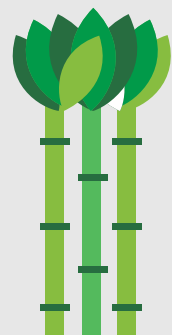
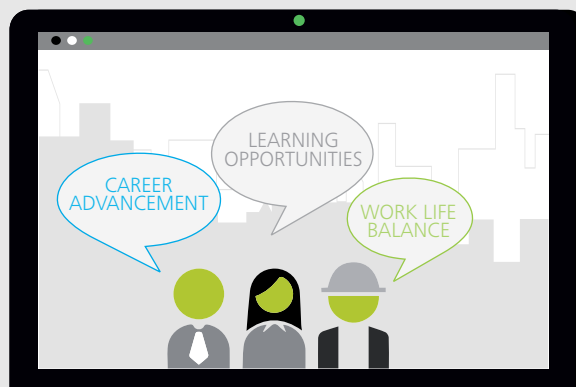
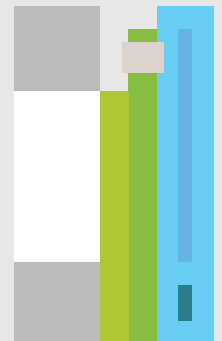
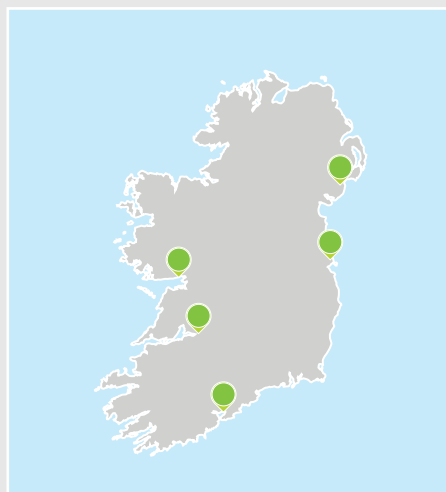


Ireland's customer contact sector: Engaging talent in a changing environment



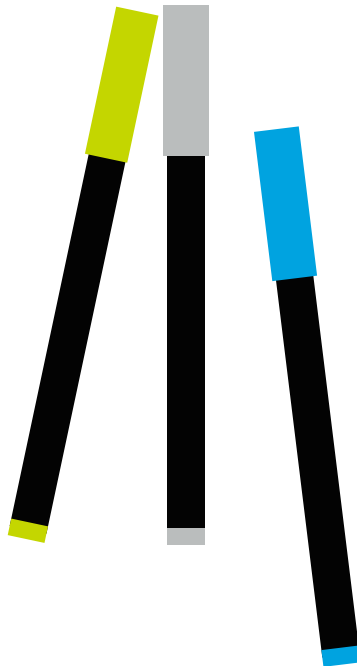


From our research, it's clear that Ireland's customer contact sector is important in terms of employment, regional development and providing a platform for participation in multiple industries.



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FOREWORD

Ireland's Customer Contact Management Association (CCMA) has partnered with Deloitte Consulting to develop a point of view on talent management in Ireland's customer contact sector. We are pleased to share with you the key findings from our research and executive discussions.

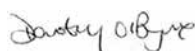
Irish business leaders are facing changes and unique challenges in the talent landscape. Talent is a key strategic and competitive pillar for most customer contact and shared services organisations, and therefore the processes and infrastructure that enable the attraction, development, and retention of talent are critical to long-term success. The objective of this report is to provide a benchmark of leading talent management practices and develop an understanding of some of the key factors that are shaping the sector.

From our research, it's clear that Ireland's customer contact sector is important in terms of employment, regional development and providing a platform for participation in multiple industries. There is a strong focus on improving talent management practices, in the context of business change and the competitive market for talent. A number of challenges are apparent, relevant to operators and policy makers, including a need for better retention, career development and workplace engagement. There are constraints in staff availability, particularly for certain language coverage as well as over concentration of activity in certain urban locations.

This report details the findings of our research. Thank you to the organisations and executives that contributed to the research - your insights were instrumental in developing the report. We hope you find this report useful in your work, and we look forward to engaging with you around the findings to help you understand the implications to your business.



Cormac Hughes
Partner, Human Capital, Deloitte



Dorothy O'Byrne
Managing Director, CCMA Ireland



Research approach



...Deloitte conducted in-depth quantitative and qualitative research gathering data and insights from business leaders with customer contact operations in Ireland.

To develop this report, Deloitte conducted in-depth quantitative and qualitative research gathering data and insights from business leaders with customer contact operations in Ireland. Deloitte followed a three pronged research approach:

- **Sector survey:** Designed and fielded a survey to 60 organisations to gather benchmarks and leading practices across a number of talent management dimensions, including recruitment, training, development, performance, and reward practices.
- **Executive interviews:** Conducted interviews with 15 executives from a range of organisations in the sector to gain a perspective on the strategic priorities and challenges shaping the customer contact sector in Ireland.
- **Market data and insights:** Analysed recent published research and reports on related topics such as, global human capital trends, global customer contact trends, and Ireland's economic and talent landscape in order to understand the macro factors influencing talent management in Ireland.

Research respondent profile

The majority of the survey respondents are CCMA members and were highly responsive to the research request (98% response rate, n=60). The 15 executives interviewed for the research study were carefully selected to provide a comprehensive view of the sector and are all from organisations that participated in the survey. All the responses have been anonymised and aggregated to provide key trends and themes related to talent management and sector trends.

- **Company type:** The majority of respondents (62%) represent multinational subsidiaries, followed by Irish owned private companies (30%), and then by Irish owned public companies (8%) (Figure 1), highlighting the strong presence of Foreign Direct Investment (FDI) in the Irish market.
- **Primary industry:** The leading industry represented in the survey responses is Technology/ Media/ Telecommunications (TMT) (20%) (Figure 2), which also has the highest use of Business Process Outsourcers (BPOs). Insurance (15%), Financial Services (15%), and BPOs (15%) are also strongly represented in the survey respondents. Of the BPOs, the leading sectors those organisations serve include TMT (89%), Public Sector (44%), and Energy Utilities (44%).
- **Company size and scale:** Survey respondent scale in terms of overall FTE numbers show representation between large multinationals with over 5,000 employees to smaller Irish owned private companies (Figure 3). The large majority of respondents (60%) have customer contact operations of less than 250 FTEs.

Figure 1: Survey respondent company type (n=60)

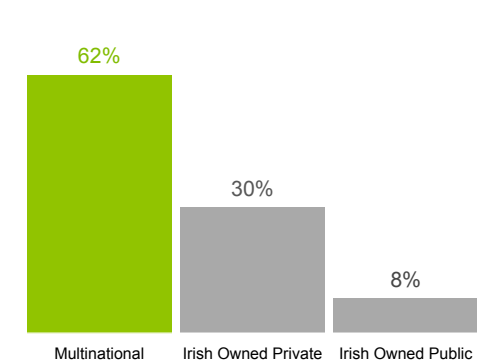


Figure 2: Survey respondent primary industry (n=60)

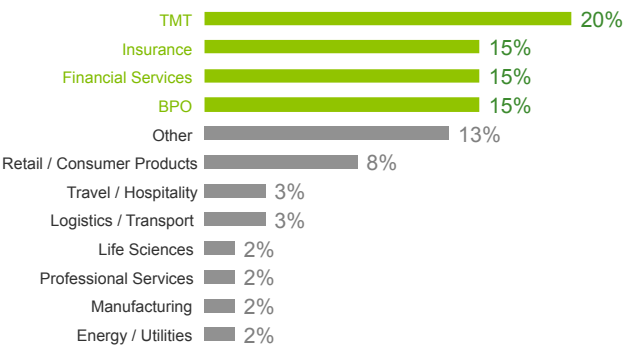
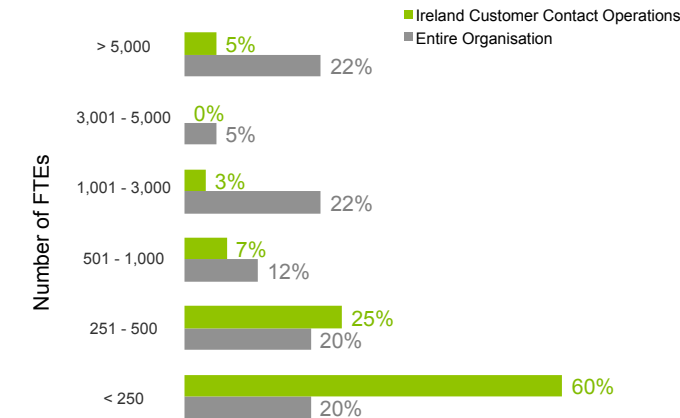


Figure 3: Survey respondent size of company and Irish contact centre operations (n=60)



Market context

Our research has been conducted against the backdrop of a changing environment in terms of global economic instability, volatile financial markets, and technological advances which disrupts the way in which organisations do business. This environment directly impacts Ireland's customer contact sector in a number of ways.

