NACC
NATIONAL ASSOCIATION OF CALL CENTERS
The Leading Voice for the Call Center Industry

# In Queue

The fun, informative and interesting newsletter for the call center industry.

**Volume 3, Issue 9 - May 9, 2008**

## Our Contact Info:

David Butler
Executive Director

National Association of Call Centers
100 South 22nd Avenue
Hattiesburg MS 39401
Tel: 601.447.8300

David.Butler@nationalcallcenters.org
http://www.nationalcallcenters.org



## Circulation

*In Queue* circulation 66,585

## Underwriters



## Prepare to Serve the US Hispanic Market (Part 1 of 2)

Tony Malaghan, CEO, Arial International,
tony@arialinternational.com

Latest population estimates by the US Census Bureau at the time of writing put the US Hispanic population at 42,687,224 or 14.4 percent of the US population. That equates to one person out of every seven in the US being Hispanic. The projection for 2050 is that this will increase to one in four people or 25 percent of the total population. To give you an idea of the breakdown between foreign born and those Hispanics born in the US, in 2006 Pew Hispanic Center reported that the Hispanic population in the US was comprised of 40 percent foreign born and 60 percent native born .

To put the current Hispanic population into perspective, when looked at in terms of the population of countries in the world, it would rank 29th out of 232 countries. In terms of pure numbers, it ranks higher than Sudan, Spain, Argentina, Kenya, Canada, Australia and Afghanistan to name a few.

Let's not look at population numbers in isolation. What is the spending power of this segment? According to Jeff Humphreys, Director of the Selig Center for Economic Growth at the University of Georgia, the economic clout of Hispanics has risen from $212 billion in 1990 to $862 billion in 2007. That's 307 percent growth from 1990 to 2007. They are forecasting that by 2012 the figure will be slightly over $1.2 trillion, a growth rate of 495 percent from 1990 to 2012. Non-Hispanic buying power is growing closer to a rate of 189 percent over the same period.

According to the Selig Center, in 2012 Hispanics will account for 9.7 percent of all buying power, up from only 5 percent in 1990. Due to brisk growth, Hispanic buying power essentially pulled even with African American buying power in 2006, and will exceed it in 2007.

Based on the above data, I think we can conclude it's a pretty substantial market and one well worth pursuing.

Unlike the general market, the US Hispanic market presents businesses with some unique challenges to marketers and customer service managers. Firstly, there are many misconceptions about the US Hispanic population, for example that the market is homogenous. The term US Hispanic refers to all opportunity in 2008 as evidence of their dedication to the growth of call center industry. See the 2008 Media/Advertising Guide link below for more information.

## In This Issue



## Share the Knowledge

Send this newsletter to colleagues by clicking "Forward this email" at the very bottom and end of this newsletter or sign up for this newsletter by clicking here.

## NACC Investment Portfolio

| Stock | Price | Value | Change |
|---|---|---|---|
| NT | 8.31 | 4.57 | -5.43 |
| NICE | 31.11 | 7.75 | -2.25 |
| VRNT | 20.05 | 8.18 | -1.82 |
| SYKE | 20.28 | 10.67 | 0.67 |
| WIT | 12.87 | 8.59 | -1.41 |
| CVG | 15.38 | 8.70 | -1.30 |
| TTEC | 22.98 | 9.99 | -0.01 |
| ICTG | 9.95 | 9.55 | -0.45 |
| APAC | 1.11 | 5.02 | -4.98 |
| TOTAL | | 73.03 | -16.97 |

Original Value start 11/6/2007 =US$90.00 or US$10.00 per stock.

Total Portfolio Value Now= $73.03

The *NACC Investment Portfolio* gained $2.85 in the past two week, a healthy return. This is now four two week sessions of positive gain. The portfolio has not lost money since March 12, 2008. This is a positive sign for these stocks, the portfolio and the overall call center

people of Spanish-speaking descent, regardless if they are from Cuba, Mexico, Spain, etc. Secondly, while US Hispanics share a common language, there are distinct regional differences in the vocabulary and accents of the Spanish language, food eaten, music preferred, and other cultural traits, just as there is between an American and an Australian even though they both speak English. Finally, length of time in the US and level of acculturation has an impact on consumer behavior and language preference.

So, why are more companies in the US not doing more to establish a presence in this market and better preparing their Call Center operations to service this segment?

