

Is the SA Contact Centre Industry a Sinking Supertanker ?

A personal view of the industry

By Rod Jones Monday 29 August 2011

Today when I look into the South African contact centre crystal ball and try to predict what the future of our industry will look like in the months to come, I don't see a pretty picture. To some large extent the industry has become somewhat of a supertanker adrift in the ocean without a rudder and certainly no reliable clear direction to direct its course. At the moment we are both rudderless and leaderless. (Right now the only national body that we can be proud of is Charleze Theron!) And to expand the supertanker analogy, our power source is being drained at an alarming rate. All hands on deck ! Man the pumps ! We are going down! Abandon ship! No.. hang on ... We can still save the ship. What gives me hope for our industry's future is the clear vision and the laudable work being done by the Contact centre Management Group – the CCMG. Yes... We can....

There was a time when vision for our industry was crystal clear. The prospect of achieving the goal of 150,000 domestic agents and a further 100,000 jobs supporting international BPO contracts was achievable. The window of opportunity was wide open and South Africa was poised to enter the global industry as a serious contender. And that was only a few short years ago. What went wrong? How can this be rectified?

Ever since the South African contact centre industry started growing up; becoming of age, call centre agents have been viewed by the vast majority of employers as 'expendable'. We hire them as young as possible and with as little experience as possible as these factors mean 'cheap labour' and lower operating costs. We spend as little as possible on training and development because "they are going to leave us anyway so why waste money on training?" We do very little to encourage long-term careers and we simply accept the fact that on average between 20% and 25% of our agents will 'churn' within 18 months. "Our country has a 45% unemployment and a vast, untapped labour pool" is the response one gets from many a contact centre recruiter.

When faced with the impending resignation of some of our real young star performers, what do we do? We promote them to team leaders or supervisors. In what book does it say that great contact centre agents make awesome managers? But heck... it's one way to keep the talent; its one way to keep down the staff attrition statistics! And in the process we do little more than to exacerbate the problem. We promote without providing appropriate or adequate training, guidance or mentoring. We promote without providing a clear, achievable career path. We promote for all the wrong reasons. And we are still surprised when we see the attrition and the poor Customer Satisfaction stats.

And the real storm is still brewing!

As an industry we may have been largely ignored by organised labour. Yes, several of the unions have been pottering about in some of our contact centres – mainly in the public sector – but in the past it's never been a real problem. But I predict that the tables are turning. Organized labour has the South African contact centre industry firmly in its sights and the game is about to change quite dramatically.

Let's look at the landscape. With the exception of most of the 'corporate captive' contact centres and the 'Tier One' outsourcers, let's face it, there are huge segments of the South African contact centre industry in which many operations do border on being 'sweatshops'. Extremely low pay; poor working conditions; little or no training; ineffectual middle and senior management and massive insecurity are in many cases, the norms.

But it's not only at the lower end of the industry that there are massive problems or looming problems. As recently as this Friday, Johannesburg witnessed a mass down-tools and walkout as call centre agents employed by one of the 'Tier One' outsourcers loudly took to the streets in a wildcat strike. Although agents' demands for better pay and 'benefits' have been cited as the main driver for this action, reports are coming from several sources complaining about a lack of respected, credible middle and senior management leadership, lack of training, poor shift management and poor career pathing. But it is also fair to look at the other side of the coin... As is often the case in these matters, it transpires that only five of Friday's horde of toi-toi'ing protestors were actually employed by the outsourcer in question. It makes one think that perhaps 'rent-a-crowd' is one of the realities that we need to face.

I am hearing loud alarm bells ringing in my ears. My guess is that by the time this article is published our industry will have seen one or more 'copycat' labour actions such as this. Never mind for a moment the agents' very real grievances but let's pause and consider the effect that these types of labour action have on contact centers' ability to deliver services to customers. Its small wonder that Unisa has shut down its call centre.

But there is a positive way forward. The South African Contact Centre Management Group (CCMG) formed almost two years ago has developed an extensive raft of services including knowledge-sharing, skills development, industry networking and mentoring. The CCMG, under industry veteran Sharon Haigh's direction has grown in leaps and bounds. Hugely respected by the vendor and professional services sector, the CCMG is certainly filling a much needed gap in the industry. "We are clearly focusing our efforts on growing the skills and experience amongst the middle and senior management layers in contact centres", says Haigh. She goes on to say: "Unless we have immensely strong supervisory and operational management skills in place, we will have little chance of achieving the industry growth that we have anticipated. As an industry we have been remiss by promoting agents to team leader and supervisor positions without having given them appropriate or adequate training nor providing them with the vital mentoring support. According to the C3Africa Human Capital Report (2009), the average conversion period from Agent to Team Leader or Supervisor is a staggering 40% within 12-24 months! Without real operational experience, often when faced with day-to-day operational challenges many middle and even more senior managers simply just don't know where to turn for to get the answers. Giving that support and providing those answers is one of the key the roles of the CCMG."