- **Talent management trends:** Deloitte's 2016 Human Capital Study identified three key trends which are relevant to Ireland's customer contact sector.¹

- **Organisational design:** Organisations are moving away from functional models and turning their focus to interconnected and agile teams. In our customer contact research talent management study, this trend was highlighted in the development of "super agents", with the ability to work across multiple areas. In the BPO sub-sector, agents are working across different customers to meet seasonality requirements for their clients.

- **Leadership:** The Deloitte Global Human Capital Trends report describes a "leadership gap", identifying challenges with the development of future leaders and the quality of the leadership pipeline. "The traditional pyramid-shaped leadership development model is simply not producing leaders fast enough to keep up with the demands of business and the pace of change." This can be a particular challenge in the customer contact environment where leadership opportunities for team lead or manager positions may be limited where there is a large span of control and multiple successors.

- **Engagement:** The world of culture and employee engagement is here and has become one of the most important trends to address. Fast and frequent employee feedback surveys are being introduced (e.g. pulse surveys), as well as anonymous social tools and regular feedback check-ins by managers. In our study, the executive interviews found that daily stand-ups with the team, 1-on-1 feedback sessions, and call listening are important connection points for the team. We also heard of "community of practice" sessions, run by team leads or agents in a lunch and learn style environment.

- **Changes in regulation:** In April 2016, the United States (US) Treasury Department announced that it is taking action to curb inversions by limiting the ability

of US companies with overseas parent companies to avoid paying taxes in the US.² The proposed change in regulation will force US companies to reassess their overseas location strategies, which could have a direct impact on Ireland. This may place a greater onus on Ireland's talent market to be a differentiator for US companies in selecting where they would like to do business. In addition, the European Court of Justice recently ruled that insurance companies must pay value-added-tax (VAT) on the value of work that has been outsourced this includes activities such as handling claims and other back-office functions.³ This new ruling may impact the decisions of insurance companies intending to outsource back-office functions.

- **Changes in consumer behaviour:** Consumers' expectations for improved customer experience and increased company engagement through new channels (e.g. social, mobile) is reshaping customer contact operations. The shift from phone to digital channels is continuing at pace. Deloitte Global predicts that in 2016 26% of smartphone users in developed markets will not make any traditional phone calls in a given week. We call these individuals "data exclusives". They have not stopped communicating, but rather are replacing traditional voice calls with a combination of messaging, voice and video services. The data exclusive contingent was 22% of all smartphone users in 2015, and 11% in 2012.⁴

- **Advancements in technology:** Globally, customer contact organisations are investing in new technologies such as web chat, video chat, virtual assistants, and collaborative browsing. This shift in technology and channels is having a slowing impact on the growth of voice-based interactions.⁵ There is a growing emphasis on customer data and analytics to monitor and optimise business operations and customer interactions. Automation through new technology such as Robotic Process Automation (RPA), is a strategic priority for shared services and global business services leaders.⁶ This technology may be used to process particular transactions, manipulate data or even to mimic conversations through chat-bot technology.

¹Deloitte Global Human Capital Trends Report; 2016 (7,000 survey responses across 130 countries)

²US Treasury Press Release, Treasury Announces Additional Action to Curb Inversions, Address Earnings Stripping; April 2016 <https://www.treasury.gov/press-center/press-releases/Pages/jl0405.aspx>

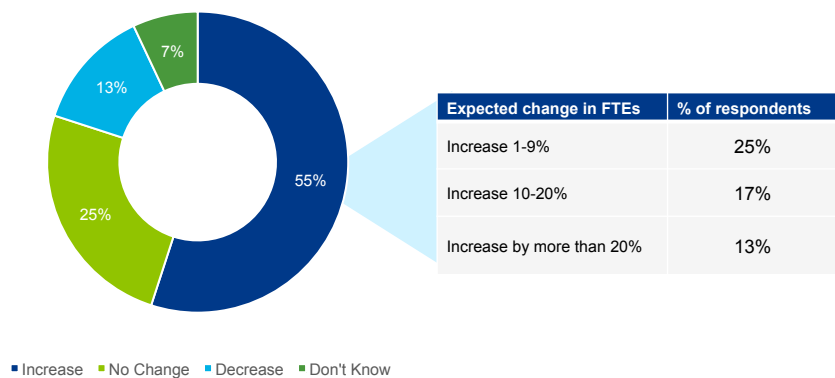


- Economic factors:** Economic recovery experienced in Ireland has been focused in urban locations with slower recovery in the rest of the country. The arrival of top global technology companies has raised the profile of Dublin as a prime location to establish business operations. While this is a positive story, it does bring challenges for the supply of talent and for policy makers to share this growth beyond Dublin. This growth has impacted the access to affordable housing in Ireland. Currently, there is a lack of access to affordable rental accommodation, analysis by the Economic Social Research Institute has indicated that it could be 2018 or possibly 2019 before Ireland reaches its desired supply of 25,000 units in the rental market. In the meantime, prices for rental properties will rise. This will serve to challenge the labour market in certain cities in Ireland and may have a knock on effect of driving wage inflation.⁷
- Growing number of jobs in the sector:** Of the 60 organisations that responded to our survey, 55% of respondents expect full-time-equivalent (FTE) numbers in their Irish customer contact operation centres to increase in the next 2 years (Figure 4). 70% of Irish owned private companies will increase FTEs in the next two years. There is strong FTE growth predicted in Ireland's BPO organisations, with 70% of BPOs surveyed expect to increase FTE numbers by

more than 20%. Those respondents which expect to decrease FTE numbers (13% of respondents) reported a potential decline of 1-9%. Collectively, respondents reported an expected increase of 1,000-1,200 jobs in the next 2 years, it is important to note that this projection is based solely on survey responses. This represents a portion of the sector and therefore it is not unreasonable to assume that this is a conservative estimate.

- Implications for Ireland's customer contact sector:** As a sector now, more than ever, there is a need for a collaborative approach in addressing the demands of the market, the economy, technology and regulation. As we see in this report, there is much to be positive about as a sector; however, risk mitigation at the macro level will be difficult to manage for one organisation alone. Organisations will benefit if they invest in their people and allow them to develop in line with advances in technology as well as advances in the role of the customer contact centre. For example, moving towards more value added services enabled by leading edge technology and executed by top talent.

Figure 4: Expected change in number of Ireland FTEs in the next 2 years (% of respondents) (n=60)



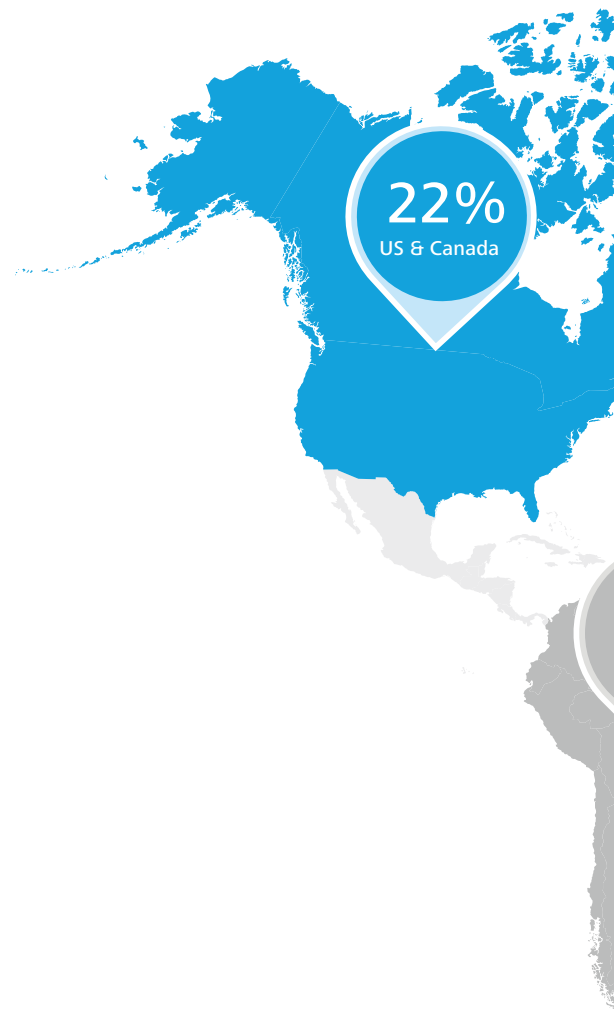
³Irish Times Article, Borrowed Time Running out for Insurers; April 2016
<http://www.irishtimes.com/business/financial-services/cantillon-borrowed-time-running-out-for-insurers-1.2595586>
⁴Deloitte Technology, Media & Telecommunication Predictions Report; 2016
⁵Gartner Market Trends in Customer Management Report; 2015
⁶Deloitte 'The Robots are Coming'; 2015
⁷Kieran McQuinn, ESRI; 2016

