



The customer contact center and call center industry is well-established in Minnesota, particularly in some Greater Minnesota areas. There are an estimated 400 business establishments classified as customer contact center and call centers in the state, and a much larger (unknown) number of businesses who manage their own in-house customer contact center and call center operations.



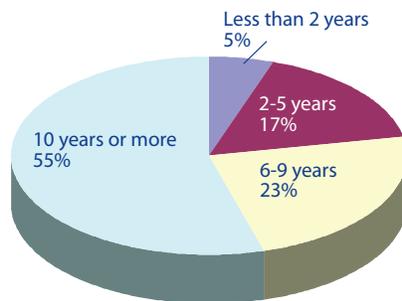
To better understand the needs of this growing industry, the Minnesota Department of Employment and Economic Development (DEED) – with the assistance of Avtex, Call Center Network Group, and Masterson Personnel – conducted a survey¹ of businesses that provide customer contact services or calling services. The survey examined their customers, their workforce needs, and their technologies. For brevity, these centers will be referred to as call centers and all results presented below represent those centers that responded.



Findings – Business Profile

- About 78 percent of call centers identified themselves as in-house centers, dedicated to providing call center services to an affiliate or parent company, rather than as subcontractor centers hired by another business.
- 78 percent of call centers had six or more years of business experience.

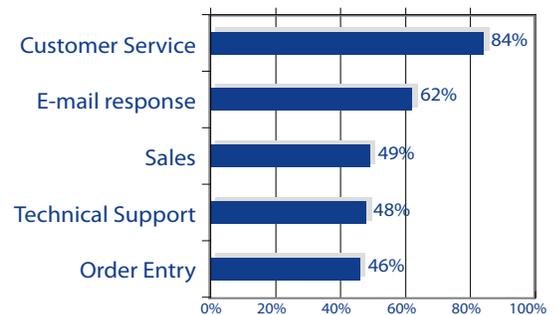
Figure 1. Years of Business Experience



- Almost as many respondents provided business-to-business services (63 percent) as did business-to-consumer services (59 percent). About 40 percent of respondents provided both business-to-business and business-to-consumer services.
- More responding call centers received inbound calls (78 percent) than made outbound calls (52 percent). About 45 percent of respondents' centers operated inbound and outbound call services.

- About 62 percent of respondents served mainly national locations, while 17 percent mainly served Minnesota (the main sub-national market).
- One measure of capacity is the number of seats or stations at a center. About 59 percent of respondents had fewer than 50 seats, while 12 percent had more than 200 seats.
- The most commonly provided services were customer services and e-mail response, followed by sales, technical support and order entry.

Figure 2. Major Services Provided

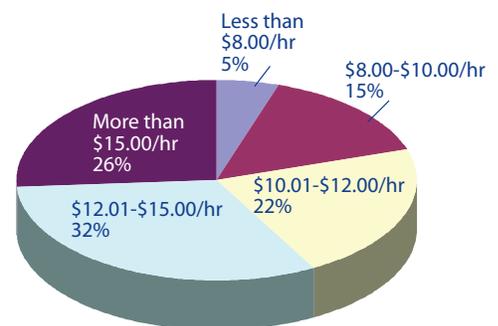


- The most commonly served industries were retail services (32 percent of call center respondents), followed by "other business" services (30 percent), healthcare services (24 percent) and telecommunications (19 percent).

Workforce Profile and Compensation

- At 63 percent of responding locations, the typical agent worked a 40-hour week.
- About 42 percent of respondents paid new agents \$12.00 per hour or less and one-quarter of new agents earned more than \$15 per hour. Experienced agents earned higher wages, with 45 percent earning more than \$15 per hour.

Figure 3. Hourly Wages of New Agents



- The vast majority (79 percent) of respondents indicated that their entire workforce worked at the business location (i.e. no telecommuting workers).
- Most respondents were optimistic about the next 12 months (spring 2007 to spring 2008), expecting their employment levels to be stable (52 percent) or increasing (43 percent).
- Respondents most commonly motivated their agents with increased hourly wages (72 percent) and peer recognition (60 percent).