Many companies are acquiring new Hispanic customers, and call center managers need their operations to be adequately prepared to service this segment and their unique needs, regardless of whether the company is proactively or reactively acquiring Hispanic customers.

In our experience of consulting and training to companies targeting and servicing the US Hispanic market, the hesitation and resistance from businesses to proactively target this segment of the US market can be attributed to one or more of the following reasons:

• Lack of corporate commitment to the strategic decision to target the US Hispanic market.
• Lack of adequate budget to undertake the marketing and build the necessary bilingual customer service infrastructure.
• Resistance due to the sheer magnitude of the undertaking. There are a multitude of components that comprise your Hispanic marketing and servicing platform, e.g. culturally relevant products/services; Spanish language marketing collateral, customer communication; Spanish language website; bilingual call center and customer service personnel; bilingual IVR, etc.
• Fear of the unknown.

So what can a call center manager in a company facing these and similar issues do to help the organization overcome the challenges to become better prepared to service the ever growing and unique needs of the US Hispanic consumer? This question will be discussed in Part 2 of this article.

---

## A New Approach to Cost Structures for Today's Contact Centers (Part 1 of 3)

Lori Bocklund, President and Brian Hinton, Sr. Consultant - Strategic Contact, Inc., lori@strategiccontact.com and brian@strategiccontact.com

This essay is the first in a series of three that discuss a new approach to modeling cost structures and distribution in the contact center. Following essays will discuss the results of the analysis, including cost per contact numbers, and how to apply those results to your environment.

For years, contact center professionals – including us – have been quoting wide-ranging and sometimes unsubstantiated or out of date statistics about the relative costs of contact centers. We industry. Sykes, Inc. has performed best of all of the stocks with its current portfolio value at $10.67 from the original purchasing value of $10.00 in November 2008. No other stock in the portfolio has exceeded its purchase price. Two companies that are close to the November 2007 original purchase value of $10.00 are TTEC at $9.99 and ICTG at $9.55. The two biggest losers to date are Nortel which is valued at $4.57 and APAC which has a portfolio value of only $5.02.

## NACC Composite Index

| Date | Value | Change | Percent |
|---|---|---|---|
| 11/6/07 | 100.00 | | na |
| 11/8/07 | 94.62 | -5.38 | -5.69 |
| 11/16/07 | 94.94 | 0.32 | 0.34 |
| 12/5/07 | 94.38 | -0.56 | -0.60 |
| 12/26/07 | 97.90 | 3.53 | 3.60 |
| 1/15/08 | 80.89 | -17.02 | -21.04 |
| 1/29/08 | 77.54 | -3.35 | -4.31 |
| 2/13/08 | 75.56 | -1.98 | -2.63 |
| 2/27/08 | 76.72 | 1.16 | 1.51 |
| 3/12/08 | 65.47 | -11.25 | -17.18 |
| 3/24/08 | 67.92 | 2.45 | 3.61 |
| 4/9/08 | 68.98 | 1.06 | 1.54 |
| 4/23/08 | 74.17 | 5.19 | 7.00 |
| 5/7/08 | 77.31 | 3.14 | 4.07 |

The *NACC Composite Index* was up again this past two weeks, a nice positive sign. The increase in the index was 3.14 or 4.07%. Though not as large an increase as the previous two weeks, it was still a solid gain for the index. From its starting value of 100.00 in November 2008, the index dropped to a low of 65.47 in March 2008. Since that time, it has steadily climbed adding 12 points or 16% in just the past two months. This suggests that the investors believe that the call center industry has signs of strong growth in the coming quarters of 2008.

began to wonder how costs really are distributed in a contact center today, and how relevant and reliable past studies and surveys really were for today's contact centers.

Why is it critical to understand the structure of the cost of a contact center? It should influence strategic investment decisions, organizational, process, or technology changes, and tactical adjustments.

So we set out to provide clarity and drive out consistent, usable cost breakdown numbers that represent best practices and show the impact of key changes. We used a process-based modeling approach that uses operating costs representative of contact centers in 2008.

We modeled three scenarios, producing a three-year operating budget projection for each. Obviously we couldn't cover all variables (industry, geography, etc.) so instead tried to set the inputs at a "likely" level based on a variety of data sources – surveys, benchmarking studies, and our own years of experience with numerous contact centers. Then we selected the variables with the highest likelihood and greatest potential to differ, and looked at the impact of changes in those variables.