KEY FINDINGS

Ireland is an important global hub for customer service talent

Talent in Ireland's customer contact centres are serving customers across the globe. As the sector grows and more career opportunities in Ireland become available, additional challenges and complexities emerge for the sector with regard to talent management. Organisations are establishing operations in new Irish locations, competition for talent is increasing in certain areas, and new talent is coming to Ireland from across the world.⁸

- **Serving the global market:** The survey reaffirmed that customer contact centres in Ireland are serving customers globally. The leading regions served by Ireland's customer contact operations include Ireland (92%), the UK (52%), Western Europe (37%), Eastern Europe (27%), and the US & Canada (22%). Respondents indicate that there are customers served in Asia Pacific, Africa, and Latin America as well (Figure 5). This wide global reach places demands on customer contact operations to deliver a diverse range of languages as well as customer and regional understanding. While the majority of respondents reported their agents are of Irish nationality (64%) there is a notable diversity of talent coming from different areas of the world—other European countries (27%), Americas (4%), Asia Pacific (3%), and Africa (1%). The most common languages supported according to survey respondents include English (100% of respondents), French (34%), Spanish (32%), German (29%), Italian (27%), Polish (24%), and Dutch (22%). Other languages supported include Swedish, Portuguese, Russian, Irish, Chinese, Korean, Japanese, Taiwanese, Arabic, Turkish, Hungarian, Finnish, Flemish, Danish and Norwegian.
- **Customer contact operations in Ireland have broad geographical reach:** The customer contact sector reaches all areas of Ireland. The majority of survey respondents have customer contact operations in Dublin (55%), followed by Cork (22%) and Limerick (12%); however, there are operations present across the country (Figure 6). There is a concentration of operations in urban locations, providing high demand on talent pools in those areas. In the context of overall industrial planning, the sector offers a unique opportunity to create employment and support the growth of member organisations beyond the main urban locations. In certain locations a strong ecosystem has been developed where multinationals and indigenous companies co-exist and support the development of talent at a regional level. For example, the South East has developed a strong reputation in the Financial Services and Insurance industries for developing and delivering best in class customer sales and service.
- **Talent supply in main urban locations is challenged:** The executive interviews highlighted that the available talent pool in the Dublin and Cork areas is particularly challenged. Business leaders suggest that there are many organisations seeking talent "from the same pool" and competition for resources is high. Dublin has attracted some of the world's largest TMT companies. However, this needs to be managed to ensure there is an adequate supply of talent to meet the needs of the market. This issue has seen FDI companies look outside of the main urban areas in order to obtain talent and manage office space and labour costs.



⁸ CSO figures from August 2015 highlighting that net inward migration among non-Irish nationals grew for the third year in a row, from 7,900 to 11,600. Ireland's Central Statistics Office; August 2015 <http://www.cso.ie/en/releasesandpublications/er/pme/populationandmigrationestimatesapril2015/>

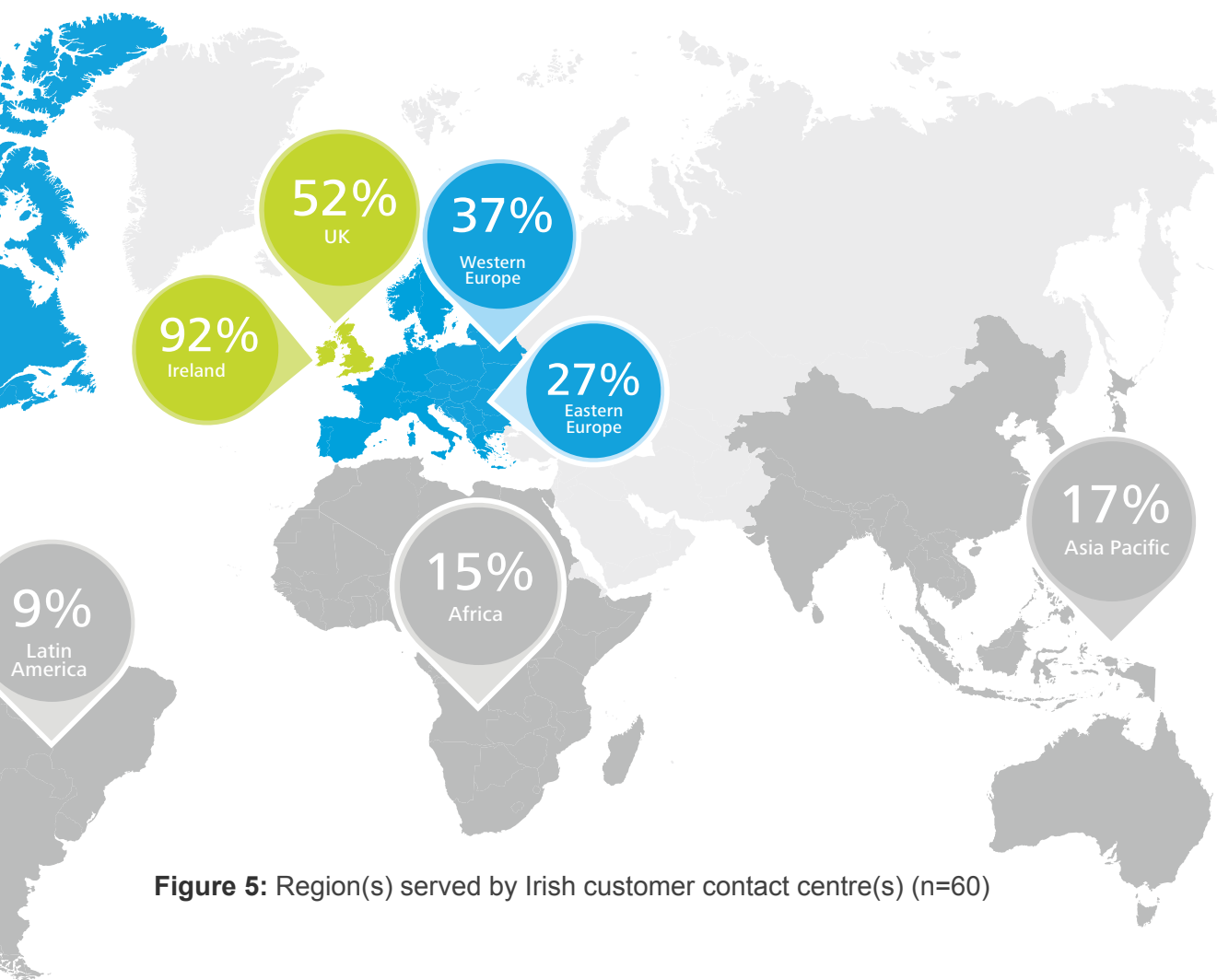
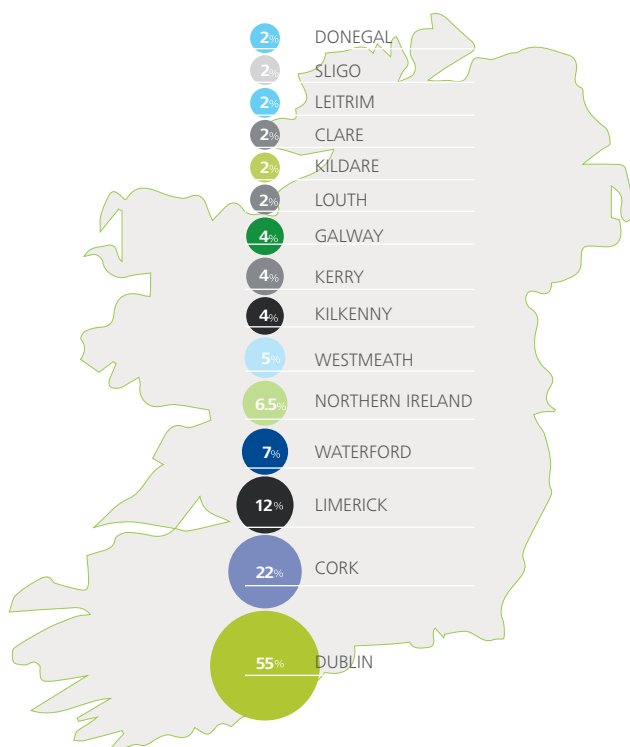


Figure 5: Region(s) served by Irish customer contact centre(s) (n=60)

Figure 6: Locations of customer contact centre(s) in Ireland (n=60)



- **Access to housing is beginning to influence location strategy:** Access to housing is an issue for talent and this has been well documented in the media and is reinforced by the study. One executive stated "the housing crisis is a big problem in Dublin and Cork as we're bringing [talent] in from Europe." Senior executives in the two main urban locations of Dublin and Cork highlighted that they are investing resources into the acquisition of suitable housing arrangements for their staff. This comes in the form of house sharing initiatives as well as purchasing properties in some cases. Although not one of the key reasons, 4% of survey respondents indicated access to affordable housing as an issue for attrition.