But even given the laudable work that the CCMG is doing to support the operational aspect of the South African contact centre industry, I believe that we are still in crisis. We are still recruiting largely on price and paying little or no attention to candidate's aptitudes, attitudes, real competencies or latent skill. Many operations are still hiring entry-level agents and giving little or no clear indications of possible career paths nor increased earning ability based on acquired skills. It is small wonder that as an industry we are and will continue to see appalling attrition rates, high absenteeism, low levels of 'engagement;' and consequently, low levels of customer satisfaction. And according to the recently published Dimension Data & Merchants Global Benchmark Report these and many other critical operational KPIs are and have been falling for the past decade!. We keep making the same mistakes and we keep getting the same outcomes.

I asked CCMG's Sharon Haigh to provide some insight. What should our industry be doing to avert an operational crisis; to start winning the public's respect; to grow both the domestic and the international aspects of the South African contact centre industry?

"We have to start with the recruitment process", says Haigh. "It is just not fair to entice youngsters into the contact centre and customer service industry just because it may be the only job going; and to face the reality of high staff turnover because the aptitude is a mismatch to the operational realities. It's not an easy job. Stress and shift work are realities that are often not made clear enough to new recruits.

We have to be strong enough as an industry to spell out the realities before we recruit. We also need to thoroughly screen candidates for aptitude, attitude and competencies. We need to have clear, concise training, teaching, learning and mentoring programmes in place from the outset. And we need to provide all the necessary resources to ensure the individual growth and development of all levels of staff.” She adds.

“Merely throwing money at the problem will not make the core issues go away”, says Haigh. Yes, we certainly have to pay appropriate and adequate wages and salaries and provide basic benefits and we have to avoid the ‘sweatshop syndrome’ at all costs. But it is imperative that contact centres embrace true Reward and Recognition as the central pillars of their operations. We have to show our staff that there is a long-term real career for them in contact centres and customer service. We have to recognize prior learning and experience. We have to recognize acquired skills and competencies. We have to provide the means by which our staff can achieve both local and international recognition as contact centre professionals.

With this as background, the CCMG has recently aligned with UK-based Qualifi, an internationally recognized and regulated certification organisation. “By participating in the CCMG-endorsed Recognition of Prior Learning (RPL) programme managed by Qualifi, contact centre personnel from agent level to senior manager level can participate in an ongoing personal development programme”, says Haigh. “Participation can culminate with access to a major UK university to qualify with a degree in Contact Centre Management or Business Management. More experienced managers can gain access to a post graduate certificate and degree as well as an MSc in Contact Centre Management.

Granted, the devastating effects of global economic realities play a massive role in our present industry realities. The pull-back to home shores of many of the gigantic US, UK and European outsource contact centre contracts certainly put a major dent in our growth projections but it still begs the question: “If we were so darn good at BPO; if our labor costs and talent were so amazing; if our international telecommunication tariffs were finally competitively aligned and the government’s incentive packages so attractive, then why the heck didn’t South Africa become an alternative home to at least a small slice of offshore BPO operations? And today, what share have we really got of international BPO contact centre operations? Is it 3,000 seats or 5,000 seats? More? I doubt it.

When the blame-game starts in earnest there will certainly be many fingers pointed at government and at various government-supported organisations. But since when did serious South African entrepreneurs learn to rely on government to bring them lucrative business on a plate? South African ‘Tier One’ outsource contact centre service providers (there were approximately 13 in this category when I last carried out formal research) have invested massive amounts of their own resources to win what little international business that they have. And despite the state’s incentives, the margins on this type of work are thin and the nature of many of the international outsourcing clients is impetuous. They are here today and gone tomorrow; following the supply and demand of labour, more favorable exchange rates and let’s face it, political and social stability. Now let’s introspect...

It is a fact that from the early 80s the South African call centre and contact centre industry grew from fewer than a couple of thousand seats to an estimated high in 2008 of between 150,000 and 175,000 seats. Granted, the economic downturn in recent years has put paid to large number of outbound financial services sales operations but the rapid expansion of the collections sector has probably more than made up for the initial job losses. But why is our industry stagnating? Why is public opinion so vehemently ‘anti call centre’? Maybe it’s because we are just getting progressively worse at what we are doing!

How sad it is to listen to a radio commercial telling us that Unisa has shut down its call centre; to hear the voice-over saying “An e-Mail doesn’t say ‘Huh? And an SMS doesn’t put you on hold forever...”. But, let’s face it..... These are the realities. Stop an average South African in the street and ask his or her opinion of call centres. The vast majority will respond

with the equivalent of “They all suck !”. Granted, there are the very few contact centres that are effective, efficient and that do frequently leave callers with a ‘Wow’ experience. But how many of these are there ? A small handful? And it’s getting worse! Here’s the reality... As an industry we only have ourselves to blame. Because all along we have known the answers...

Against the background of existing and pending labour-related legislation, the volatility of the overall labour environment, economic realities, ever increasing consumer demands and service expectations, there have never been more compelling reasons for contact centre executives and senior managers to totally re-think their manpower strategies. The solutions aren’t rocket science. They are just as self-evident as the issues, the problems and the challenges that our industry currently faces.

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For more information about the CCNG and the CCNG RPL and other services please visit www.ccmg.org.za