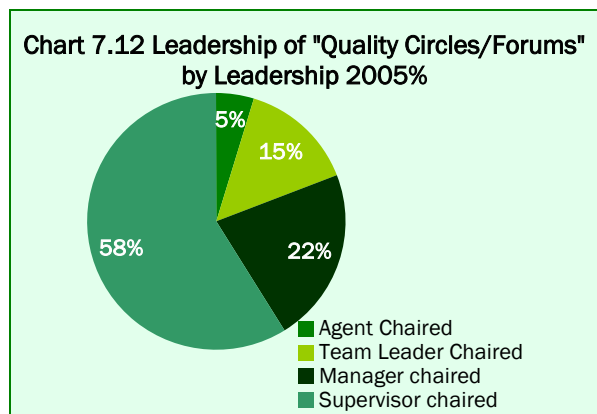
If we look at Chart 7.12, we can see that what are widely believed to be quality circles are actually nothing of the kind. Only one quality circle in twenty is chaired by an agent.

An interesting quote from one of those contact centres letting agents chair the quality meeting is documented below.

"One day I was due to run a feedback session, they were normally very stiff sessions and nobody really enjoyed them. I had to call in last minute to cancel due to a family problem, but the team was already in the room. So I told them to go ahead without me, thinking it would be coffee and gossip for an hour. What a shock I had, the group made a specific suggestion regarding a car share scheme, which relieved a major parking problem and did not seem to upset anyone.

The following month I let the group, with slightly different members meet on their own again. By now remember, we had implemented the car scheme with obvious success. This time they all agreed they were fed up with fending off nasty customer complaints regarding failed deliveries to people's homes and virtually demanded that something be done. Now actually at this time we were taken aback, tail wagging the dog and all that. But you know they were right, customers were fed up with having to take a whole day off to get their goods and the staff had had enough of taking the flak.

We set up a task force that after two months and some contract negotiations with our existing couriers now means customers are given three-hour delivery slots. In 9 months we have initiated over twenty business improvements from our quality circle including a complete redevelopment of our IVR tree. We would never have got so much focus and energy from management led meetings."



If one compares the automotive industry where workers have a huge, real and commercially recognised role in quality circles, there still remains in 2005 a lack of belief in the minds of many agents in terms of the perceived value of their feedback.

Let us assume a group of agents repeatedly receives complaints about delivery times being unspecific (for example). Do they believe that their reporting of this problem in feedback sessions will lead to a change in procedure? Without this belief, and the belief in the contact centre's ability to redirect policy in other areas of the business, it is unlikely that 360-degree feedback can have any meaning to the agent.

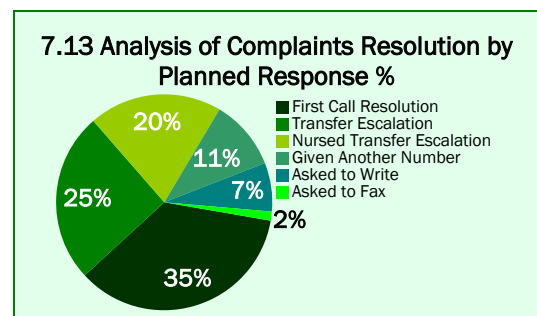
7.13 Complaints Handling

MRI investigated the most common method of handling complaints amongst our sample.

In Chart 7.13, we see that thirty five percent of the sample was training agents to handle complaints during the initial customer call.

Twenty five percent handled complaints by transferring to a more specialist or relevant person – a simple escalation. A further 20 percent also transferred in this way, but softened the call by “accompanying” the caller with a personal hand over.

Just over one in ten (11 percent) still handled complaints by giving the caller another number to call. Seven percent asked callers to write and two percent insisted on a fax rather than a letter.

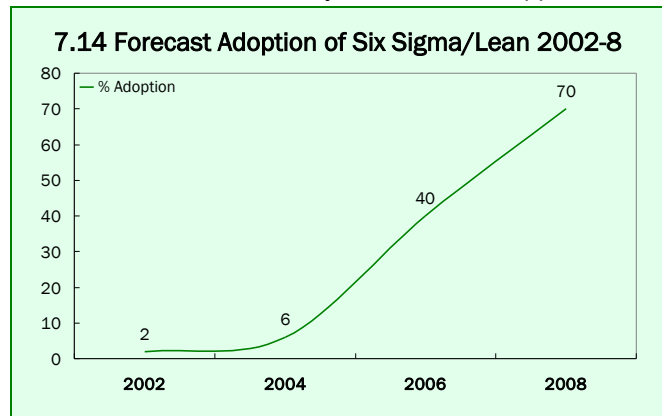


7.14 Lean Service and Six Sigma

Lean is a relatively new concept for the contact centre and service industry. However, the application of Lean in the manufacturing sector has saved businesses billions of dollars and cannot and will not be ignored by service companies.

Fewer than one contact centre in 15 are currently implementing Lean programmes, but since gathering this statistic MRI have discovered several new programmes emerging at our clients.

Simon Elias of Cardiff University's Lean Enterprise Research Centre sums up Lean as a “way of catching low hanging fruit” in the service business. John Seddon of Vanguard Consulting (is a vocal advocate of Lean Service and critic of the CCA Standard for Excellence) emphasises the need to consider constantly changing customer demand against the Lean backdrop.



Our survey also showed that 14 percent of contact centres employ a Six Sigma black belt and this programme looks set to increase in popularity in the service business as a whole.

What is very clear about both Lean and Six Sigma quality movements is their tendency to cut across business boundaries. They both pay no attention to the concept of a call centre as a department of the business, but look more broadly at profitability in customer management and deployment of resource.

A contact centre implementing Lean or Six Sigma is a business trying to remove departmental distinctions.

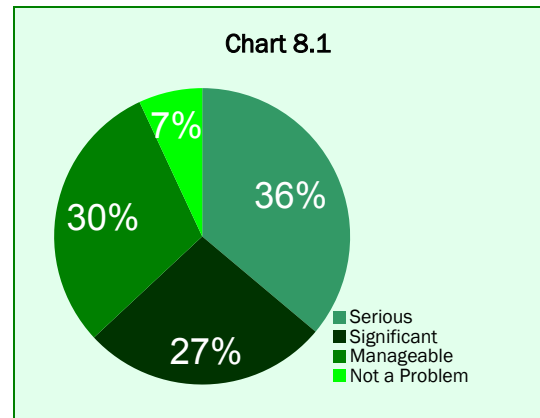
8 TRAINING AND COMMITMENT

8.1 Recruitment

In Chart 8.1 we visit recruitment. We polled the level of challenge our panel faced in meeting recruitment objectives.

Thirty six percent of our respondents told us that they were facing "Serious" difficulties in meeting objectives. This was the largest single response. Only seven percent of respondents informed us that they found recruitment not to be a challenge.

More than a quarter (27 percent) said that recruitment was a significant issue. Finally thirty percent of respondents told us recruitment was "Manageable."

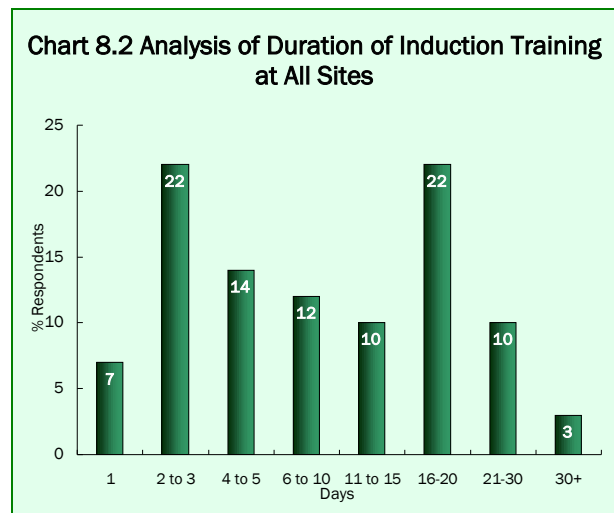


8.2 Induction

In Chart 8.2 we look at the duration of induction training at all sites. We can see that there are really two main benchmarks for induction training.

Twenty-two percent of sites polled provide basic induction training that lasts for 2 to 3 days. The same percentage (22 percent), provide a much longer period of training lasting 16-20 days. The second group is almost entirely financial service companies.

MRI believes that this Chart shows how arbitrary benchmarking can be if results are not examined on the basis of special interest groups (SIG's) or at least vertical markets.

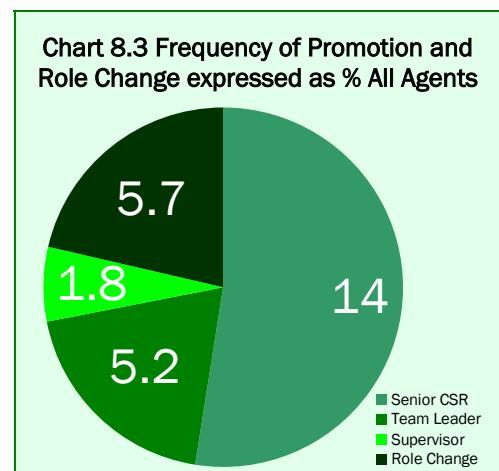


8.3 Promotion

Chart 8.3 shows the proportion of agents (or CSR's), senior agents and Team Leaders gaining promotion or changing role in the twelve month period prior to completing the survey. We can see that 14 agents in every 100 gained promotion to Senior CSR.

Almost six percent of agents changed roles in the period. More than one agent in twenty (5.2 percent) became a Team Leader and 1.8 percent of respondents became Supervisors.

The Chart dispels all myths that the contact centre agent role is without promotional opportunity.



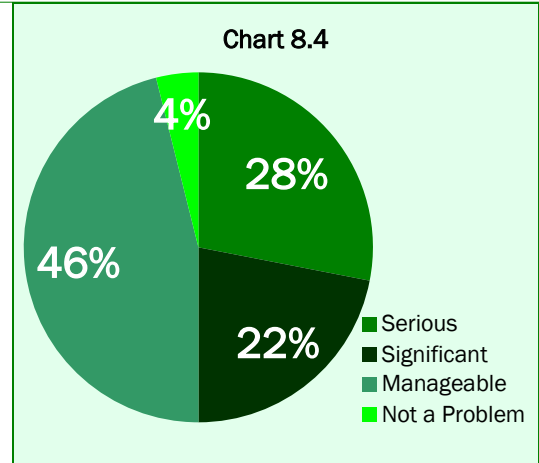
8.4 Retention

Retention of staff is believed by many industry figures to be the biggest issue in the industry at this time.

David Tee Head of Psychology at the University of Glamorgan makes a compelling case for a closer understanding of psychological impacts on staff. He believes that contact centres only understand retention and attrition from information gathered within the contact centre and little is known about reasons for leaving as staff are not generally interviewed independently after they have left the business.

In Chart 8.4 we look at retention and see that 28 percent of respondents found it to be a “Serious” issue and a further 22 percent thought it to be a “Significant” issue. However, compared with previous Annual Surveys from Mitial, the proportion of businesses believing retention was “Manageable” or “Not a Problem” has risen markedly to half of respondents (50 percent).

Management believes that there are three key issues affecting attrition in 2005. The first of these is the “Repetition of Work,” the second is “Work/Life Balance” and the third is “Reward.”



8.5 Absenteeism

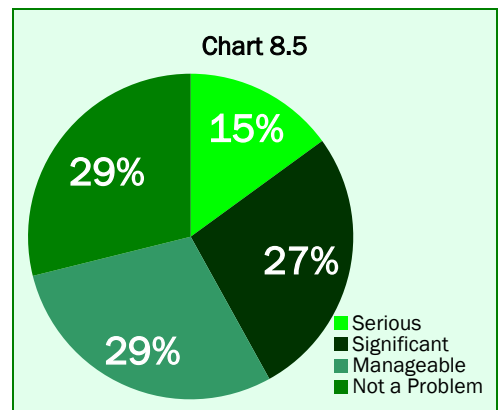
Management respondents provided a fascinating insight into a self-perpetuating problem in the context of absenteeism.

Staff with a tendency to be absent from the contact centre on a regular basis, are fully aware that recruitment and attrition are management challenges. As a result they are aware that they are unlikely to be dismissed for abuse, because of people shortages.

Absenteeism is closely allied with stress, especially in outbound contact centres. When stress and lack of management action regarding regular absence then a pervading culture of absenteeism emerges.

As in 2004, there was a strong belief that under-graduate student labour in large cities were bordering on uncontrollable in terms of absenteeism, with a number of businesses avoiding this type of labour completely.