Requirement for language and technical skills drives use of external recruiters

Recruiting practices in the sector are a main topic for discussion as requirements for talent continue to evolve, competition for customer contact talent rises, and the desire to reduce recruiting lead times is apparent. Respondents reported the majority of employee recruitment occurs in house, with increasingly emphasis on internal promotions and referrals. Recruitment agencies are used in cases to provide access to certain skill sets (e.g. technical, language), access to recruitment infrastructure, and increase flexibility.

• **Direct hiring the preferred channel:** Through the survey, we examined the various recruitment methods adopted by respondents. Our survey revealed that FTEs were most frequently hired through direct channels (47%), followed by internal promotions (20%) (Figure 7). A number of the executives interviewed highlighted that internal promotion was “central to their culture of personal development and career advancement.”

• **Recruitment agencies provide access to skills and flexibility:** Over half of the survey respondents (55%) indicated that their organisations use external recruiting agencies for customer contact talent recruitment in some capacity. The survey highlighted that respondents use recruitment agencies for a diverse set of reasons – access to specific technical skills, increased flexibility and access to a recruitment infrastructure were the leading drivers (Figure 8). The executive interviews suggested that recruitment agencies are commonly used for Manager or Senior Manager level hires as well as to quickly scale select language skills. For organisations that serve multiple languages in their contact centres, access to talent with the required language was the leading reason for leveraging an external recruiting agency.

Figure 7: Breakdown of employee recruitment channels (n=58)
Aggregate of total survey respondent employees

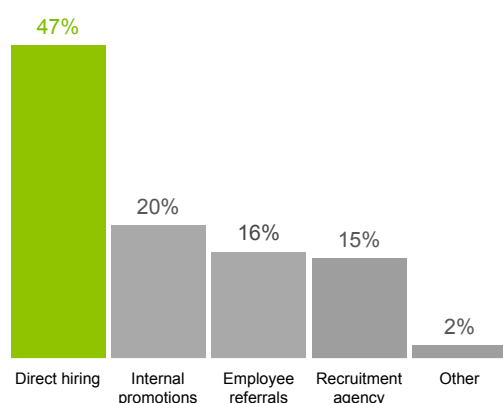
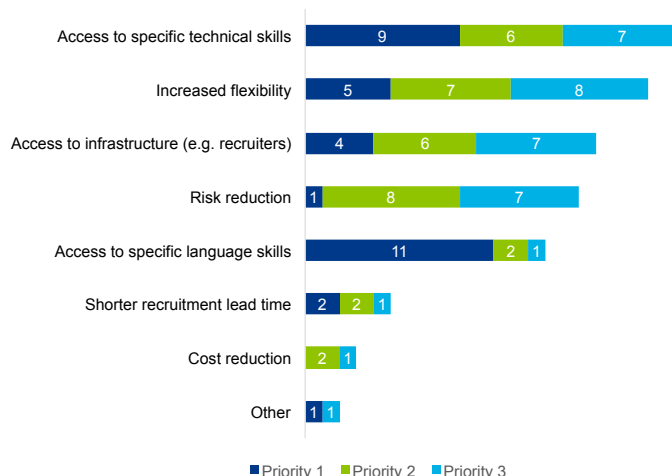


Figure 8: Reasons for using an external recruiting agency (n=33)
Respondents were asked to rank top 3 reasons



- **Access to language skills an acute issue for some respondents:** Our discussions with executives highlighted that where multi-lingual skills are required, this is an acute recruitment issue. One executive states that their “single biggest challenge is language skills– the demand higher than supply.” Over half of the survey respondents (55%) only required English speaking agents to serve their customer contact requirements. As one would expect, the lead time for recruiting multi-lingual staff is longer than that for English only speakers. Figure 9 illustrates that German and Dutch, on average, take the longest average time to recruit with approximately 7 weeks lead time. With recruiting efforts bringing talent from all over the world, comes unique challenges with managing the complexities of immigration to Ireland. Executives describe the challenges in hiring lead times “work permit processing [time] is the single biggest problem, which can take up to 12-14 weeks.”

- **Average hiring lead time by process area is broadly consistent:** The average hiring lead time did not vary by more than one week across the various process areas examined by the survey. Front office – technical roles require the longest average lead in time at 5.2 weeks (Figure 10).

Figure 10: Average lead time in weeks by service (n=60)

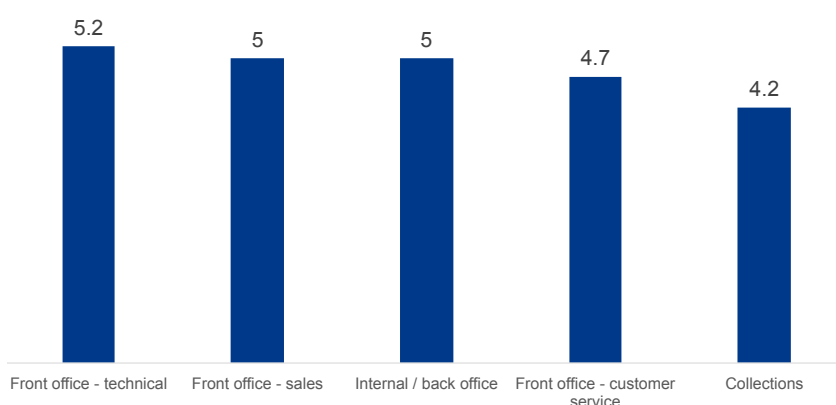
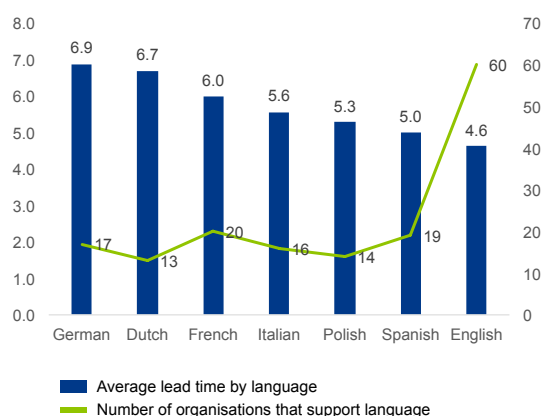


Figure 9: Average lead time in weeks by language (n=60)



“Recruitment agencies are used in cases to provide access to certain skill sets (e.g. technical, language), access to recruitment infrastructure, and increase flexibility.”

Traditional resources models remain in play

In order to understand the typical agent profile in Ireland's customer contact sector, survey respondents were asked to provide a breakdown of their employees across several dimensions (Figure 11). Approximately 60% of survey respondents reported that their average agent is under the age of 29 years old. With Millennials making up more than half the workforce, these employees bring new expectations for their career roles, work location, and compensation.

- **Full-time / permanent roles prevail:** The research highlights that traditional resource models remain in play. Organisations rely mostly on full-time (92%), permanent (78%) employees. The focus on full-time permanent employees allows organisations to further invest in its talent which can lead to increased employee satisfaction. From the executive interviews, a theme emerged for certain industries—during Ireland's economic crisis, some organisations had to increase the number of temporary contracts offered to employees. An executive described the company's recent transition to permanent contracts—"last year, we got permission to convert 20% of our fixed term contract to permanent. We issued a [satisfaction] survey [to employees] and ranked high."

- **Work from home yet to take hold:** Interestingly, the figures for employees working remotely / from home are quite low. One of our respondents explained that working from home is a key part of their strategy—"we want to make it easier for people to stay with us and be happy to work with us. We think [working from home] really drives retention and satisfaction for our team". In the context of the issues outlined previously around house prices, the work from home option represents an opportunity for Irish customer contact operations to explore further, however, this becomes more difficult to support at the Team Lead / Manager level. In our interviews, executives highlighted the large infrastructural investments required as well as regulatory and compliance issues – this is a particular concern for Financial Services organisations and BPOs responsible for sensitive customer data. However, work at-home models have existed in the UK and the US for ten years or more, particularly amongst some BPOs offering a flexible work solution to employees as well as a low cost base to pass on to clients.