Training and Skills

- Half of the centers said their typical agents had some college, and about 30 percent indicated that their typical agents had college or higher degrees.
- About 34 percent of the centers provided more than 20 days of training to new agents, followed by 26 percent providing 5 days or fewer of training and 25 percent providing 11-20 days of training.
- More than 90 percent of centers provided training in-house with the supervisor.

Work Characteristics

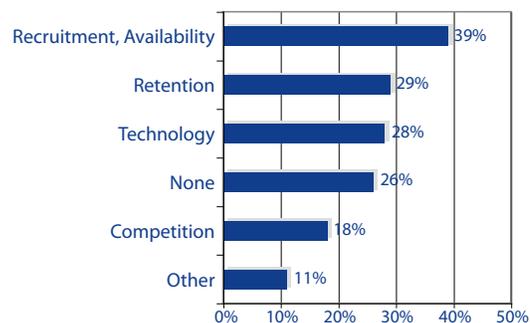
- Outbound calls tended to be either quick, lasting less than 2.5 minutes or very long, lasting more than 10 minutes. Inbound calls were more likely to last between 2.5 minutes and 10.0 minutes.
- More than half of an agent's time is spent on the phone, at almost 80 percent of responding call centers.

Technology

- Technologies currently used by more than half of all respondents were e-mail (93 percent of respondents), fax (86 percent), quality monitoring (65 percent) and ACD multimedia (54 percent).
- Web self-service was a key area for investment or upgrade during the next 12 months, according to 38 percent of respondents. Quality monitoring, computer-telephony integration, VOIP, and ACD multimedia were the next most frequently chosen areas.²
- A promising industry sign is that 47 percent of respondents expected to increase their investment in technology by more than 5 percent during the upcoming 12 months.
- While about one-quarter of call centers reported no current challenges, more than 25 percent of respondents faced challenges related to workforce availability and recruitment, technology and workforce retention.

For more details, please view the full report at www.positivelyminnesota/facts/PDFs/CallCenterUpdate_FullReport.pdf

Figure 4. Major Challenges for Call Centers



Key Differences: In-house vs. Subcontractors

- In-house call centers were more likely to employ agents for 40 hours or more per week (79 percent) than subcontractors (45 percent).
- In-house centers tended to pay higher wages than subcontractors, whether to new or typical agents.
- A larger proportion of in-house centers than subcontractors offered many typical insurance and leave benefits. The exception was work schedule flexibility, which was offered by a much larger share of subcontractors than in-house centers.
- In-house respondents had a tendency to record fewer calls than subcontractor respondents.
- About 69 percent of subcontractors provided training to new agents lasting 10 days or less, while 67 percent of in-house centers provided training to new agents lasting more than 10 days.

Table 1. Training Days for New Agents

Number of Days	Subcontractors	In-house
Up to 5 days	47%	19%
6-10 days	22%	14%
11-20 days	18%	27%
More than 20 days	12%	40%

- A larger share of subcontractors than in-house centers faced workforce availability, workforce retention, and competition challenges, while a smaller share faced technology challenges or no challenges.

Key Differences: Inbound vs. Outbound

- The proportion of subcontracted and in-house centers was similar between inbound and outbound centers.
- Inbound and outbound centers offered benefits (e.g. medical insurance, paid sick/vacation leave, pension benefits) in about the same proportions, and had similar wage distributions, whether for new and typical workers.
- Outbound call centers were more likely to offer shorter training sessions to new employees than inbound call centers.

(Endnotes)

¹ Surveys were sent through regular mail and the Internet (via e-mail invitations) in the spring of 2007. Surveyed businesses included subcontracted and in-house call centers. The survey pool was based on industry association membership lists and so may not be representative of the industry. There were 285 responding call centers.

² ACD: automatic call distribution. VOIP: voice over internet protocol.