In Chart 8.5 we see that absenteeism is felt to be less of a problem than recruitment or retention, with only fifteen percent of respondents feeling the problem to be “Serious”.



Twenty seven percent of respondents still felt the problem to be “Significant.”

However twenty nine percent of respondents felt the problem to be “Manageable” and a further twenty nine percent felt the problem to be “Not a Problem.”

In general terms it would seem that absenteeism has been brought under control in the last year by many contact centres. There are probably two main reasons for this. Firstly job security in contact centres is not what it was and secondly management are now more experienced in dealing with the problem.

Performance based bonus schemes and team targets are more widespread and create internal peer pressure to attend.

Other initiatives aimed at reducing this problem are:-

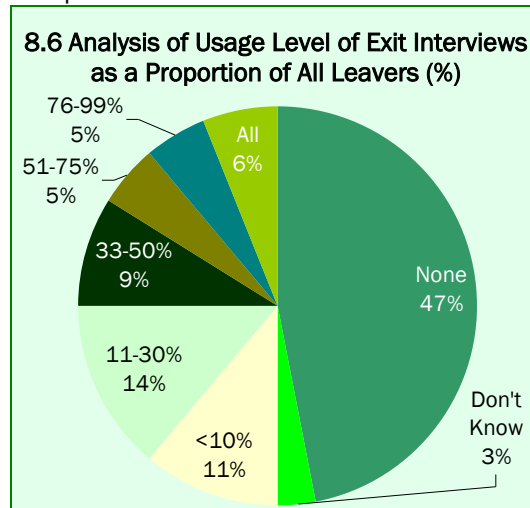
- “Duvet Days” an allocation of days which can be taken off at very short notice, this practice has been extensively used in Australia for several years and seems to have had some effect in the UK and Ireland.
- Short notice “Shift Swaps” organised between staff. The practice is well honed in manufacturing.
- Leave granted to working parents covering school holidays.

8.6 Exit Interviews

The use of exit interviews to understand motivations behind staff resignations seems to be falling from almost census levels, to much smaller samples of staff. This is particularly noticeable in the outsourcing community.

There has been a major rise in the number of contact centres carrying out no exit interviews. Half of respondent sites (47 percent) carry out no interviews at all.

Only six percent of sites try to interview all leavers. Furthermore only 5 percent of contact centres interview between 76 and 99 percent of leavers.

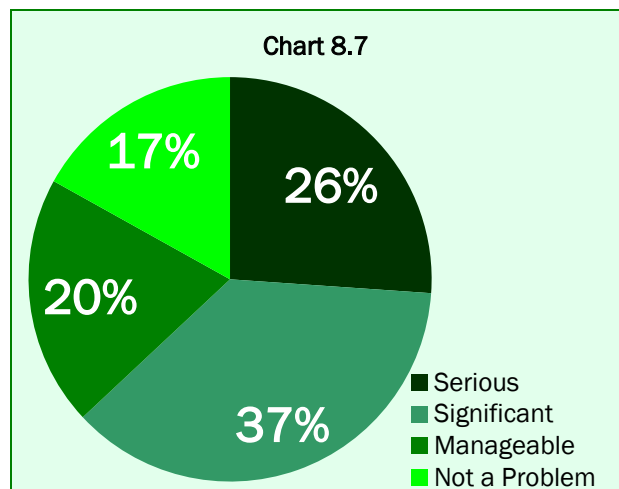


8.7 Workforce Management

Our respondents informed us that they were struggling to predict demand, even with workforce management software and that this was causing operational and staff pressures. Trying to remain committed against a changing demand background is clearly tough. It appears to be a tougher problem that generally acknowledged.

Trying to maintain customer satisfaction with inadequate manpower and customers angrily rejecting forced channel shift has led to real pressure on agents during 2004/5.

As Chart 8.7 shows below a total of sixty three percent of respondents felt that Workforce Management was causing "Serious" or "Significant" challenges.

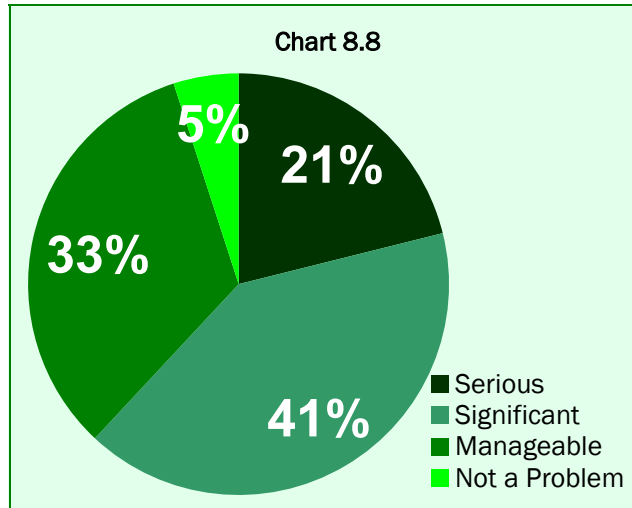


One in five respondents stated that the issue was manageable, but seventeen percent of respondents stated it was "Not a Problem."

8.8 Management Job Security

For the first time in 2005 MRI asked managerial respondents how they felt about their own job security. As Chart 8.8 shows there was real concern with twenty one percent of respondents seeing it as a “Serious” issue and a massive forty one percent seeing it as a “Significant” factor.

Only one manager in twenty felt it was “Not a Problem.”



8.9 Employer of Choice

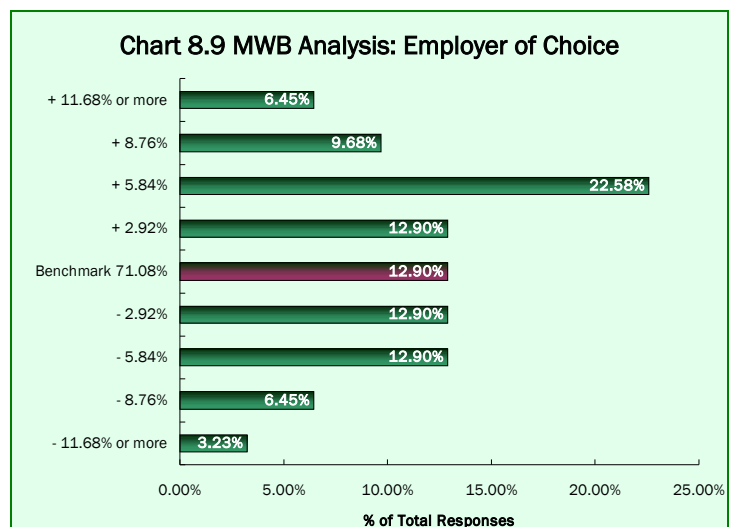
An Employer of Choice, as defined by the Mital Workplace Benchmarking (MWB) program, is one that has successfully achieved recognition for its leadership, culture, and best practices. This recognition ensures they attract, develop and hold onto top talent, while still achieving corporate goals.

The following five MWB questions are analysed to formulate statistics for an Employer of Choice benchmark:

- I am treated fairly by this company
- I believe this job represents a real career
- My pay level is comparable with similar roles in other companies
- This company cares about me
- I am no more than a number in this company

Chart 8.9 illustrates the Employer of Choice response results for sites operating under the MWB program, as of August 2005. The Y-axis in this chart depicts a benchmark response rate of approximately 71 percent in the middle, with 4 points lying either side of it representing a data range of almost 24 percent.

For the most part, this chart follows a convex curve, with few sites falling within the extreme ranges, and a dense population surrounding the benchmark. However, a single spike in the + 5.84 percent range of 22.58 percent is worthy of further analysis.



This spike contains nearly twice the amount of sites than any other range; the effect of this being a pronounced bias towards positive results, with just 35 percent of participating sites failing to meet the benchmark standard. A fair assumption, therefore, would be to suggest that the majority of contact centre employees consider their current employers to be Employers of Choice. With this being the case, the acquisition and retention of a quality workforce will continue to become more competitive, as contact centres strive to become the definitive Employer of Choice.

Table 8.9 details the most common responses related to Employer of Choice for questions 25 and 26 of the MWB questionnaire, which are the following:

- Q25 We would like to know 3 things you like best about your workplace
 Q26 We would like to know which 3 things you would change to improve your workplace

Table 8.9 Employer of Choice

Positive Comments	Negative Comments
Attractive Benefits	Inadequate Salary
Competitive Salary	Poor Bonuses
Good Travel Concessions	Unfair Salary Structure
Desirable Rewards	Lack of Quality Benefits
Healthy Promotion Opportunities	Insufficient Promotion Opportunities

As expected, both positive and negative Employer of Choice comments centre around financial remuneration in its various guises. Any contact centre aspiring to become an Employer of Choice must first provide a structured and competitive salary structure and bonus scheme. A fair and transparent promotion ladder should also be in place, so as to satisfy the workforce's very tangible desire for career enhancement.

8.10 Employee Engagement

Employee Engagement, as detailed for the Mital Workplace Benchmarking (MWB) programme, dictates that engaged employees will put their natural talents to work for their employer, providing an instant, and constant, competitive edge. Once engaged they add tremendous value to the business, having real, tangible and emotionally driven connection towards servicing customers and colleagues.

The following five MWB questions are analysed to formulate statistics for an Employee Engagement benchmark:

- My work is stimulating
- I have fun in this job
- I am bored with the job I do
- I am considering leaving this job
- I am highly motivated to do my best for customers

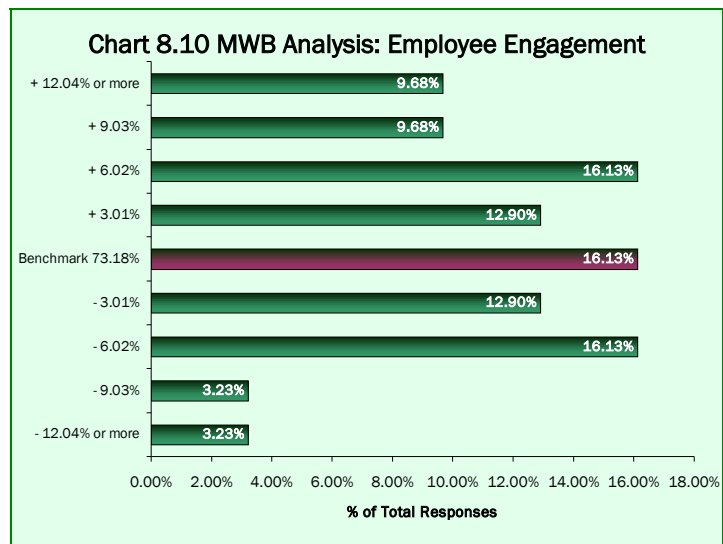


Chart 8.10 illustrates the Employee Engagement response results for sites operating under the MWB programme, as of August 2005. The Y-axis shows a benchmark response rate approximating 73 percent in the middle, with 4 points lying either side of it representing a data range of 25 percent.

A cursory glance of this chart shows a fairly distributed population spread, with ranges surrounding the benchmark being represented by the bulk of the sites within the MWB programme. Further analysis, however, suggests that very few sites provide a particularly high level of Employee Engagement. Almost 20 percent of those participating fell at least 9 percent below the benchmark standard of 73.18 percent, with less than 6.5 percent surpassing the benchmark score by the same percentage.

Table 8.10 details the most common responses related to Employee Engagement for questions 25 and 26 of the MWB questionnaire, which are the following:

- Q25 We would like to know 3 things you like best about your workplace
- Q26 We would like to know which 3 things you would change to improve your workplace

Table 8.10 Employee Engagement

Positive Comments	Negative Comments
Good colleagues	Lack of communication
Positive atmosphere	Poor/irregular team building
Effective teamwork	Boredom within role
Quality team building	Poor atmosphere
Job satisfaction	Lack of role diversity

The most common positive comment with regards to Employee Engagement concerned colleague relationships, with working atmosphere and teamwork also featuring heavily. These positive responses serve to reiterate the importance of human factors on workplace moral, and strengthen the call for team building exercises.

Lack of communication is the most prominent negative comment on Employee Engagement, and refers to communication between all layers of the contact centre – from teams through to higher management. The remaining negative comments mostly concern dissatisfaction with the current role, with boredom featuring heavily. These findings indicate a direct correlation between general enjoyment within the workplace and higher Employee Engagement levels.