We modeled a typical small, medium and large center to assess the cost differences based on size. We used the following variables to define a typical center in each size category.

| Variables/Center Size | Small | Medium | Large |
|---|---|---|---|
| Staffing | 50 | 200 | 350 |
| Number of centers | 1 | 3 | 6 |
| Annual growth | 2.5% | 5% | 7.5% |
| FTEs per office | 1 | 1.25 | 1.5 |
| Media | Calls | Calls/Email | Calls/Email |
| Media split | 100% | 95%/5% | 80%/20% |
| Self-served % of total volume | 10% | 10% | 10% |
| Hours of operation | 8x5 | 10x5 & ½ day Sat. | 24x7 |

Additionally, we viewed technology (including VoIP PBX, ACD, CTI, IVR, ASR IVR, PCs, QM, WFM) as one of the key differences among centers of different sizes and varied features based on the center's size. Many overlook how technology investments can change based on functionality differences for each technology and center size.

We also believe that technology should remain current with maintenance contracts and periodic upgrades – a factor not always included in cost analyses. We included depreciation, maintenance, and upgrade costs for each technology across the three-year projection period - a true best practices approach. The same concept applies to many of the other inputs to the models. For example, we included fully loaded labor costs because we think it is important to include all costs when considering the operational costs of a center.

We also wanted to assess the sensitivity, within a center of a given size, to variables that drive the major cost differences among centers. We used a medium size center and changed key variables to show how the cost structure and overall costs change for three options: high self service, low cost labor, and complex contacts.

| | |
|---|---|
| Dow Composite | 0.40% |
| S&P 500 Composite | 0.91% |
| NASDAQ Composite | 1.36% |
| NACC Composite | 4.07% |

The *NACC Composite Index* outperformed all of the other major indices the past two weeks, again. Since mid March 2008, all the major indices have recorded positive growth each two weeks (minus one week in April for the NASDAQ). Though the major indices have added positive value, the NACC Composite Index has out performed the other leading indices significantly. For example, for the past two weeks, the Dow was just in positive territory, the S&P 500 squeaked out almost a 1% gain. The NASDAQ increased 1.36% or about the value of the Dow and S&P combined. However, the NACC Composite Index increased a whopping 4.07%, more than the sum increases of the other three indices combined and then some more. Our arms should be sore from patting ourselves on the back.

## Real Estate

If you are looking for a new call center location you should check out the NACC Real Estate page by clicking on this link to see some of the available existing sites.

## Quotes

"*Remember that as a teenager you are at the last stage of your life when you will be happy to hear that the phone is for you.*"
-Fran Lebowitz (1950 - )

## Picture of the Week

Now that we've identified what we modeled and why, we'll discuss the key results in Part 2.

---

## The Human Resources Conundrum

By Paul Stockford, NACC Advisory Board Member

In the survey we recently conducted with readers of this newsletter we asked how many respondents planned to hire additional agents in 2008. A whopping 63.7 percent of the 125 respondents indicated that they did intend to hire additional agents in 2008. After thinking about the response, I began to wonder if these new hires would be in addition to current headcount or would be hired to replace agents who leave during the course of normal turnover.

Agent turnover is the bane of the contact center industry, yet is seems to be a problem that the industry is unwilling to address. Efforts to bring established, proven recruitment and hiring strategies to the contact center industry have mostly been met with indifference and, ultimately, failure. Although there are a few hiring strategy solutions out there the majority of the industry still seems to focus on ways to keep a steady stream of replacement agents coming through the door rather than focusing on ways of bringing in the right people in the first place, then keeping them in. Sound familiar? Click on the link below for more thoughts.

http://nationalcallcenters.typepad.com/nacc_blog/

---

## Reader's Response: Making the Case for Coaching

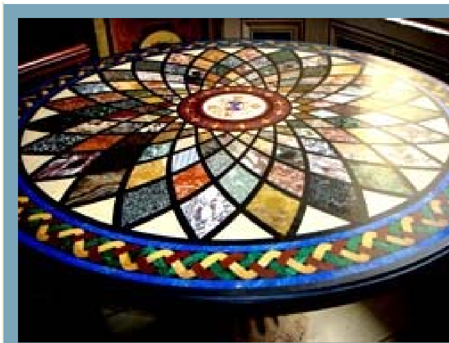
Andy Elkind, Vice President, Operations, The Elkind Group, andy@elkindgroup.com.