Figure 11: Customer contact agent profile (n=60)
Percentage breakdown of survey respondent employees

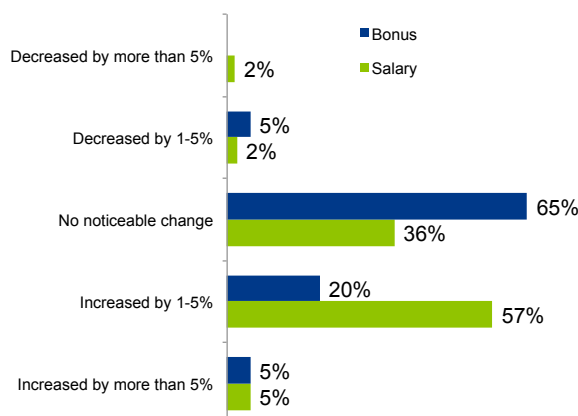


Reward is a 'pull factor' impacting retention

Reward is a hot topic in most professions and particularly in a post-recession environment, the survey responses highlight that there has been some correction in base pay with modest salary increases in line with the market. There is an expectation that a competitive package in line with the market will be offered, however it is clear from the executive interviews and the responses on reasons for attrition that reward is one of a number of factors to be considered in attracting and retaining talent.

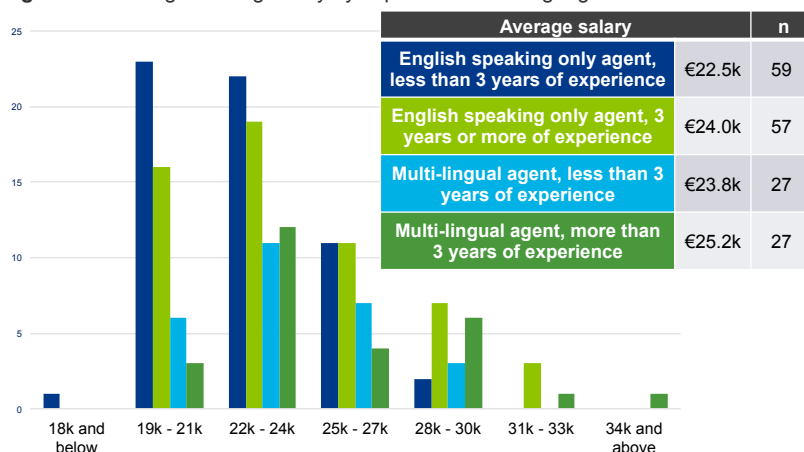
- **Salary shifts in line with market:** Figure 12 highlights that the sector has seen modest increases in starting salaries since 2014. 57% of respondents indicated that there has been an increase of 1-5% which is in line with expected market increases (from 2014 to 2016 expected) on hourly labour costs of circa 2.5%.⁹ It is noticeable that in the case of bonuses there has been less movement, with 65% of respondents reporting no noticeable change since 2014.
- **Reward is a talent "pull" factor:** Some executives highlighted that base salary in particular is being used as a pull factor to attract talent. Wage inflation in the Dublin market has seen some movement between organisations, this is backed up by the reasons for attrition, where reward is ranked as the second highest reason for attrition by respondents. However, there was a belief amongst the executives interviewed that attrition related to reward in particular can be mitigated through robust career planning. This demonstrates a commitment to employees that your organisation is investing in their future through skills advancement and a focus on internal promotion.

Figure 12: Change in starting salary and annual bonus for customer contact agents from 2014 to today (n=58)



- **Average salary benchmarks:** Survey respondents were asked to report the average salaries for the customer contact operations talent by particular skill sets and years of experience. Multi-lingual agents with more than 3 years of experience will typically command salaries in the higher range (average of €25.2k); however, there is a wide range of salaries for this cohort ranging from €19k to €34k and above (Figure 13). It was noted by one of the executives that "international hires do not wish to be hired for language skills alone and they are keen to develop technical and industry specific skills which we are mindful of." The results for English only speakers with less than 3 years of experience is more concentrated around the €19k to €24k bracket, the variability will arise due to geographic location or the level of technical skill required for the role.

Figure 13: Average starting salary by experience and language skills



⁹Economist Intelligence Unit, Wage and Price Inflation; March 2016

- **Bonus measures predominantly based on individual targets:** Our research also focused on methods of bonus / performance related payments offered to front office sales agents specifically. Figure 14 highlights that there is a strong focus on individual targets with 31% of respondents offering fixed commission on individual targets and 32% of respondents offering a percentage commission on individual sales.

- **Traditional recognition items deemed most effective:** The data highlights that traditional recognition methods such as team parties, gift cards / prizes and cash incentives are perceived as the most effective forms of acknowledgement. The executive interviews also highlighted new developments in recognition programmes, such as trips to international sites and sponsorship of specific training, which have been very popular amongst employees.

Figure 14: Bonus / performance payment methods for front office sales agents (n = 51)

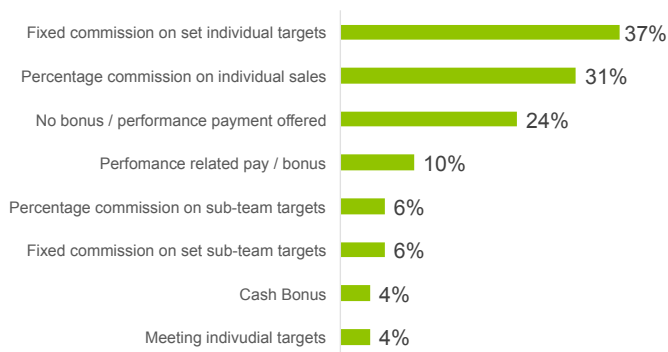
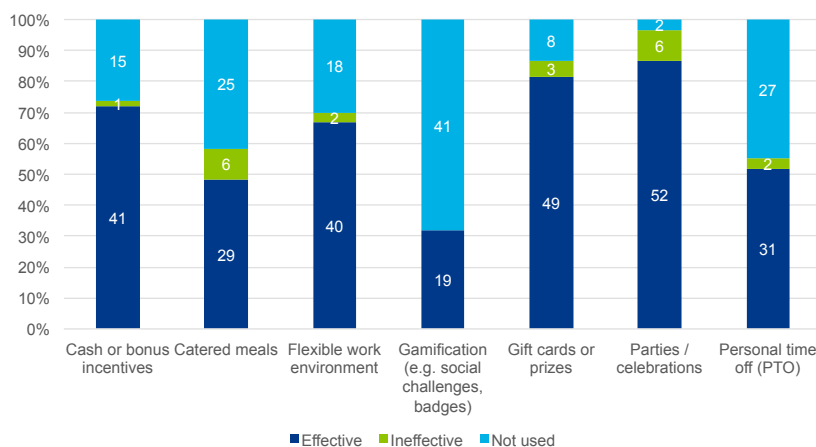


Figure 15: Reward and recognition methods for employees (n=60)



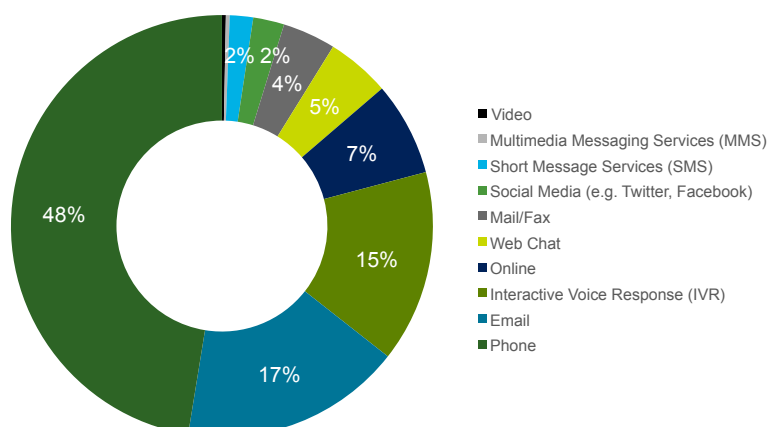
The role of the customer contact centre is changing

In today's world, consumers are driving the buying process and organisations strongly focus on fostering and maintaining customer relationships. Customer service in a digital age has driven organisations to change how they interact and engage with customers.¹⁰ Digital disruption continues to transform the role of Ireland's customer contact centres and its agents, directly impacting the skillsets and the technology required for agents to perform their changing role. There is a clear shift in how customer contact centres are branded in their organisations and in the marketplace, with some now known as "Centres of Excellence" in customer experience and service. A major challenge for executives is striking the right balance of providing superior omni-channel customer experience while keeping an eye on the bottom line.

A major challenge for executives is striking the right balance of providing superior omni-channel customer experience while keeping an eye on the bottom line.