8.11 Work/Life Balance

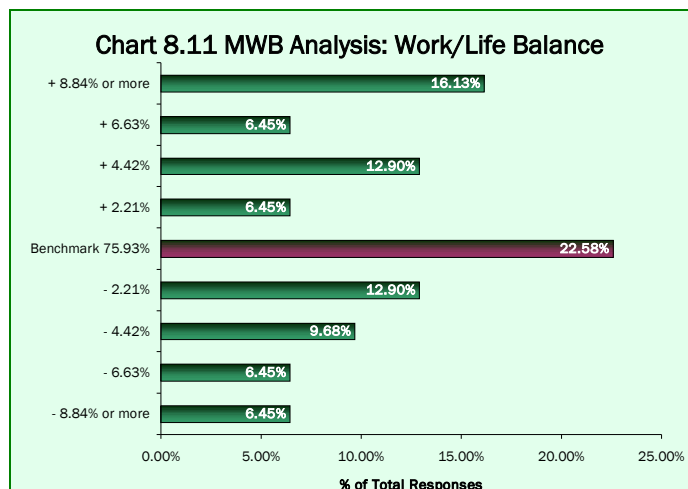
Mital Workplace Benchmarking (MWB) program describes Work-life balance as an employee's ability to control when, where, and how they work. The balance comes when an individual's right to a balanced and fulfilled life inside and outside paid work is accepted and respected to the benefit of that individual, as well as the enterprise they work for and wider society.

The following three MWB questions are analysed to formulate statistics for the Work/Life Balance benchmark:

- I am happy with the balance between my domestic and work life
- Career development is very important to me
- The levels of stress I get at work are acceptable to me

Chart 8.11 depicts the Work/Life Balance response results for sites operating under the MWB program, as of August 2005. The Y-axis in this chart describes a benchmark response rate approaching 76 percent in the middle, with 4 points lying either side of it representing a data range of just under 18 percent.

Aside from an obvious population spike in the top range (+ 8.84% or more), this chart follows a typical convex curve, with almost a quarter of the sites within the MWB program falling within the benchmark range.



The high-end spike of 16.13 percent suggests that a significant number of contact centre sites provide their workforce with a distinctly better level of Work/Life Balance than the industry standard. Contact centres within this distinguished group have managed to strike a balance between operational and human needs, resulting in a happier, more productive workforce.

Table 8.11 details the most common responses related to Work/Life Balance for questions 25 and 26 of the MWB questionnaire, which are the following:

- Q25 We would like to know 3 things you like best about your workplace
- Q26 We would like to know which 3 things you would change to improve your workplace

Table 8.11 Work/Life Balance

Positive Comments	Negative Comments
Work Pattern Flexibility	Lack of Work Pattern Flexibility
Agreeable Working Hours	Irregular/unsociable Shift Patterns
Good Holiday Entitlements	Unattractive Working Hours
Well Structured Shift Patterns	Poor Holiday Entitlements
Good Sick pay Entitlements	Mismanaged Break patterns

There is a direct correlation between positive and negative Work/Life Balance responses, with 4 responses being common to both. There can be no clearer indication of workforce opinion than a correlation such as this – establishing a good Work/Life Balance amongst a workforce requires the provision of flexible working patterns and shifts, together with attractive holiday and sick pay entitlements.

8.12 Perception of Leadership

To be considered an effective leader within the Mital Workplace Benchmarking (MWB) program, one must be distinguished beyond their established position. By their actions and not orders, leaders motivate others to willingly and eagerly follow. Although often associated by and connected with a position in an organisation, it is a role that must be earned and does not automatically come with the title of manager, supervisor or director.

The following six MWB questions are analysed to formulate statistics for the Perception of Leadership benchmark:

- I believe this company is well managed
- This company is ethical in the way that it deals with customers
- My suggestions for improving the way we work are fully considered
- The way we work is efficient
- Extra effort is rewarded and acknowledged
- The management of this company lead by example

Chart 8.12 illustrates the Perception of Leadership response results for sites operating under the MWB program, as of August 2005. The Y-axis in this chart describes a benchmark response rate approaching 74 percent in the middle, with 4 points lying either side of it representing a data range of just over 21 percent.

This chart is populated in a fairly scattered fashion, indicating that Perception of Leadership differs greatly from site to site. If, as this analysis suggests, there is no definite trend with regards to Perception of Leadership within the contact centre industry, an opportunity to break ahead of the competition has arisen.

A significant number of sites, with their scores far higher than the benchmark standard (16.13 percent) have already identified this, but many more can improve. With almost 10 percent of the sites participating in the MWB program falling more than 10 percent off the pace contact centre, all aspects of contact centre leadership need to be addressed if Perception of Leadership is to be improved.

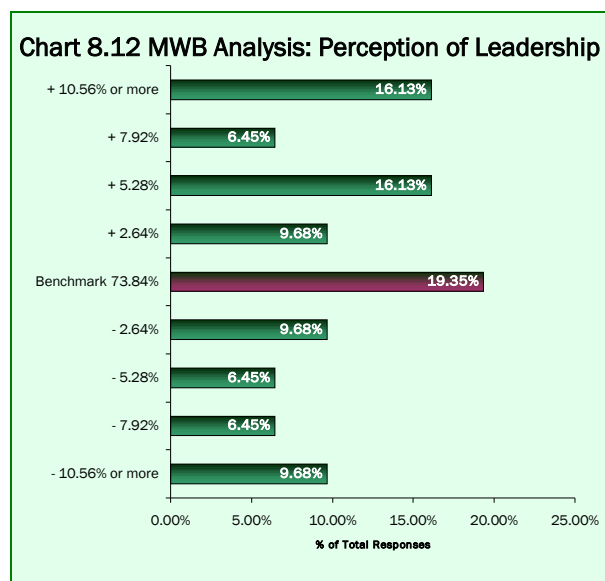


Table 8.12 details the most common responses related to Perception of Leadership for questions 25 and 26 of the MWB questionnaire, which are the following:

- Q25 We would like to know 3 things you like best about your workplace
- Q26 We would like to know which 3 things you would change to improve your workplace

Table 8.12 Perception of Leadership

Positive Comments	Negative Comments
Good Management	Poor Communication
Effective Communication	Lack of Recognition
Quality of Support	Ineffective Management
Strong Workforce Equality	Management Inconsistency
Fair Recognition	Absence of Workforce Equality

The five most common positive Perception of Leadership responses combine to describe the quintessential effective leader. A good leader communicates ideas, provides high levels of support, practises respect within the workplace, and recognises valuable contributions, praising when appropriate.

A poor leader, of course, will fail in most, if not all, of these areas. Analysis of negative responses to these 2 questions indicates a clear need amongst the workforce to voice their ideas and opinions – and to have them considered. The typical contact centre employee believes that a good leader will recognise and reward them when they deserve it, and treat them fairly and consistently as an equal.

8.13 Development & Training

Development and Training, as constructed within the Mital Workplace Benchmarking (MWB) programme, describes the process of developing an employee’s contribution to the business and their own work/life balance. Training supports the skills required to deliver the tasks and actions detailed in the individual's role, and so quality Development and Training is an essential component of the modern contact centre.

Responses to the following four MWB questions are collated and analysed to ascertain a Development and Training benchmark:

- I have learnt valuable new skills in this company
- There are opportunities for promotion in this company
- My skills are continuously improved at this company
- I am gaining qualifications which I can use outside of the company

Chart 8.13 illustrates the Development and Training response results for sites operating under the MWB programme, as of August 2005. The Y-axis shows a benchmark response rate approaching 74 percent in the middle, with 4 points lying either side of it representing a data range of 20 percent.

The area immediately within and above the benchmark is particularly well populated, representing just short of half the sites within the programme. This suggests that the majority of sites within the MWB programme lie within the industry standard with respect to Development and Training. The spike shown at either end of the scale is indicative of the fact that there are both clearly defined leaders and failures in operation within this area of staff satisfaction.

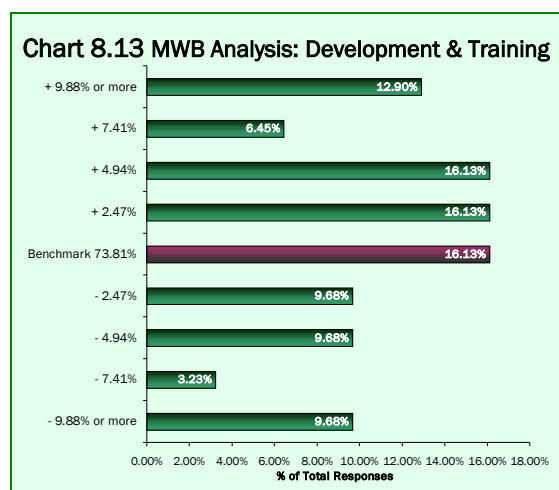


Table 8.13 details the most common responses related to Development and Training for questions 25 and 26 of the MWB questionnaire, which are the following:

- Q25 We would like to know 3 things you like best about your workplace
- Q26 We would like to know which 3 things you would change to improve your workplace

Table 8.13 Development & Training

Positive Comments	Negative Comments
Quality Training Programmes	Poor Staff Development
Well Structured Staff Development	Sub-standard Training Programmes
Valuable Qualifications	Inappropriate Qualifications
Fixed Training Schedules	Inadequate Training Facilities
Good Training Facilities	Poor/Irregular Team Building

As can be expected, there is a large correlation between positive and negative responses since these are the areas that dictate an employee's perception of their workplace. These findings suggest that, when considering quality staff development and training, the structure of the training programme and its relevance to general staff development (as the top 2 results for both positive and negative responses) are the most important factors.

9 ENVIRONMENTAL EFFICIENCY

9.1 International Location Sustainability

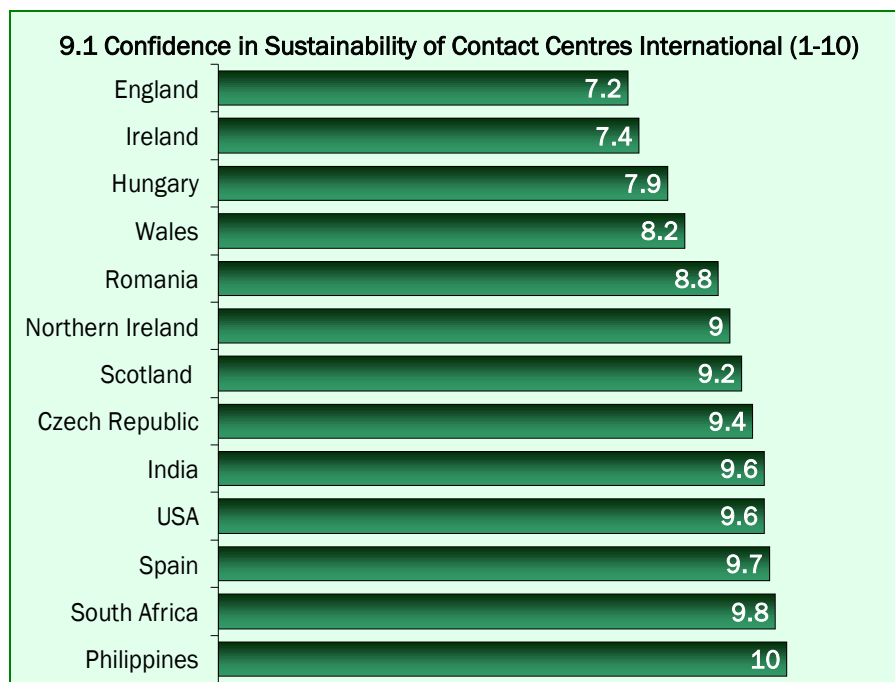
In Tables and Charts 9.1 and 9.2. below, we examine CCO belief in the real sustainability of the location they are currently operating in. By asking in-house contact centres (few outsourcers were interviewed) in each country to rate the sustainability of their country as a location we derived the following table. As one might expect, confidence levels in offshore countries was very high,

Firstly in 9.1. one can see that the Philippines scores highest with a maximum score of 10. India and South Africa follow closely we 9.8 and 9.6 respectively. All three of these offshore locations express complete belief in their ability to maintain labour supply. Given the demand for work amongst the general population, in these locations this is not surprising.

If we look at the five British Isles nations we see that English CCO's expressed the least confidence in sustainability at 7.2. Ireland was a little higher at 7.4. Wales had more confidence at 8.2; Northern Irish CCO's had a similar level of confidence as the offshore locations at 9.0. Scottish contact centres had the highest sustainability rating at 9.2.