I'm writing in response to Dennis Adsit's article No Hope For Coaching, which appeared in Volume 3, Issue 8 on April 25. Dennis argued that "coaching in even modest turnover environments cannot improve overall call center output measures."

With all due respect, I have to disagree. I'd suggest that Dennis has overlooked three key points.

First, it's wrong to look at coaching in isolation. Dennis is absolutely correct when he talks about the need to "lift the performance of the system." Performance in a call center – or in any environment – does depend on an effective system. This system includes:

- Business strategy
- Processes
- Tools and resources
- Performance standards and expectations
- Hiring practices
- Training
- Monitoring and assessment



This is a photo from the Vatican museum of a beautiful marble inlayed table. Each of those colored pieces is a different type of marble including the white and the braded bands around the circumference. It was a awesome looking piece of furniture and given its construction, it is something that can last thousands of years.  I wish I had it for my home.



• Appropriate coaching
• Rewards and consequences

If these elements are aligned, an organization can achieve significant results. If these elements are not aligned – or if some elements are missing – it becomes extraordinarily difficult to achieve any kind of improvement. Even the best coaching can't make up for a flawed performance system. But in the context of a well-aligned system, coaching plays a critical role in improving performance and boosting the ROI on hiring and training.

Second, Dennis is also right to consider the negative impact of turnover on the performance results of any call center. But here he overlooks the role that coaching plays in reducing turnover. The old adage is: "people join organizations but they leave supervisors." It turns out to be absolutely true. Of course, coaching can't compensate for poor hiring decisions. But there's overwhelming evidence that a positive coaching relationship can play a substantial role in reducing turnover.

Recently I heard an address by Keith Dawson, a Senior Analyst with the research firm Frost & Sullivan. Keith was formerly an editor for Call Center Magazine, and has been covering the call center industry for nearly 20 years. Keith shared 10 best practices that top performing call centers are utilizing to reduce turnover, improve performance, and increase profitability. Focused coaching was number 3, right behind hiring the right people and providing good training.

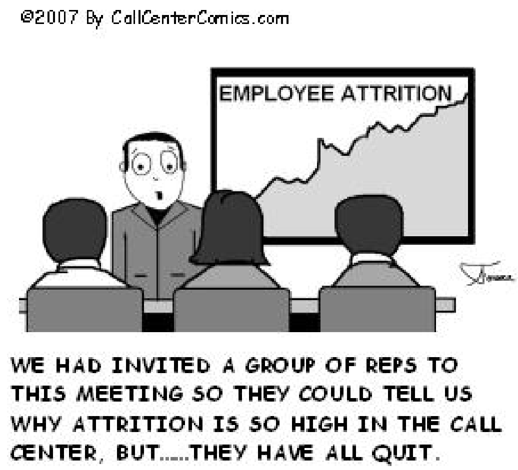
Finally, Dennis notes with despair that "billions of dollars are being spent across the industry on call recording technology and call monitoring personnel." Again he's correct, but he's missing the critical point. Upon close examination, most of the activities that pass for "coaching" turn out to be just "evaluating." Here's a quick summary of the differences:

| Evaluation | Coaching |
|---|---|
| The process of measuring results (and behaviors) against a standard. | The process of improving results by changing thoughts, beliefs, and behaviors. |
| Focus is on the past. | Focus is on the future. |
| Addresses every aspect of job performance. | Achieves "small wins" by working on one area at a time. |
| One-way communication. | Two-way communication. |
| The employee may not agree with your assessment. | Buy-in is critical. |

If you ask any group of call center supervisors or quality monitoring people if they are coaching, you'll undoubtedly hear an enthusiastic "yes." But if you ask the call center representatives you'll hear a different story. And if you observe the "coaching" in action, more often than not what you'll see is really just evaluation.

So if you want your CFO to calculate the ROI for coaching, make sure your coaching is happening in the context of a complete and well-aligned performance system. And make sure your supervisors and quality monitoring people are really coaching rather than evaluating. You'll reduce turnover in your call center – and you'll improve other key results, too.

## Call Center Comics




If you like this comic and would like to see more write Ozzie at callcentercomics@yahoo.com and visit his website at http://callcentercomics.com/cartoon_categories.htm or just click on the comic to take you to his page. The NACC appreciates Ozzie letting us use some of his comics in our newsletter.

---

To view past issues of *In Queue*, please click here.

If you would like to contribute to *In Queue*, please reply to this email with "Contribute" in the subject line.