- **Digital channels driving efficiencies:** An emerging theme through our conversations with executive leadership, is the move for organisations to "retain customers in a more cost effective way" and one way this will be accomplished is through the use of digital channels. Some executives agree that "[customers] want to exhaust all of their options before they use the phone" and these organisations are refocusing their strategy around digital channels. However, certain industries such as financial services and business process outsourcing, still heavily rely on phone interactions due to the nature of the activities conducted and regulatory constraints. Survey respondents reported approximately 48% of total customer contact volumes in 2015 were supported by phone. Email and Interactive Voice Response (IVR) were reported as the second and third most frequently used channels, representing 17% and 15% of total customer contact volumes in 2015, respectively. (Figure 16). The move to self-service channels is gradual, but now more than ever before, "customers want to do things themselves". 16% of survey respondents will introduce IVR and 5% of respondents will introduce other self-service channels in the next 12 months. Several executives interviewed indicated their organisations are "looking to deflect [customer contacts] to self-service channels in coming years" and reduce the number of phone interactions.

Figure 16: Percentage of 2015 total contact volume by channel (n=60)



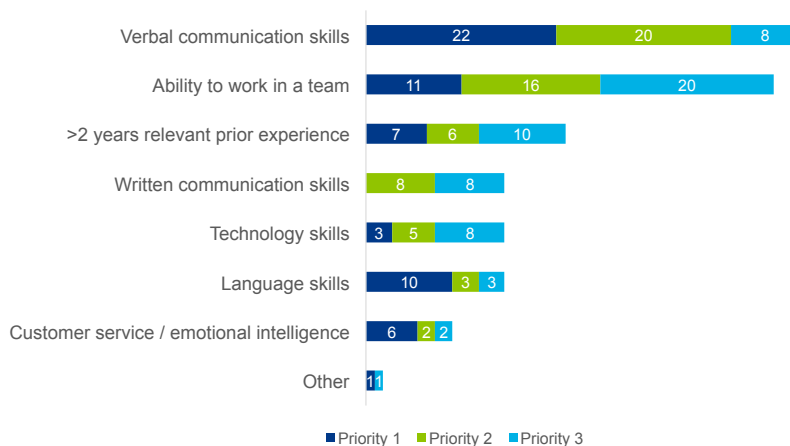
¹⁰ Deloitte Delivering the Digital Contact Centre; 2015

- **Web chat is gaining traction:** While web chat represents a small percentage (5%) of survey respondents' 2015 customer contact volume, 50% of respondents plan to introduce web chat in the next 12 months. Globally, leading organisations have found ways to effectively manage the cost of web chat interactions, reducing cost per contact while maintaining CSAT as compared to phone.¹¹ In some instances for Irish customer contact centres, web chat is replacing email interactions. As web chat volumes continue to grow, organisations will need to consider key operational improvements to increase efficiency and quickly assess the skills required (e.g. standardise chat processes, match staff to demand, improve performance management) as well as prepare for the future evolution of chat interaction models (e.g. unified omni-channel experience, digital personas for advisors, customer advisor, etc.).

- **Limited engagement through social media channels:** Survey respondents reported that social media channels accounted for less than 2% of 2015 volumes (Figure 16). 20% claimed they will be introducing engagement through social media channels in the next 12 months. Executives realise the importance social media plays when understanding and interacting with customers; however, the impact on customer contact centres has been gradual. As one executive stated, "I think [the customer contact sector] still has a way to go in terms of customer service via social media." Most organisations are still navigating what role social media should play in their customer service strategy. A number of Irish organisations are cultivating small specialised teams focused on this channel, which often work closely with marketing teams.

- **Agent roles are becoming increasingly complex:** As transactional enquiries move to self-service or outsourced channels, customer contact centre agents have additional time to provide more valuable and complex services to customers. Survey respondents indicated that the top three skill sets required of customer contact agents are verbal communication skills, the ability to work on a team, and relevant prior work experience (Figure 17). As customer contact roles become more multifaceted, additional training is required for talent. Some organisations are changing their recruitment criteria as a result, moving away from hiring for technical skill set, and focusing on candidates with communication and "customer service skills." Some views the executives expressed is that it is "easy to train the technical skills, but we are looking for emotional intelligence."

Figure 17: Importance of skills when recruiting agents (n=60)
Respondents were asked to rank top 3 skills for agents



Emphasis on cultivating talent and a distinctive culture

It's growing increasingly important for employees to feel connected to the business and its customers. Globally, business leaders are focused on understanding and creating a shared culture, designing a work environment that engages talent, and constructing a new model of career development. Deloitte's 2016 Human Capital Global Trends report states "executives are embracing digital technologies to reinvent the workplace, focusing on diversity and inclusion as a business strategy, and realising that without a strong learning culture, they will not succeed." Increased competition for skilled talent in Ireland's customer contact sector is also driving organisations to focus on training, development, and culture.

• **Investing in training and development:** Training and development of employees can be a key differentiator in attracting and retaining talent for Ireland's customer contact organisations. Most multinational organisations have access to global learning programmes and teams and some organisations in Ireland are investing in local learning and development teams. One executive stated "I have a big training budget this year, and we're providing agents with opportunities to gain certifications. [The certifications] are hugely rewarding for their career." 43% of survey respondents reported that their organisations have at least 40 hours of required training for its agents (Figure 18). Another executive describes their organisation having "a big culture of performance coaching. We are heavily invested in this. It takes a lot of effort to maintain—providing 7 weeks' worth of training before [agents] can talk to a customer." Some executives expressed that investment in developing and up skilling talent will have a positive effect on employee engagement in the organisation. When it comes to the methods of training used (Figure 19), the most frequently used and effective training methods are internal instructor led programmes and instructional guides / reference materials. 18% of respondents question the effectiveness of unstructured informal training. 89% of BPOs provide their agents with formal client training, which demonstrates the attempt to be closely integrated into their clients' business and provide high value customer service.



Training and development of employees can be a key differentiator in attracting and retaining talent for Ireland's customer contact organisations.

Figure 18: Required learning hours per agent per year (n=60)

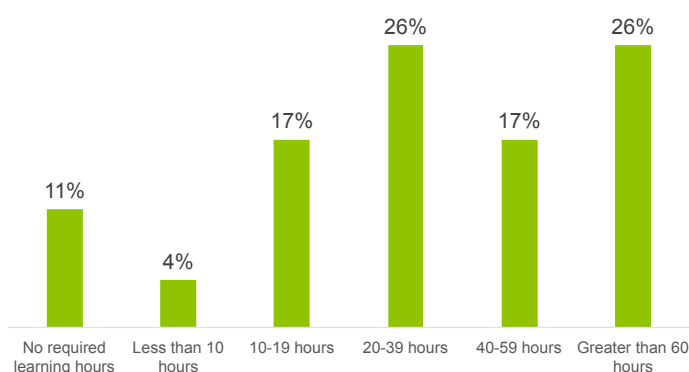
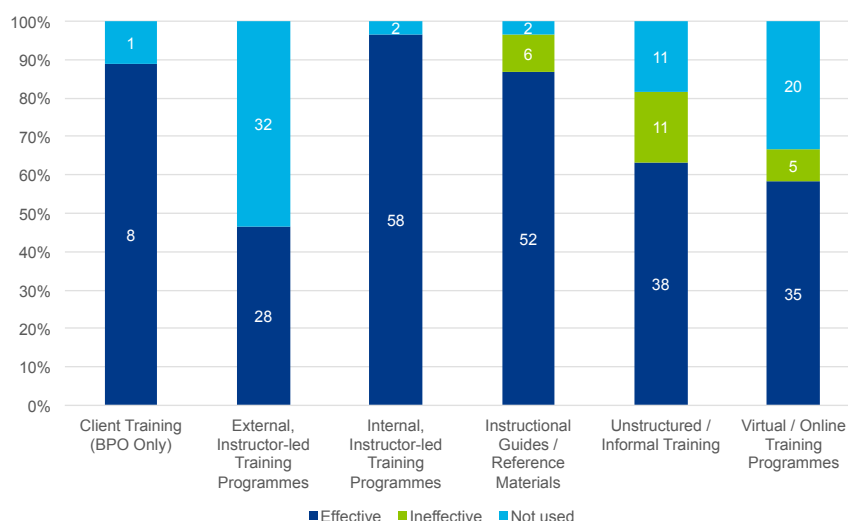


Figure 19: Methods for ongoing training of customer contact agents (n=60)

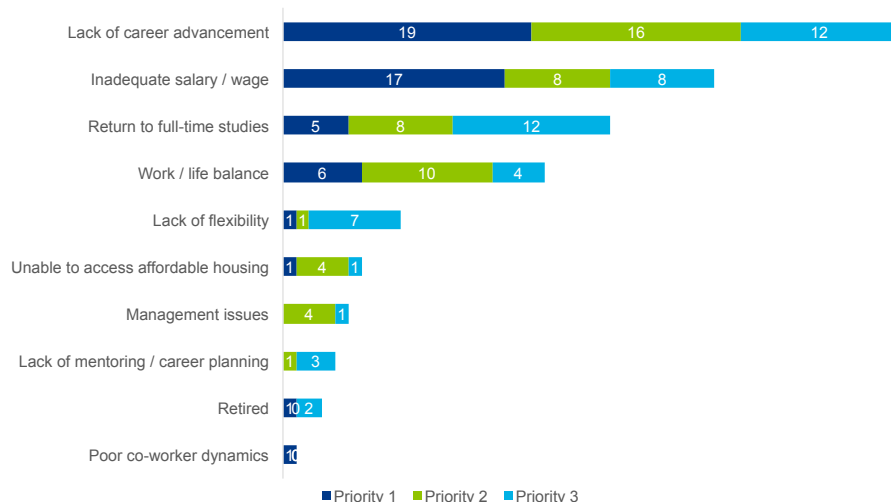


- **Lack of career advancement is the leading reason for attrition:** Creating opportunities for advancement in the organisation has emerged as key initiative for many of Ireland's customer contact organisations.