Table 9.1. International Location Sustainability Ratings

Countries	Confidence Rating
Philippines	10
South Africa	9.8
Spain	9.7
USA	9.6
India	9.6
Czech Republic	9.4
Scotland	9.2
Northern Ireland	9.0
Romania	8.8
Wales	8.2
Hungary	7.9
Ireland	7.4
England	7.2



9.2 Domestic Location Sustainability

Table 9.2 shows that sustainability levels in the English regions appear to bear a direct reflection of the Regional Development Agency's commitment to the sector. The South West Regional Development Agency have told Mitial that they do not consider contact centres to be part of their economic strategy and the benchmarking results show that South West contact centres have a poor view of the sustainability of their call centres.

Table 9.2. Regional Location Sustainability Ratings

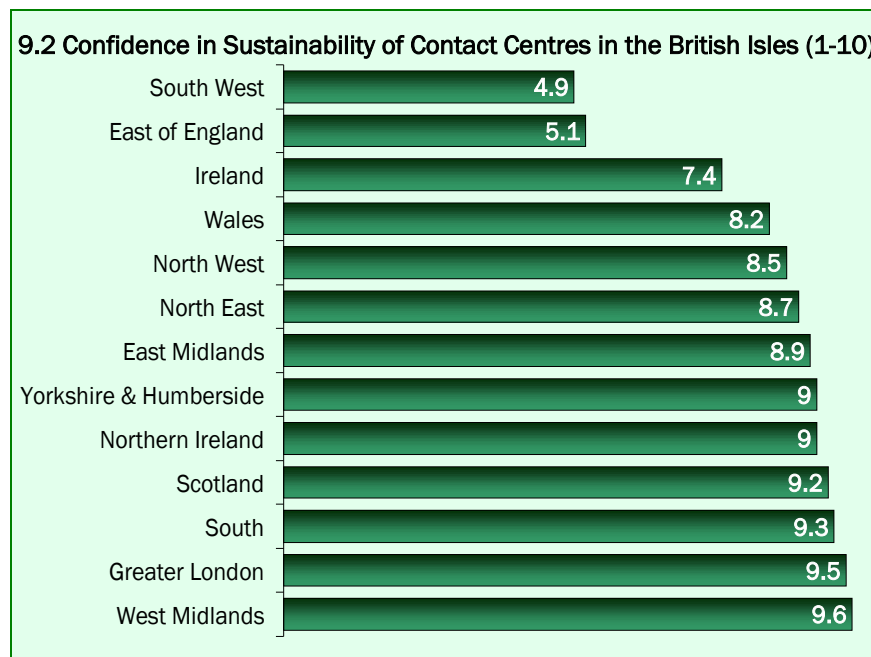
Countries	Confidence Rating
West Midlands	9.6
Greater London	9.5
South	9.3
Scotland	9.2
Northern Ireland	9.0
Yorkshire & Humberside	9.0
East Midlands	8.9
North East	8.7
North West	8.5
Wales	8.2
Ireland	7.4
East of England	5.1
South West	4.9

This cross-tabulation between RDA activity and sustainability ratings is also confirmed by the fact that the West Midlands has the highest sustainability and the RDA has implemented a major information-gathering exercise amongst contact centres during the last year.

Chart 9.2 Further illustrates the ratings.

CCO's in the North West (one of the biggest concentrations) scored 8.5, London respondents were confident with a score almost matching the West Midlands (9.5).

Less confidence was shown in the South West with just 4.9 and East of England with 5.1.



9.3 Locations of Choice

MRI asked CCO respondents to provide us with their views on location selection. They were specifically asked to identify which location they felt would be the best location for their business, other than the one they were in currently.

It was interesting that our senior-level respondents universally commented that they would be responsible or involved with any project regarding the front and or back office, including shared service centres.

This supports Mital's view that the contact centre is in fact well integrated into most businesses and that it is the same senior management or board team who will typically make decisions regarding contact centre, offshoring, back-office and shared service centres. There is a widespread view amongst a majority of investment promotion projects that these teams are different and the evidence of our benchmarking work does not substantiate this view.

Table 9.3. shows the popularity of both onshore and offshore locations.

Table 9.3 Ranking of Most and Least Popular Contact Centre Locations Onshore & Offshore 2005

	Most Popular Onshore	Offshore
1	Glasgow	India
2	Manchester	Philippines
3	Belfast	Hungary
4	Birmingham	Romania
5	London	Czech Republic
6	Reading	Spain
7	Brighton	South Africa
8	Peterborough	
9	Leeds	
10	Slough	
11	Sheffield	
12	Hull	
13	Cardiff	
14	East Kent	
15	Swansea	
16	Dublin	
17	Cork	
18	Nottingham	
19	Southampton	
20	Coventry	
21	Newcastle	
22	Edinburgh	
23	Bournemouth	
24	Warrington	
25	Gloucester/Cheltenham	
26	Chelmsford	
27	Preston	
28	Liverpool	
	Least Popular	

Perhaps the most interesting thing about the British Isles data set is not the specific rankings of various cities, but the split between those heavily marketed locations and others.

Despite virtually now investment promotion over the years we still see that half the preferred top ten locations are in the South of England.

We can see that within British Isles Glasgow is perceived to be the best location for a new contact centre location. Manchester came second and scored almost the same as Glasgow.

Belfast came a very credible third and a resurgent Birmingham came in fourth. Southern locations London, Reading and Brighton scored fifth, sixth and seventh together.

Welsh locations Cardiff and Swansea could only manage thirteenth and fifteenth place respectively. With Dublin scoring sixteenth and Cork seventeenth.

Liverpool was the most unpopular listed location sitting at number twenty-eighth in the Table.

Despite a lack of promotional marketing over the years southern UK locations did well. As mentioned London came fifth, but Brighton came in at eighth and Reading tenth.

It is interesting that not a single South West location scored - not even Bristol. In the North East only Newcastle appeared and scored a lowly 21st.

Looking at the offshore locations, not surprisingly India topped the Table, but the Philippines is now in second place, with South Africa relegated to bottom place behind Eastern European locations and Spain.

Respondents were generally familiar with India, starting to hear interesting news about the Philippines and viewed South Africa as a great holiday destination, but too problematic to accommodate an offshore site.

Mital has worked with 12 companies in the last year that were interested in South Africa. Eight of these companies visited and/or contracted further research. All of them rejected South Africa for reasons of monopolistic telecoms, escalating salary costs and freedom to select agents on the basis of clarity of diction.

One respondent responsible for sourcing international locations for a major outsourcer commented

"India is a proven location, but the UK consumer is still dissatisfied with the accent. Although South Africa looked like it would be the alternative, its initial attraction hides a myriad of potential problems. Eastern Europe is coming on stream for smaller projects, but the real large scale alternative to India is the Philippines due to its proven capabilities in servicing the USA. UK outsourcers are now looking to enter the North American market and the Philippines has proven capability here"

9.4 Acoustic Safety

9.4.1 Changing Legislation

Last year saw the introduction of the newest EU Noise at Work regulations. In February 2006 these will finally become mandatory in all EU member states. The new rules will cover not only workplaces, but also contact centres where the main noise exposure is through the headset.

According to Bob Fielden respected expert from GN Netcom "these regulations will have far reaching consequences for many organisations. It will be important for them to act early if they are not to fall foul of the new rules.

This latest legislation is very important and will not only help to improve the welfare of employees using headsets but also has the potential to directly increase the profits of the company. Recent research in psychoacoustics shows that noise exposure has a direct impact on productivity both in the short and long term. Too much noise can lead to hearing fatigue and stress, jeopardising employee productivity and commitment. By improving employees' exposure to noise companies may at the same time increase their profitability.

Whilst some companies are well aware of the new regulations and have already adopted a safe approach, others are not so well versed. Many companies have heard of the regulation but do not fully understand how it is going to affect their company and the contact centre staff. There is a huge job for the industry to do in terms of educating business not only on the forthcoming regulations but more generally on the benefits of headsets and the potential hazards of too much noise.

We are concerned many contact centre agents will be left unprotected after this legislation is mandatory. Of course this opens up the question of litigation and compensation, which is becoming a fact of life now."

Bob Fielden goes even further by saying *"We urge contact centre managers to act now, find out from their suppliers if their company meets with the new regulations and what they can do to protect both their staff and the company investment."*

9.4.1 An Industry Divided

Acoustic safety is probably the most contentious issues ever to affect the contact centre industry.

There is a serious split amongst reference groups and the industry is confused. One trade association in concert with its biggest sponsor are downplaying the serious of the issue, on the other hand the DTI, HSE, the majority of other headset providers and the scientific community claim this is a big issue which could prove costly to businesses failing to adhere to regulations.

There is no doubt that the UK government sees it as a serious issue as does the Call Centre Management Association.

"The UK government, through the Secretary of State at the Department of Trade and Industry, has recognised the importance of the CCMA's Acoustic Safety Programme to call centres in this rapidly expanding sector of UK economy. DTI recognises the move to encourage the call centre industry to put in place measures to control Acoustic Shock, but acknowledges the ongoing considerations of the HSE of the impact on call centre staff." Stephen Rhodes, Department of Business Relations, DTI.

Marcus Quilter former Chairman of the CCMA and proponent of the Acoustic Safety Programme told MRI *"there has been a serious and damaging problem in the call centre sector for many years, according to research by the Health & Safety Laboratory and Institute Of Acoustics research, which is supported by case studies from the Communication Workers Union. To date there has been very little public acknowledgement of the widespread existence of Acoustic Shock and noise interference at work."*

The Acoustic Safety Programme provide a mass of scientific evidence for acoustic Shock being a material fact manifested in the following symptoms.

- Headaches
- Dizziness
- Nausea
- Lack of energy

Most importantly and the biggest point of contention is the long term damage of low-volume (i.e. 30 to 80dB) continuous or repetitive Acoustic Shocks or 'interference'. In these situations an agent may not be able to hear the shock or interference above the level of the conversation or ambient noise. But sound can never-the less penetrate through and cause damaging stimulation within the hearing mechanisms and the auditory part of the brain.

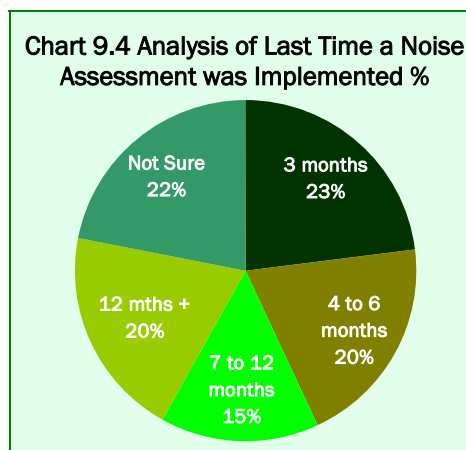
A Health & Safety Executive & RNID study of fifteen call centres tested agents for the symptoms of Acoustic Shock. Thirty percent were showed to suffer from Tinnitus (ringing in the ear) and 39 percent 'believed their hearing had been damaged during their employ in the call centre'.

MRI sought to benchmark Noise Assessments in contact centres. In Chart 9.4 we look at the last time respondents carried out a Noise Assessment in their contact centre.

We see that more than one fifth (22 percent) of respondents were "Not Sure". A similar number had carried out an assessment during the last three months (23 percent). Exactly one-fifth of respondents had not carried out an assessment of noise for over 12 months if at all. Therefore 42 percent of contact centres had either done nothing within the last year or effectively ran the contact centre but were unaware of any type of assessment being carried out.

The following quote is typical of many responses gathered in the survey

"Our trade body has informed us that the new legislation only affects very high sound levels of 80 decibels or above, this is far above the sound level in our contact centre and therefore we feel we have this well covered." Local Authority Contact Centre



Respondents admitted that they had been very confused by recommendations coming from associations, trade bodies and headset providers. A typical quote is shown below.

"This whole area of acoustic safety and shock has been so utterly confusing. The headset providers seemed to be using it primarily as a way of gaining advantage, without much thought actually. We are a major user and want to get this right because it is the right thing to do for our people. We were relieved to see the emergence of the Acoustic Safety Programme as a single voice for all the public-private stakeholders." Holiday Contact Centre

We asked respondents which organisations they believed to be the best source of advice on this topic. By far the most respected organisation was the Acoustic Safety Programme with 26 percent of responses. Readers should note that the European Confederation of Contact Centre Organisations and CCMA are actually part of this programme along with most major manufacturers, UK DTI, UK HSE, Communications Workers Union, Institute of Acoustics and the National Physics Laboratory.

The other point of reference is the CCA who work with Plantronics in this area.

Table 9.4 Analysis of Leading Source of Advice on Acoustic Safety

Acoustic Safety Programme	26
CCA	22
HSE	18
Headset Provider	15
CCMA	6
CCMA (Ireland)	5
FEDMA	4
CWU	2
Other	2
Total	100

It would appear that the Call Centre Association is a little isolated in this area, with itself and Plantronics the only notable bodies not involved with the Acoustic Safety Programme at time of writing.

The large percentage of other sources of advice was made up of headset and ACD providers, internal legal advisers and trade unions. The CCMA Ireland made up five percent of responses.

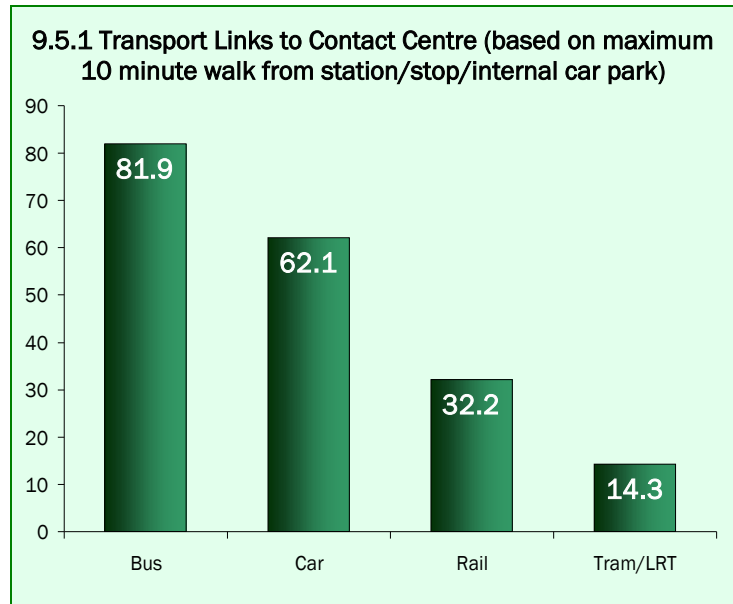
9.5 Staff Access

9.5.1 Transport

MRI investigated staff access to the contact centre workplace via key transport methods. In Chart 9.5.1, we see that only 62.1 percent of contact centres were accessible by car to a company car park within ten minutes from the building.

This does not mean that the agent was able or entitled to park their car, but that some agents could park. Interestingly, four in ten contact centre sites has no parking provision at all. These were nearly all in town/city centres.

Almost 82 percent of sites have a bus stop within five minutes walk from the building. But again one contact centre in five cannot be reached by bus and a maximum ten minutes walk.



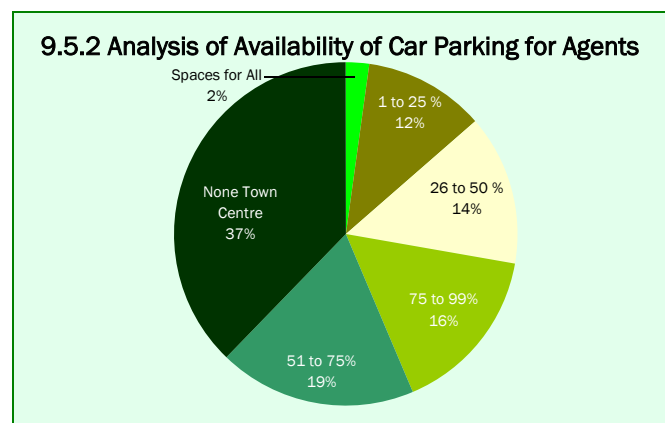
Less than one contact centre in three is commutable by train, only 32.2 percent can be reached by rail.

For the first time we start to see the use of the tram/light rapid transport way appear as a widely used mode of transport, with 14.3 percent of sites now reachable by tram. According to LRTA.org there are now 16 tram/LRT systems running in the UK, with Nottingham, Sheffield and Manchester systems widely used by agents.

9.5.2 Parking

The survey showed some interesting results in terms of parking available to agent level staff. Chart 9.5.2 shows only two percent of contact centres had parking for all agent staff. A small proportion (1 percent) of Business Park based contact centres had no parking, but 37 percent of contact centres had no parking at all.

Twelve percent of contact centres had parking for 1 to 25 percent of staff. Fourteen percent had parking sufficient for 26 to 50 percent of their staff. One in twenty sites (19 percent) had enough parking for 51 to 75 percent of their staff and sixteen percent of respondents could accommodate 75 to 99 percent of agent's cars.



Mital Workplace Benchmarking interprets staffs likes and dislikes relating to their workplace. Parking is clearly a very, very important issue to staff. In short staff like to have parking and staff hate not having parking. This is particularly true where staff do not have many options in terms of alternative transport. Lack of parking is a basic reason for early losses in staff, shortly after recruitment.

The West Wales Association of Contact Centres (WWACC) have pioneered a transport-planning project with local contact centres, as parking was a key issue to many local employers. It has shown that having limited parking spaces does not always mean that staff should not be able to park.

In summary the concept that all agents have parking in high performing employers is not true. However, the MWB survey does show that parking is of major value to agents and the lack of it is an incentive for dissatisfaction.

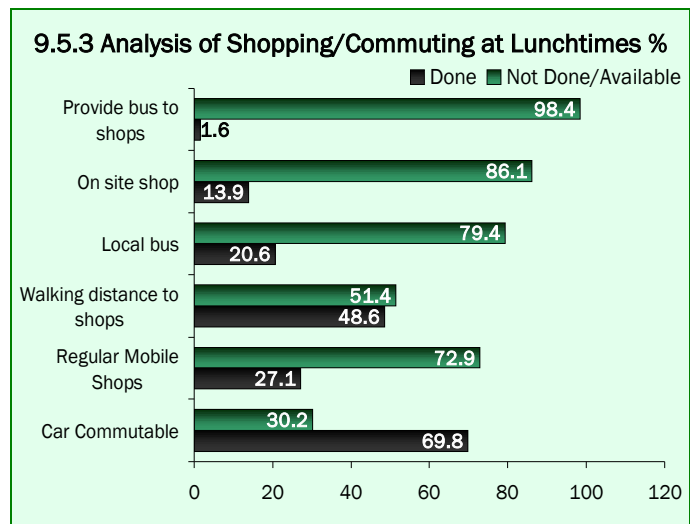
This benchmarking information did find that there was a limited amount of innovation in parking. We expected to find widespread car sharing and shift management programmes linked to parking, but in actual fact, there was little evidence of this.

9.5.3 Lunchtime Shopping

In Chart 9.5.3 below we analyse the ability staffs have to shop and commute to shops at lunchtime. Obviously “time-poor” families of the noughties and busy single parents often need to carry out essential shopping at lunchtime.

Almost 70 percent of agents can commute to major shopping areas during lunchtime, but thirty percent cannot. Over 27 percent of sites have regular visits from mobile shops (we tended to exclude mobile catering from this category).

Just under half of all respondents were able to walk to a major shopping area and back during lunchtime.



Only one site in five had public bus services capable of transporting staff to shops and back during a lunchtime period. Very few contact centres provided free transport to shops during lunchtime. MBNA in Chester was an example.

Almost 14 percent of contact centres have a shop on site. These range in size and sophistication, but generally provide newspapers, toiletries and snacks as core products.

9.6 Internal Design

9.6.1 Overview

We have worked with C2 Concepts the UK’s leading contact centre internal design company in the formulation of KPI’s relating to internal design.

The analysis relates to four main areas of best practice, which are: -

- Spaces
- Lighting
- Workstations
- General Office

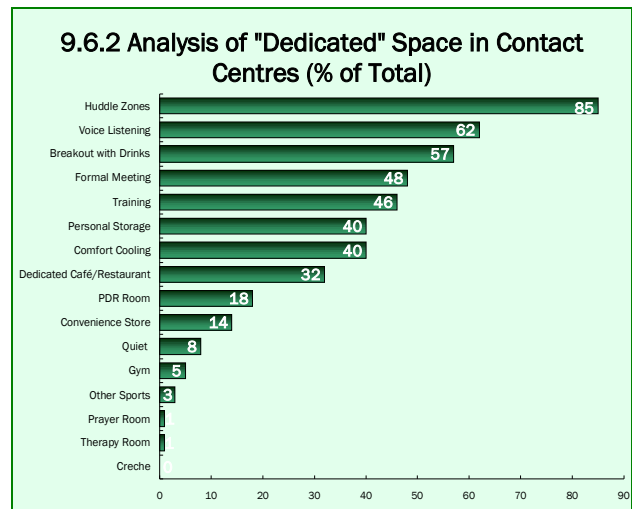
9.6.2 Spaces

In Chart 9.6.2 we can analyse dedicated areas of a percentage basis. For example 85 percent of respondents have specific areas for informal meetings or “Huddle Zones.”

We see that 62 percent of contact centres have a dedicated area for voice listening, but one third carry out reviews on the noisy floor, which is not good practice.

More than half (57 percent) of respondents have informal breakout areas with drinks.

Less than half of the companies polled have formal meeting areas or dedicated training rooms.



Only four in ten contact centres provide secure personal storage.

Comfort cooling is only present in 40 percent of sites interviewed. This is particularly prevalent in Greater London sites and the occurrence of cooling in other areas is actually lower than forty percent in all other regions.

Despite the average respondent in the survey employing over 90 respondents, just one third (32 percent) of sites have a dedicated café or restaurant. There are still a large number of business park-based sites that have no catering other than vending.

A dedicated space for PDR- Personal Development Reviews is not common with just 18 percent of sites having such space.

As already mentioned only 14 percent of contact centres have a convenience store permanently on site.

Other features such as gyms, therapy rooms and prayer rooms are still pretty rare. We found no sites having on-site crèche facilities and the general consensus has been that these have not worked inside the contact centre.

9.6.3 Lighting

Lighting plays a crucial role in the quality of the built environment. The role of lighting is subject to renewed interest in terms of worker satisfaction, performance and comfort. Whilst it is commonly understood that poor indoor air quality and acoustics have a negative effect on health and performance, it is equally true that poor lighting can help or hinder staff satisfaction, performance and comfort.

Kaplan & Norton reported possible links between lighting and strategic business outcomes as follows: -

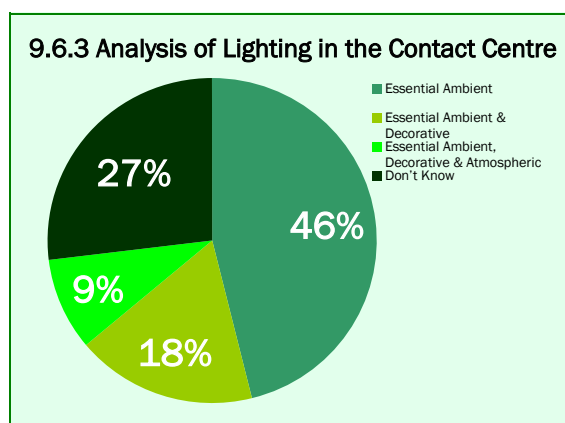
Table 9.6.3 Links Between Lighting & Strategic Objectives

Financial Outcomes	Human Resources Development	Stakeholder & Customer Relations
Performance Improvements	Ability to attract & retain workers	Improved public image
Reduced energy costs	Improved well being of workers due to improved moods & comfort	Increased ability to see to pro-environmental customers
Enhanced ability to rent space		
Increased value of property		

Source Kaplan & North

In Chart 9.6.3 we asked respondents to describe the type of lighting they had in their contact centre. It was very clear that levels of understanding amongst senior respondents were very low. Over one-quarter of respondents could not specify the type of lighting present due to lack of knowledge. Half of contact centres polled only have essential ambient lighting and of those that knew only nine percent had essential ambient, decorative and atmospheric lighting.

There such a mass of evidence behind the benefits of good lighting that the results were generally reflective of a backward approach.



The distribution of light in a space, particularly the luminances on room surfaces, appears to be a major determinant of room satisfaction. Satisfaction is good when there is high overall brightness of the room surfaces, and when the amount of light on the walls and desks is evenly balanced. High contrast conditions in office environments are consistently rated poorly.

Researchers suggest that gloom may be psychologically undesirable because it is associated with reduced peripheral vision and thus serves as a primitive warning system that visual acuity is being compromised. Dissatisfaction with dark walls may result from perceptions of gloominess.

Most people prefer day light and desire access to a view in most types of work settings. Quality daylight is a major element of lighting satisfaction.