As stated in Deloitte's 2016 Global Human Capital Trends report, "a new social contract is developing between companies and workers...the days when a majority of workers could expect to spend a career moving up the ladder at one company are over. Young people anticipate working for many employers and demand an enriching experience at every stage." An Irish executive describes their internal development efforts—"we need to help talent on two fronts. Help them plan their career and help them realise that they own their career." 2015 attrition rates for survey respondents varied—the majority (56%) of respondents reported <10%, while 27% of respondents reported 10-29%, and 20% of respondents reported >30%. The leading reason for talent attrition reported is lack of career advancement, followed by inadequate salary /wage, and return to full-time studies (Figure 20). It's clear that progression in role and salary is important to employees. For organisations where a clear career path isn't apparent or advancement opportunities are limited, it's common for employees to seek alternative employment options or return to school to help develop or change their career. Through the executive interviews, it's clear that the Irish customer contact organisations are modifying how the contact centre "career" is perceived by employees. One CEO describes the organisation's hiring point of view "if you're looking for a job go somewhere else, if you're looking for a career, come to us."

- **Distinctive culture as a selling point and tool for retention:** This new social contract between employers and employees leads to expectations for rapid career growth, an exciting and flexible workplace, and a sense of purpose in the workplace. This is driving many organisations to modify their HR practices, culture, or leadership support to manage this new workforce. A distinctive culture is another way for Ireland's customer contact organisations to brand in the marketplace and engage talent. One Irish executive states "our company prides itself on human interaction and human relationships. Our absenteeism was shocking at the start... but now the culture has improved and everyone has got everyone's

Figure 20: Leading reasons for employee attrition (n=60)
Respondents were asked to rank the top 3 reasons

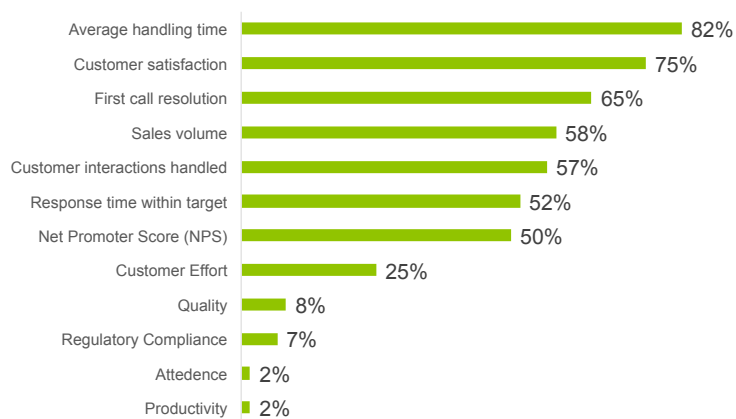


An Irish executive describes their internal development efforts—"we need to help talent on two fronts. Help them plan their career and help them realise that they own their career."

back. It happens naturally, the team will cover days for each other. We have built up a team who [will] stay here.” This year’s Deloitte Global Human Capital Survey, executives were asked about culture and engagement separately—and both placed near the top of the importance list, with 86% citing culture as an important or very important issue.

- Key Performance Indicators (KPIs) link talent performance to company mission:** The most frequently used KPIs reported by survey respondents include average handling time (82%), customer satisfaction (75%), and first call resolution (65%) (Figure 21). Several executives discussed aligning agent KPIs to their overall strategy, mission, and customer behaviours. “Every team has metrics that directly tie into the [company] mission.” There were several discussions regarding the effectiveness of providing individual targets for transactional metrics such as average handling time and quality scores. “What we used to report to in the past is not what we are reporting on now. We don’t do quality scores now, don’t have agent targets for average handling time. Net Promoter Score has never been higher and first call resolution is 15% higher than it was last year.” Effectiveness of display boards that show relevant metrics for agents in real-time is disputed among executives. There are examples of where display boards have been removed where management felt “agents were defeated as they walked in the door”, but they remain an important management information tool in certain environments.

Figure 21: Key metrics to measure talent performance (n=60)



This year’s Deloitte Global Human Capital Survey, executives were asked about culture and engagement separately—and both placed near the top of the importance list, with 86% citing culture as an important or very important issue.



BPOs supporting flexibility and cost reduction in the sector

Outsourcing of customer contact operations provides flexibility and cost reduction for organisations. The majority of respondents that outsource identified that their organisations outsource certain non-core activities and look to BPOs for support when they no longer have the capacity in their internal operations. 70% BPOs surveyed indicated that they experiencing positive growth (increasing FTEs by more than 20% in the next 2 years), several of which discussed opening operations in new international markets.

- **Cost reduction and increased flexibility are the leading reasons for outsourcing:** 22% of survey respondents leverage BPOs to support their customer contact operations, indicating the leading reasons as increased flexibility in their organisation and cost reduction (Figure 21). Several FDI organisations cited outsourcing as a way to rapidly scale in the right labour markets. The leading industry for Ireland's BPOs is TMT, with over 90% of BPOs surveyed serving this market.
- **Outsourcing low risk transactional services:** A recurring theme that emerged from the executive interviews is that the type of work that Ireland's customer contact organisations seek to outsource are non-core activities that are low-risk. One executive states "we don't outsource high risk work. [The work we do outsource] is relatively repetitive, non-sensitive tasks." For the organisations that currently do not outsource, one of the main reasons cited during the executive interviews is that they "don't want to lose touch with customers." However, some BPOs indicated they are pushing the boundaries in providing value-added services and integrating closely with their clients.
- **Respondents plan to outsource less in the next 12 months:** In the next 12 months, only 10% of survey respondents plan to increase the number of outsourced FTEs. While 20% of respondents plan to decrease the number of FTEs outsourced and 60% plan to not outsource at all. Despite these reported strategies, several BPOs included in this study are experiencing growth in their business, expanding to new markets, and identifying areas for cross selling.

Figure 22: Leading reasons for outsourcing (n=13)
Respondents were asked to rank the top 3 reasons

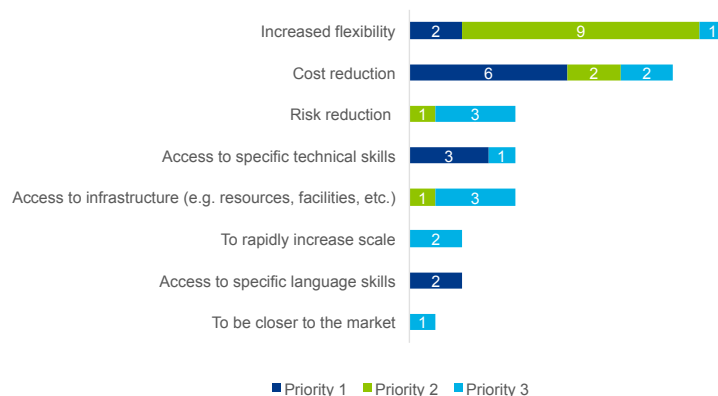


Figure 23: Non-BPO in-house vs. outsourced services (%) (n=51)