One laboratory study gave subjects dimmable ceiling lighting and found that the control feature was well-used with positive results. The subjects who had the controllable lighting were more satisfied with the lighting, felt more comfortable in the room, rated the tasks as less difficult, and rated the lighting quality as higher than subjects who did not have control. Personal control can be used to change lighting conditions to reduce glare and increase illuminance to meet the changing needs of different tasks or activities. Studies show that when lighting control is used, significant individual differences are found. This indicates that the "one size fits all" approach of standard building lighting falls far short of the preferences of most workers.

Importantly, having the control system produced a 35-42 percent decrease in electrical consumption.

Another benefit of personal control over lighting is the positive psychological impact on workers. A Canadian study found that subjects who had control of their lighting experienced a greater sense of control in general throughout the day.

An experimental workshop was held by the joint committees of two professional lighting associations to study phenomenon of overhead glare. The results obtained demonstrate that a significant number of people experience discomfort from high luminance lamps and fixtures overhead, even when the glare source is at the edge of the field of view or just outside of the field view.

Several key considerations in lighting design are:-

- Provide brightness on the room surfaces; use light coloured finishes.
- Reduce reflected glare. Ceiling lighting should not appear so bright as to appear in VDT screens.
- Reduce overhead glare. Some lamps are too bright (T5, T2) to be placed in direct view of the eye and must be well shielded or used for indirect or wall lighting.
- Provide personal control of workstation-specific lighting fixtures where possible. Personal control of shared lighting fixtures can be problematic due to differences in preferences.
- If ambient light levels are below 40 footcandles, provide compact fluorescent desktop task lights to ensure adequate light for paper tasks.

- Choose lighting systems and layout that remain appropriate even when the space plan changes. Consider plug and play technologies.
- Lighting is an important contributor to the aesthetic of a space and can help to convey a positive image to clients and stakeholders. Additionally, the use of energy-efficient technologies provides an opportunity to showcase an environmentally friendly corporate policy.
- Quality energy efficient lighting can significantly reduce your energy bill. When new lighting systems replace older technologies the energy savings typically ranges from 25 to 50 percent. Additional energy savings can be found with the use of lighting control systems.

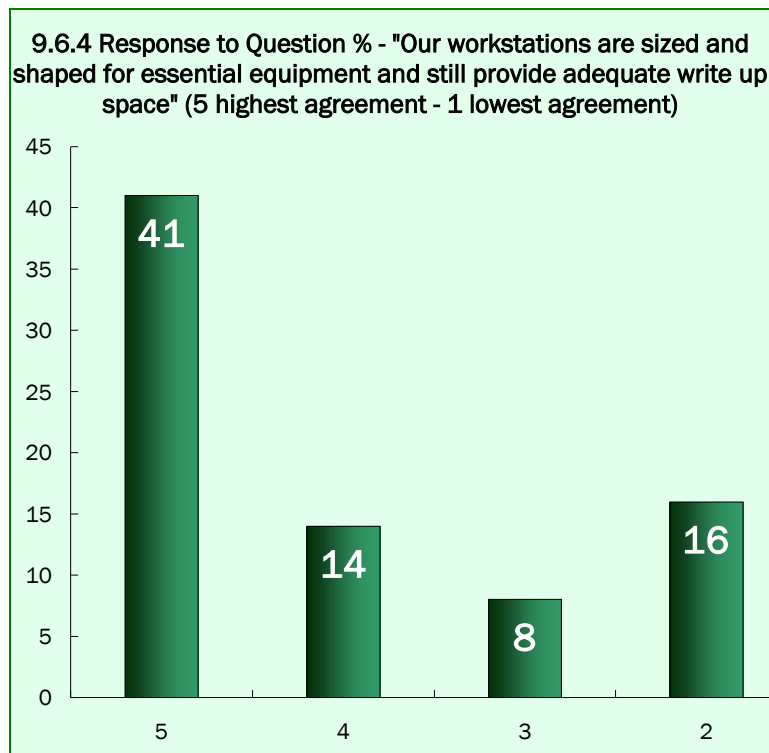
9.6.4 Workstation Layout

The size and shape of a workstation can clearly have a range of impacts covering staff comfort and efficient use of workspace available.

There is a reality that there is a disconnect between property costs and costs associated with losing staff due to workstation discomfort. It is almost certain that small, squashed workstations lead to losses through attrition that are higher than the opportunity cost of using/acquiring more space.

In Chart 9.6.4 below we see that 41 percent of respondents scored a maximum 5, believing that "Our workstations are sized and shaped for essential equipment and still provide adequate write up space."

If we further investigate the chart we see a polarisation, with 41 percent agreeing totally with the statement and 37 percent disagreeing with scores 1 and 2. In short respondents felt they either had space and shape well managed or they did not. Few respondents were ambivalent on this measure.

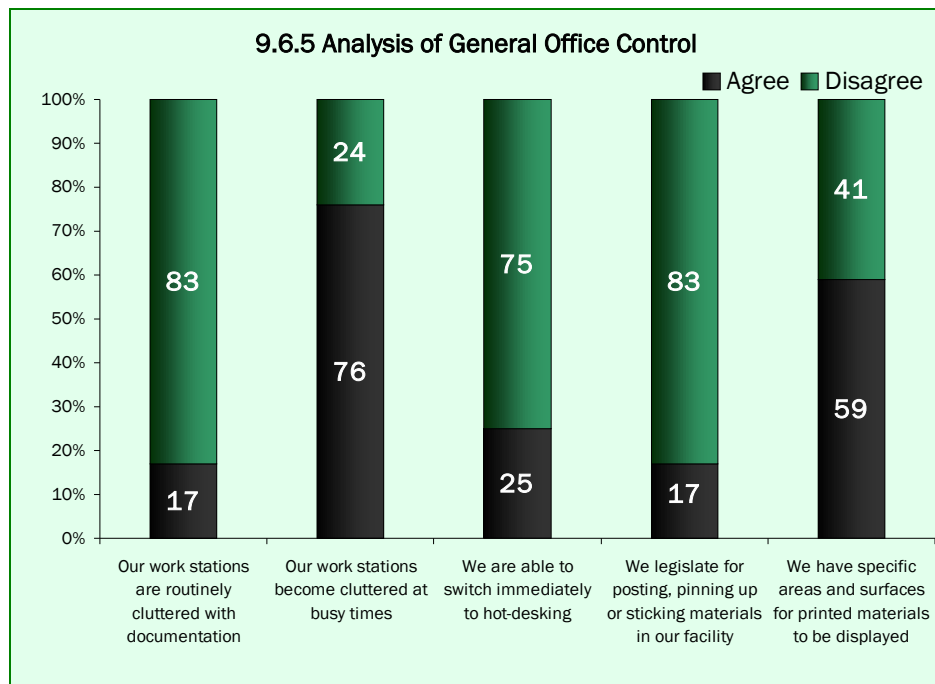


9.6.5 General Office Control

According to Mark Alcorn of C2 Concepts “a general untidiness in the contact centre is a disincentive to good performance.” We polled respondents on a number of categories suggested by C2 regarding the general office control. Respondents were asked to agree or disagree with statements provided in Chart 9.6.5.

One can see that few sites (17 percent) admitted to having workstations routinely cluttered with documentation, but 76 percent acknowledged that stations became cluttered at busy times. Just one contact centre in four felt they could hot desk.

Most contact centres 83 percent do not legislate for posting, pinning up and sticking materials up in the facility, whilst 59 percent did have specific areas for printed materials to be displayed.



9.7 Unused Seats

There are at least 87,500 unused seats in UK and Irish contact centres at mid year 2005.

28,000 of these are within buildings operated or mothballed by outsourcers. The financial services industry also has a portfolio of 23,000 seats. The Telecoms vertical also has a substantial number at 16,500.

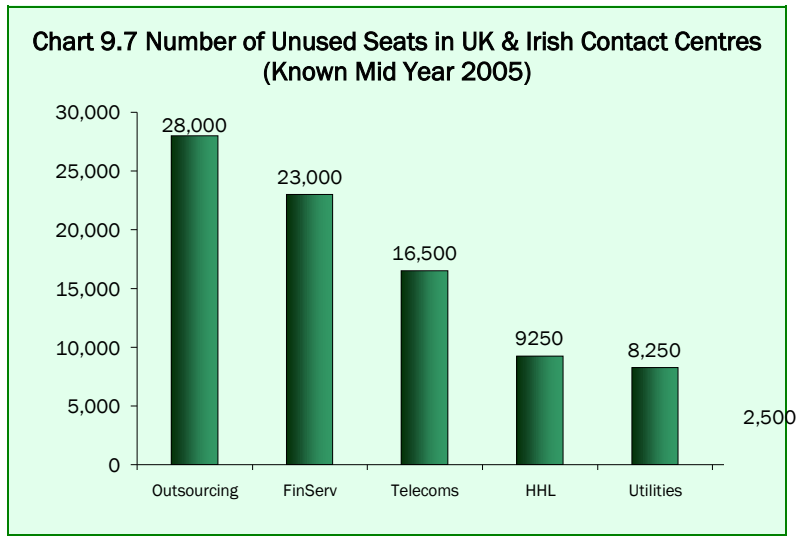
Hotel, Holiday & Leisure (HHL), Utilities and ICT are also sitting on large numbers of unused seats.

One Outsourcing company has a facility with over 750 unused seats in the North West of England. The excess capacity is a real challenge for outsourcers. Decreasing margins make the burden of unused space, seats and technology increasingly difficult to carry.

One outsourcer told MRI “Having some spare capacity is strategically acceptable to most outsourcers, but there are real limits.”

MRI believe that much of the excess capacity in the telecommunication vertical is as a result of BT’s two-year rationalisation programme.

MRI’s 2005 survey on the Welsh contact centre industry showed that the main reason for redundant capacity was not in fact offshoring as widely believed but channel shift.



10 PERFORMANCE METRICS

10.1 Definitions

For the purpose of discussing the performance metrics, the definitions of each KPI should be explained. This is done in Table 10.1.

Table 10.1 Key to Definitions

KPI	DEFINITION
Sign on Time	The percentage of In work Hours that were spent logged in to handle calls. $(\text{Total Sign On Time} / \text{In Hours}) \times 100$
Average Call Handling Time	The average time spent handling a call. $(\text{Total talk time} + \text{total wrap time}) / \text{Total calls answered by an advisor}$
Average Wait Time	The average idle time between calls. $(\text{Total wait time} / \text{total calls answered by an advisor})$
Wait %	The percentage of sign on time that was spent idle. $(\text{Total wait time} / \text{Total talk time} + \text{Total wrap time} + \text{Total wait time}) \times 100$
Calls Answered Hourly	The total number of calls answered by an agent. $\text{Total calls offered} - \text{total calls abandoned}$
Speed to Answer	Average time taken to answer call
Abandoned Rate %	The percentage of calls that were abandoned by the customer before they were answered by an agent
Hourly Outbound Call Attempts	The total number of attempts to make an outbound call. $\text{Total outgoing call attempts}$
Hourly Outbound Reach Rate	The total number of outgoing call attempts where a voice contact was made. $\text{Total outbound contacts}$
Outbound Abandoned Rate	The number of outgoing contacts where there was not an advisor available to answer the call. $(\text{Total aborted calls} / \text{total outbound contacts}) \times 100$

10.2 Performance Metrics in Customer Service

As shown in Table 10.2, the average sign on time is 81.9 percent with an average call handling time of 9 minutes and 11 seconds. This figure is in the upper range of call handling times, and is indicative of the type of call an agent might be dealing with.

The call wait time is lower than any of the other sectors, at 52 seconds. However, this amounts to an average wait of 14.5 percent within the sign on time which is only marginally better than the benchmark score of 16.8 percent.

The 2 minutes, 2 seconds taken to answer a call is more than 20 seconds slower than the benchmark response time of 1 minute 41 seconds, but this could be attributed to peak calling hours where agents are at their busiest.

Of the average 29.5 outbound calls dialed every hour, 8.7 actually made contact. This resulted in an outbound abandonment rate of 1.4 percent, 0.6 percent below the benchmark of 2 percent.

Table 10.2 Performance Metrics in Customer Service

Key Performance Indicator	Value
Sign On Time %	81.9
Call Handling Time (Mins)	9m 11s
Wait Time (Mins)	0m 52s
Wait %	14.5
Calls Answered Hourly	4.6
Speed to Answer (Mins)	2m 02s
Call Abandoned %	17.4
Hourly Outbound Call Attempts	29.5
Hourly Outbound Reach Rate	8.7
Outbound Abandonment Rate %	1.4

10.3 Performance Metrics in Telemarketing / Telesales

Table 10.3 shows a greatly reduced sign on time compared to other peer groups. The 70.4 percent value is only marginally better than the lowest performer, ICT, which scored 68.4 percent.

The average call handling time is rather low at 2 minutes 1 second, with an inbound rate of 10.5 calls per hour, and an outbound reach rate of 6.7 calls per hour. An explanation of the low call time when compared to that of, for example, customer service, is the relatively predictable procedural nature of the call, combined with call scripts.

The percentage of time an agent spent idle was 17.4 percent of the sign on time, whilst the speed to answer time was marginally below average at 1 minute 46 seconds.

Table 10.3 Performance Metrics in Telemarketing / Telesales

Key Performance Indicator	Value
Sign On Time %	70.4
Call Handling Time (Mins)	2m 01s
Wait Time (Mins)	1m 56s
Wait %	17.4
Calls Answered Hourly	10.5
Speed to Answer (Mins)	1m 46s
Call Abandoned %	12.3
Hourly Outbound Call Attempts	26.3
Hourly Outbound Reach Rate	6.7
Outbound Abandonment Rate %	1.7

10.4 Performance Metrics in Debt Collection

Debt Collection performed well as a whole. As Table 10.4 shows, calls were handled in a prompt 2 minutes 56 seconds with an agent being signed on, on average, for 79.4 percent of the working day.

Although the number of calls answered per hour is relatively high at 10.6, the speed at which calls are answered is well below the benchmark at 2 minutes 13 seconds compared to 1 minute 41 seconds.

Of an hourly rate of 30.1 outbound calls, 6 of these actually reached a voice contact.

Table 10.4 Performance Metrics in Debt Collection

Key Performance Indicator	Value
Sign On Time %	79.4
Call Handling Time (Mins)	2m 56s
Wait Time (Mins)	1m 37s
Wait %	18.3
Calls Answered Hourly	10.6
Speed to Answer (Mins)	2m 13s
Call Abandoned %	8.8
Hourly Outbound Call Attempts	30.1
Hourly Outbound Reach Rate	6
Outbound Abandonment Rate %	2.9

10.5 Performance Metrics in Order Taking

Of all the functions, Order Taking performed best with regards to the time taken to answer calls. On average a call was answered in 1 minute 16 seconds.

This group also had a higher than average sign on time of 82.7 percent.

Calls were handled in a better than average time of 7 minutes and 57 seconds. However, it could be expected that some orders could take longer than others where an agent has to read legal information from a script, or wait for credit card authorisation.

Table 10.5 Performance Metrics in Order Taking

Key Performance Indicator	Value
Sign On Time %	82.7
Call Handling Time (Mins)	7m 57s
Wait Time (Mins)	2m 00s
Wait %	18.8
Calls Answered Hourly	5
Speed to Answer (Mins)	1m 16s
Call Abandoned %	16.7
Hourly Outbound Call Attempts	N/A
Hourly Outbound Reach Rate	N/A
Outbound Abandonment Rate %	N/A

10.6 Performance Metrics in Reservations

Reservations showed the highest sign on time at 83.5 percent of the total working day, as shown in Table 10.6.

With a call wait time of 1 minute 15 seconds answering 5 calls per hour, and an average call handling time of 10 minutes 34 seconds, there was an overall wait time of 16.4 percent of the total sign on time.

The call abandonment rate was 13.8 percent.

Table 10.6 Performance Metrics in Reservations

Key Performance Indicator	Value
Sign On Time %	82.7
Call Handling Time (Mins)	7m 57s
Wait Time (Mins)	2m 00s
Wait %	18.8
Calls Answered Hourly	5
Speed to Answer (Mins)	1m 16s
Call Abandoned %	16.7
Hourly Outbound Call Attempts	N/A
Hourly Outbound Reach Rate	N/A
Outbound Abandonment Rate %	N/A

10.7 Performance Metrics in Information Communication Technology (ICT)

ICT agents spent the least time taking calls with a sign on time of 68.4 percent.

As is shown in Table 10.7, the average call time was 11 minutes 16 seconds, with an average wait time of 2 minutes 42 seconds between calls.

Answering 3.1 calls per hour, there is an overall agent wait of 8.5 percent.

There is a relatively high call abandonment rate on incoming calls with nearly a quarter being abandoned.

Table 10.7 Performance Metrics in ICT Helpdesk

Key Performance Indicator	Value
Sign On Time %	68.4
Call Handling Time (Mins)	11m 16s
Wait Time (Mins)	2m 42s
Wait %	8.5
Calls Answered Hourly	3.1
Speed to Answer (Mins)	3m 45s
Call Abandoned %	22.5
Hourly Outbound Call Attempts	N/A
Hourly Outbound Reach Rate	N/A
Outbound Abandonment Rate %	N/A

10.8 Performance Metrics in Web Support

The average sign on time for Web Support is 77.6 percent of the working day.

Table 10.8 shows an average call handling time half that of 4 minutes 29 seconds which is roughly half that of the benchmark.

On average, agents are waiting 3 minutes 29 seconds between calls and were idle for 10.1 percent of the total sign on time.

The speed to answer a call was, on average, 4 minutes 12 seconds – nearly four times as long as the benchmark.

The call abandonment rate was 27.4 percent.

Table 10.8 Performance Metrics in Web Support

Key Performance Indicator	Value
Sign On Time %	77.6
Call Handling Time (Mins)	4m 29s
Wait Time (Mins)	3m 29s
Wait %	10.1
Calls Answered Hourly	5.5
Speed to Answer (Mins)	4m 12s
Call Abandoned %	27.4
Hourly Outbound Call Attempts	N/A
Hourly Outbound Reach Rate	N/A
Outbound Abandonment Rate %	N/A

10.9 Performance Metrics in Information Lines

From Table 10.9 it is seen that the sign on time of Information agents was 80.4 percent.

With a low call handling time of 1 minute 54 seconds and handling 9.4 calls on average per hour, agents have an average call wait time of 2 minutes 12 seconds.

On average, agents are idle 20.6 percent of the total sign on time.

The average speed of answering a call is 1 minute 52 seconds, with a call abandonment rate of 14.4 percent.

Table 10.9 Performance Metrics in Information Lines

Key Performance Indicator	Value
Sign On Time %	80.4
Call Handling Time (Mins)	1m 54s
Wait Time (Mins)	2m 12s
Wait %	20.6
Calls Answered Hourly	9.4
Speed to Answer (Mins)	1m 52s
Call Abandoned %	14.4
Hourly Outbound Call Attempts	N/A
Hourly Outbound Reach Rate	N/A
Outbound Abandonment Rate %	N/A

10.10 Performance Metrics in Market Research

Table 10.10 shows the average sign on time of Market Researchers to be 79.8 percent.

Of all the functions, Market Research has the highest call handling time of 15 minutes 5 seconds – nearly double the benchmark's 8 minutes 22 seconds.

Agent's wait between calls was a relatively low 1 minute 3 seconds on average, and a 12.2 percent idle time overall. Calls answered per hour averaged at 2.2, but outbound attempts was as high as 20.4.

Of the 20.4 average attempts, 7.4 reached a voice contact. Only 0.2 percent of these resulted in an abandonment.

Table 10.10 Performance Metrics in Market Research

Key Performance Indicator	Value
Sign On Time %	79.8
Call Handling Time (Mins)	15m 05s
Wait Time (Mins)	1m 03s
Wait %	12.2
Calls Answered Hourly	2.2
Speed to Answer (Mins)	1m 43s
Call Abandoned %	N/A
Hourly Outbound Call Attempts	20.4
Hourly Outbound Reach Rate	7.4
Outbound Abandonment Rate %	0.2

10.11 Overall View of Performance Metrics

If an overall view is taken of the industry, it can be seen that the sign on time is approaching 80 percent of the total work time.

The average call handling time is below 10 minutes at 8 minutes 22 seconds, with 4.8 calls being answered every hour.

While the average time to answer a call is over two and a half minutes, this does take into account peak call times.

Nearly a fifth of voice calls were abandoned before reaching an agent.

An hourly average of 25.2 outbound calls resulted in 7.2 calls reaching a voice, with an abandonment rate of 2 percent.

Table 10.11 Overall View of Performance Metrics

Key Performance Indicator	Value
Sign On Time %	78.4
Call Handling Time (Mins)	8m 22s
Wait Time (Mins)	2m 15s
Wait %	16.8
Calls Answered Hourly	4.8
Speed to Answer (Mins)	1m 41s
Call Abandoned %	17.1
Hourly Outbound Call Attempts	25.2
Hourly Outbound Reach Rate	7.2
Outbound Abandonment Rate %	2

10.12 Full Table of Results of Performance Metrics

Main Function	Customer Service	Telemarketing / Telesales	Debt Collection	Order Taking	Reservations	ICT	Web Support	Information	Market Research	Overall
Sign On Time %	81.9	70.4	79.4	82.7	8.5	68.4	77.6	80.4	79.8	78.4
Call Handling Time (Mins)	9m 11s	2m 01s	2m 56s	7m 57s	10m 34s	11m 16s	4m 29s	1m 54s	15m 05s	8m 22s
Wait Time (Mins)	0m 52s	1m 56s	1m 37s	2m 0s	1m 15s	3m 42s	3m 29s	4m 12s	1m 03s	2m 15s
Wait %	14.5	17.4	18.3	18.8	16.4	8.5	10.1	20.6	12.2	16.8
Calls Answered Hourly	4.6	10.5	10.6	5	4.3	3.1	5.5	9.4	2.2	4.8
Speed to Answer (Mins)	2m 02s	1m 46s	2m 13s	1m 16s	1m 27s	3m 45s	4m 12s	1m 52s	1m 43s	1m 41s
Call Abandoned %	17.4	12.3	8.8	16.7	18.8	22.5	27.4	14.4	N/A	17.1
Hourly OB Call Attempts	29.5	26.3	30.1	N/A	N/A	N/A	N/A	N/A	20.4	25.2
Hourly OB Reach Rate	8.7	6.7	6	N/A	N/A	N/A	N/A	N/A	7.4	7.2
OB Abandonment Rate %	1.4	1.7	2.9	N/A	N/A	N/A	N/A	N/A	0.2	2

11 TECHNOLOGY ROADMAP

11.1 Introduction

In this section we look at technology and major impacts facing the industry.

We look particularly at the issue of VoIP not only in terms of adoption, but also in terms of impact on the relative position of the two distinct camps of supply.

The “Old Guard” ACD providers such as Avaya have sought to gradually migrate clients to VoIP at the client’s own pace. But once VoIP became (or becomes) the accepted norm, the ability of “Young Gun” softswitch providers to win new installations becomes more likely.

11.2 VoIP & the ever changing Automatic Call Distributor

Session Initiation Protocol (SIP) and Voice over Internet Protocol (VoIP) have together been widely incorporated by large enterprises the world over, so why does the contact centre industry seem so slow on the uptake?

The millennium saw the introduction of these new technologies amid a fanfare of hype, but various initial problems (including limited routing capabilities, lack of scalability, and sub-standard voice quality) have resulted in a perceived failure to perform.

Sales of SIP/VoIP within contact centres remain far lower than originally expected, despite vendors such as Avaya, Nortel, and Cisco supporting the technology by offering full, comprehensive solutions. With less than 10 percent of all contact centres within the UK’s established market employing a fully SIP/VoIP solution, and nearly 40 percent steering completely clear of any SIP/VoIP-enabled products, why are contact centres within the UK dragging their heels?

Financial considerations are, as always, at the fore. It is argued that initial expenditure, especially for those wanting to upgrade from a traditional Time Division Multiplexing (TDM) system, outweighs any benefits – after all, if contact centres are happy with their current telephony systems, why fix what is not broken?

Steve Bowen of Garlands IT, however, believes that this perception is a flawed one: "Cost-wise, we've calculated that to implement the blended inbound/outbound VoIP solution at our Middlesborough site costs approximately half of what a traditional telephony solution would have cost". He goes on to strengthen his argument by saying "Network provisioning costs have also been halved at our new Stockton site as we only need one set of wiring and one CAT 5 point per desk rather than two sets of wiring and separate points for voice and data". When you add to this the fact that upgrading a SIP/VoIP solution is comparatively less expensive and results in lower levels of operational disruption than with traditional, proprietary telephony technologies, the financial argument begins to lose its credence."

Lack of focus is also a factor, with contact centres being preoccupied by any number of existing technology projects (CRM in particular). With features already in place for quality monitoring, predictive dialling, and workforce management, the introduction of SIP/VoIP, with their less obvious benefits and the initial operational disruptions it would cause, may not be worth the risk – certainly not until all other areas have been solidified.