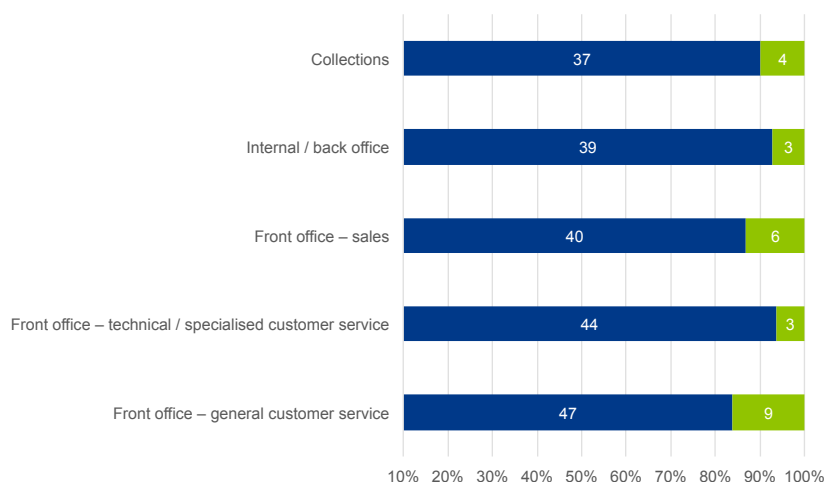
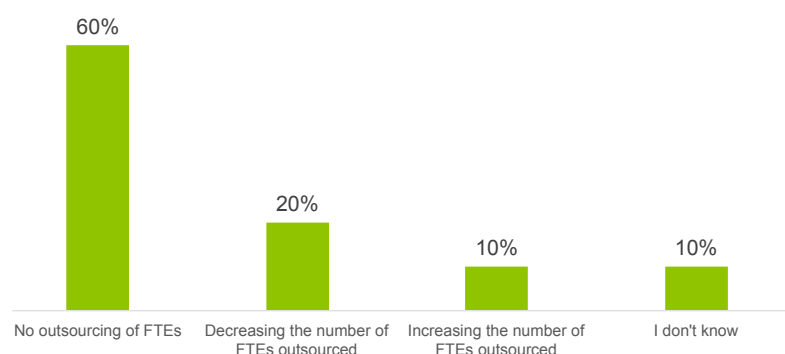


Figure 24: Outsourcing strategy of customer contact operations in the next 12 months (n=51)



CONCLUSION



During the course of the research we spoke with executives and discussed their strategic priorities over the next 12 months - growth, focus on customer, cost management, cybersecurity and regulation were consistently on the agenda.

Invariably, these priorities were underpinned by a strategic pillar of talent and without the right people their strategic priorities will not be met.

In the meantime, the way in which organisations engage with customers is evolving and new technology is rapidly coming on stream. This will change how organisations configure and how they cultivate the skills required to serve their customers.



GROWTH



FOCUS ON
CUSTOMER



COST
MANAGEMENT



CYBERSECURITY

At a strategic level, the customer contact sector has an opportunity now to move towards more value added services, leveraging artificial intelligence technology and predictive analytics which will provide greater customer service and better insights for the business while also reducing costs. For example, some of the world's larger outsource organisations are piloting robotic process automation for certain back office processes – these changes are happening now.

Conclusion continued.....

This change is forcing organisation and sector leadership to consider how they can influence at a macro level in three key ways:

- **Informing the skills development of the future talent pool through internal investment** and planning, cooperation with the third level sector and government bodies
- **Attracting talent to the sector from Ireland** and abroad through partnership programmes, global mobility schemes and cooperation with state bodies
- **Influencing location strategy** to ensure an adequate supply of talent with an appropriate infrastructure and cost base for businesses and employees (e.g. access to affordable housing)

The results in this survey highlight that career advancement and investing in people are central to attracting and retaining talent. On the ground, business leaders are working together to develop a holistic employee proposition which goes beyond reward to include career development and planning, work life balance, learning opportunities and tailored recognition programmes aligned to organisation culture and employee development goals. One executive noted that, “the customer services team has the most privileged position in our business, they know everything about our customers and have the most detailed insight into how our business works. They are perfectly placed to move into management roles in our business and add significant value,” – the challenge now is to harness this opportunity and deliver for the business and its people.



APPENDIX

Index of survey questions

1. Which of the following categories best describes your company?
2. What is the size of your entire company in the number of full time equivalents (FTEs)?
3. Which primary industry segment does your company fall under?
4. As a BPO, which industry segment(s) does your organisation serve?
5. Please indicate the current size of your Irish customer contact / shared services business in number of FTEs.
6. In the next two years, will there be an increase, decrease, or no change in the number of FTEs in Ireland?
7. For your Irish operations, please outline how the following services (front office – customer service, front office – technical / specialised, front office – sales, internal / back office, collections) are delivered.
8. Please indicate the locations of your customer contact / shared services centre(s) in Ireland.
9. Please select the region(s) served by your Irish customer contact / shared services centre(s).
10. For each contact type supported, what volume of contacts did your organisation handle in 2015?
11. In the next 12 months, what additional types of contact channels will be introduced to your organisation's Irish operations?
12. Please indicate the language(s) supported by your organisation's Irish customer contact / shared services centre(s).
13. Please indicate the average age of your agents.
14. Please indicate the minimum education requirement for an entry level agent role in your organisation.
15. Please indicate the minimum education requirement for an entry level agent role in your organisation.
16. Please indicate the percentage breakdown of your agents' nationality by geographical region.
17. Please answer the following questions regarding span of control in your organisation's customer contact / shared services operations.
 - On average, 1 manager directly supervises the following number of team leads.
 - On average, 1 team lead directly supervises the following number of agents.
18. What are the key roles / responsibilities of the Team Leads for your customer contact / shared services centre(s)?
19. Please indicate the percentage breakdown of your employees (full time vs. part time, male vs. female, onsite vs. remote, salaried vs. hourly, temporary vs. permanent, internal vs. outsourced, outsourced in Ireland vs. outsourced offshore)
20. Please rank the top 3 reasons as to why your organisation currently outsources.
21. If any, please select the language skills that are outsourced in your organisation.
22. Please select the answer that best describes your organisation's planned strategy for outsourcing customer contact / shared services operations in the next 12 months.
23. What is the average lead time (in number of weeks) for hiring customer contact / shared service agents in the following service areas?
24. Please rank the following skills in order of importance when recruiting agents for your organisations customer contact / shared services centre(s).
25. Please indicate how your organisation currently fills vacant roles.
26. Please select the reasons for using an external recruiting agency.
27. Please mark the following methods for ongoing training of customer contact / shared services centre agents as effective, ineffective or not used.
28. Please indicate the number of required training / learning hours per agent per year.
29. Please indicate the average onboarding time (in number of weeks) for new agents.
30. What was the average starting annual salary in 2015 (excluding bonuses / performance payments) for each of the following roles in your organisation?

31. From 2014 to today, have starting salaries (excluding bonuses / performance payments) for customer contact / shared services agents increased, contracted, or stayed the same?
32. Please indicate the average percentage of your employees' 2015 annual wage that was provided as a bonus / performance related payments.
33. From 2014 to today, have bonuses / performance payments for customer contact / shared services agents increased, contracted, or stayed the same?
34. Please mark each of the following methods for employee reward / recognition in your customer contact / shared services centre(s) as effective, ineffective, or not used
35. Please select the bonus / performance payment methods that your organisation offers to Front Office Sales agents.
36. Please mark each of the following methods for measuring employee satisfaction in your customer contact / shared services centre(s) as effective, ineffective, or not used.
37. What key metrics do you use to measure customer contact / shared services agent performance?
38. Please indicate the 2015 attrition rate (across all Irish locations) within your customer contact / shared services organisation.
39. Please indicate the 2015 absenteeism rate (across all Irish locations) within your customer contact / shared services organisation.
40. What are the leading reasons for attrition of agents?
41. Please provide any additional comments that you would like to share regarding talent management practices in your organisation.

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+ ANALYTICS**

PRACTICE OF THE BIG 4

OVER 2,000

*TOTAL HEADCOUNT
IRELAND*

**BEST INNOVATION ON CAMPUS
GRADUATE RECRUITER**

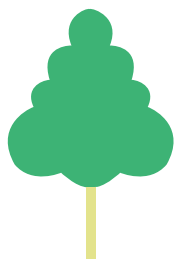
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ACQUISITIONS

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KAVANAGH FENNELL*

ISO 14001

*CERTIFICATE IN
ENVIRONMENTAL
MANAGEMENT*



GLOBALLY

210,400

*TOTAL HEADCOUNT
GLOBAL*

GLOBAL LEADER

*IN FORENSIC AND
DISPUTE ADVISORY
SERVICES (KENNEDY)*

NO.1 FIRM

GLOBALLY

**TIER ONE TAX
PRACTICE**

*INTERNATIONAL TAX
REVIEW TAX
PLANNING SURVEY*

MORE THAN 150

*COUNTRIES AND
TERRITORIES*

LEADER IN

*GLOBAL RISK
MANAGEMENT
CONSULTING
(GARTNER)*

CCMA AT A GLANCE

Launched in October 1999, CCMA Ireland is a not-for-profit organisation run by industry professionals on a voluntary basis with the goal of developing professionalism within the contact and shared services industry. Since its launch, the association has grown to over 200 corporate members including many indigenous and global customer service organisations. The mission of the CCMA is to promote the customer contact management profession to actively promote continuous professional development of customer contact professionals and to raise the profile of the sector.



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