However, things are starting to look up for SIP/VoIP. Confidence is becoming less of an issue, since a number of large sites have adopted the technology successfully – proving it’s potential. BT, for instance, recently upgraded its legacy infrastructure to connect some 10,000 agents based across 124 sites.

Contact centres within the UK are also now starting to adopt SIP/VoIP to allow integration between isolated contact centres (or even remote agents) – creating a level of virtualisation never possible previously. As a technology that allows a truly location-independent contact centre, where calls from one central queue can be distributed to any number of agents, located anywhere in the world, the attraction of SIP/VoIP is becoming more and more clear.

Traditional contact centre solutions require hardware circuit switches, known as Automatic Call Distributor (ACD) switches, to queue and distribute calls evenly throughout the contact centre, and these need to be physically present at every location containing active agents. A SIP/VoIP solution, however, would require nothing more from the agent than a multimedia computer and an IP connection.

With SIP/VoIP, a virtual software driven ACD (known as a soft switch) is used to collate and distribute all calls at a central point, and then redistribute them to agents within the network, irrespective of their location - creating the illusion of a seamless contact centre. The proper implementation of these technologies can result in greater flexibility with regards to labour provision during peak seasons, far less complicated installation and logistics issues, and massive financial savings with regards to hardware, installations, maintenance, and labour costs.

These benefits are currently being proven with the successes being enjoyed within the offshore contact centre markets, and the utilisation of home agents within the UK and Ireland is also set to increase exponentially. Together with additional benefits such as successful multimedia distribution (to handle other forms of communication such as instant messages) and cross-channel integration, the widespread adoption of SIP/VoIP over the coming years is already all but ensured.

Perhaps the most influential factor on the future success of SIP/VoIP, however, is with respect to hosted solutions. These solutions operate on the principle that all aspects of the system being hosted are held offsite, in the care of a separate entity, and are then leased by the contact centre -thereby reducing costs. Traditional hosted ACD systems are hardware based, and rely entirely upon public telephony switches. Typically sparse of features and difficult to integrate with contact centre applications, these hosted solutions have failed to capture much market interest.

SIP/VoIP hosted solutions, however, promise a multitude of benefits. Due to a rich network interface and standardised SIP architectures, software developers are able to create custom applications that plug seamlessly into the service provider's IP telephony network, as well as interface into traditional public telephony networks via industry-standard soft switches and gateways. SIP/VoIP hosted solutions offer the contact centre market a flexible, proven, cost-effective, scalable, and feature-rich alternative to traditional ACD.

Table 11.2a details statistics detailing telephony technology usage within the UK and Ireland contact centre industry released in 2003 by Mital Research International Ltd. These figures depict a market dominated by ACD technology, with SIP/VoIP products penetrating just 12 percent of the market.

Table 11.2a UK Technology in 2003

2003	Percent
ACD	38
PABx	12
ACD/PABx	38
SIP/VoIP	8
IP ACD	4

Now, in 2005, the same market distribution no longer applies. Instead, as shown in Table 11.2b, the market now consists of just 3 sections:

- Classic ACD, containing no SIP/VoIP technologies
- Full SIP/VoIP, using a virtual ACD (soft switch)
- Classic ACD shell incorporating SIP/VoIP technologies

Table 11.2b UK Technology in 2005

2005	Percent
Classic ACD (no SIP/VoIP modifications)	38
Full SIP/VoIP	12
Classic ACD shell with VoIP modifications	47

Whilst there is still a pronounced dominance for ACD technology, SIP/VoIP have markedly infiltrated the market. SIP/VoIP technologies are now used, to a greater or lesser degree, in 59 percent of the contact centres within the UK and Ireland – a figure is only set to rise as more and more embrace this increasingly popular technology.

With SIP/VoIP now the fastest growing technologies within the contact centre market, it is only a matter of time before these technologies become the standard for contact centres. Irrespective of the initial financial implications of replacing legacy equipment, SIP/VoIP technologies are well placed to take over as the major telephony investment for contact centres in the mature UK and US markets over the next three years.

11.3 Analysis of IVR

IVR has been a very controversial topic since it first arrived on the contact centre stage. This year's research shows that CCO's are supportive of IVR in areas where it can help with surges in demand as a back up, as well as helping customers with fast, routine actions such as balance enquiries in banking.

They are far less supportive of IVR when it comes to mainstream replacement of people in core activity with customers and this is particularly true in markets where service differentiation is key to maintaining and developing market share.

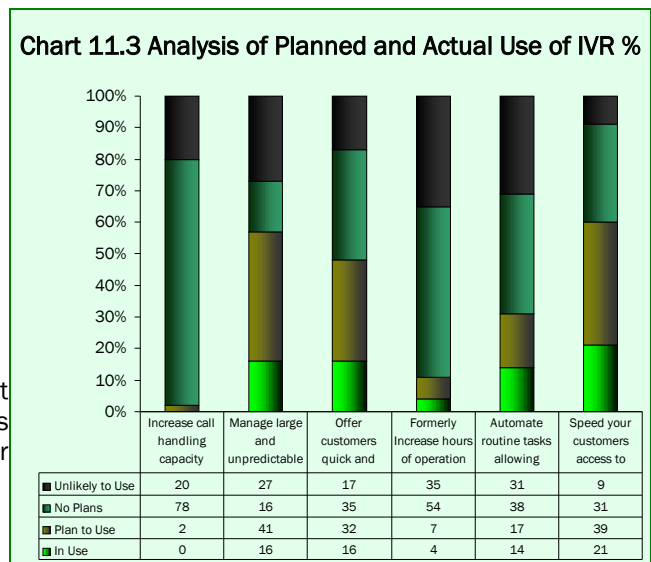
In Chart 11.3 below we see a breakdown of planned and actual use of IVR. The Chart shows that there is little appetite for using IVR to increase call capacity per say with 98 percent of respondents having "No Plans/Unlikely to Use"

There is also a reluctance to use IVR to formerly increase hours of operation with the same staffing levels.

Respondents were relatively interested in using IVR as an aid to help staff deal with more essential issues.

There is a large appetite to use IVR for dealing with unpredictable call volumes (57 percent of respondents using or planning to use it).

The Chart also shows strong activity and interest in both "Offer customers quick and easy access to basic information" and "Speed your customers access to information."



11.4 Customer Relationship Management - CRM

Customer Relationship Management started life as an exciting strategy born out of the desire to acquire new customers, and hold onto existing ones - but has it failed to live up to expectations within the contact centre industry? The turn of the millennium saw research group AMR predicting a massive increase in the growth rate of CRM applications of 19 percent, with market revenue totalling \$20 billion in the US and Europe, by 2004.

However, in MRI's Country Report of 2003, we suggested then that the CRM process would be a "Journey and not a destination", and hindsight has shown us as very astute in our predictions.

Adoption of CRM in 2003	Percent
Will develop a bespoke CRM solution	44
No plans for 2003	28
CRM solution adopted	22
Will adopt a CRM solution	6

Now, in 2005, AMR have concurred with these findings - admitting that their original figures were far too optimistic. The CRM applications market actually declined for 2 years before a slight resurgence in growth of just 4 percent in 2003. So is CRM a failure, or just a slow starter?

CRM is typically divided into three categories, these being sales automation, marketing automation, and customer support and contact centre systems, with contact centre systems CRM applications typically being the second most popular. The emergence of a successful new medium in the form of the Internet, which offered a myriad of new possibilities for working practices, gave CRM the platform required for healthy initial adoption rates. In an attempt to secure market dominance, vendors pumped a variety of CRM products into an increasingly saturated marketplace – leaving contact centres weary of falling behind the competition with high expectations of the new CRM applications they were buying into.

Unfortunately, lack of experience hindered both vendors and contact centres, with vendors unable to provide solutions diverse enough to fulfil the needs of their customers, and contact centres unable to produce quantifiable results from CRM applications. The continual downturn in CRM popularity, spurred by failure to meet expectations and a slowing global economy, has streamlined the market to the extent that it currently contains only 5 significant vendors, with Siebel and SAP continuing as the market leaders.

In the perpetual search for understanding customer needs, contact centres are following a trend laid down by other industries – they continue to fall short in their aspirations, and are yet to find a winning formula. The consensus amongst CRM market analysts is that roughly 50 percent of all CRM tools implemented have fallen short of their main objectives, since any return on investment (ROI) is so difficult to quantify. But is this factor due to the software itself being flawed, as many assume, or is it simply that business models need to be remoulded to accommodate these CRM applications?

Whilst a cursory glance at the current CRM application sales trend suggests that the market is fairly stagnant at the moment, deeper analysis hints towards a shift in perspective. The general expense of CRM solutions has traditionally dictated that the customer base consists of purely the largest contact centres, since only organisations with large resources and plenty of financial power could justify the cost. However, this pattern is beginning to change.

There is massive potential for the introduction of CRM into the small to medium enterprise (SME) contact centre environment, providing the product unit price is reasonable. Front Range has been quick to notice this burgeoning market space - and they are not alone. Hosted solutions allow pocket contact centres access to CRM applications of comparable functionality and scope to those used by larger, more powerful contact centres. These applications are faster and easier to install, and are far less expensive – allowing for more favourable ROI figures.

As an established power in the market, CRM software vendor SAP now offer a set of scalable CRM solutions, allowing them to tap into this emerging market and expand their customer base to incorporate contact centres of all shapes and sizes. With various vendors offering hosted CRM solutions at an attainable price, which are simpler and easier to use than earlier CRM applications, the SME contact centre market is set to double over the next 3 years.

The future success of CRM, however, does not lie with the SMEs, or any other market demographic. For CRM to justify itself in the modern contact centre world, the technology itself has to take a back-foot to each business's individual needs, and the processes and working environments specific to it. CRM applications can offer real ROI by providing invaluable information and a concrete structure to a contact centre's customer relationship cycle - but the whole process must start with a strategic approach to CRM itself, and not merely the tool that facilitates it.

11.5 Diallers

There has been some increase in the use of diallers over the last two years. The move towards blended operations in 2003/4 prompted an increase in purchase of diallers after a flat period since 2001.

The dialler has definitely increased penetration of the small-end market. At one time the dialler was thought to be solely for the large end user, but this has changed.

Telesales/telemarketing and market research businesses are increasingly able to source diallers for 50 and even 20 seat operations.

Table 11.5 shows the changes in types of diallers used over the last two years.

Table 11.5. The Use of Dialling Technology 2003 to 2005

Dialling Methods Used %	2003	2005 ytd
Preview	39	37
Predictive	33	37
Progressive	12	14
Manual Power	16	12
Total	100	100

11.6 Performance Management Technologies

In Table 11.6 below we can see that demand forecasting and workforce management software are very widely used in contact centres in 2005.

Enterprise wide solutions including CRM and Supply Chain Management are increasingly bringing the contact centre back into the central organisation of the business after a period of periphery during the first 10-15 years of contact centre development.

Two growing application acquisitions are interactive benchmarking and customer balloting technologies.

Table 11.6 Operation of Specific Performance Management Applications

Typical Applications	% of Sites Using
Demand Forecasting	78
Workforce Management	84
Enterprise Resource Management	
CRM	49
Supply Chain Management	32
Innovative Applications	
Interactive Benchmarking	3.4
Customer Balloting	2.2

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Chart 8.9	MWB Analysis: Employer of Choice
Chart 8.10	MWB Analysis: Employee Engagement
Chart 8.11	MWB Analysis: Work/Life Balance
Chart 8.12	MWB Analysis: Perception of Leadership
Chart 8.13	MWB Analysis: Development & Training

9 Environmental Efficiency

Chart 9.1	Confidence in Sustainability of Contact Centres International
Chart 9.2	Confidence in Sustainability of Contact Centres in the British Isles
Chart 9.4	Analysis of Last Time a Noise Assessment was Implemented %
Chart 9.5.1	Transport Links to Contact Centre
Chart 9.5.2	Analysis of Availability of Car Parking for Agents
Chart 9.5.3	Analysis of Shopping/Commuting at Lunchtimes %
Chart 9.6.2	Analysis of "Dedicated" Space in Contact Centres
Chart 9.6.3	Analysis of Lighting in the Contact Centre
Chart 9.6.4	Response to Question % - "Our workstations are sized and shaped for essential equipment and still provide adequate write up space"
Chart 9.6.5	Analysis of General Office Control
Chart 9.7	Number of Unused Seats in UK & Irish Contact Centres

11 Technology Roadmap

Chart 11.3	Analysis of Planned and Actual Use of IVR%
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