



Merry-Go-Round

**Texas leads U.S. contact center employment,
as the Middle East begins to make more connections globally.**

Madison, Wis.-based **CUNA Mutual**, the world's largest provider of financial products and services to credit unions and their members, decided in early 2006 that it needed to consolidate some of its customer service

offices that were scattered around the country as a result of expansions through the years. CUNA Mutual decided to consolidate its 14 offices into two existing facilities and a new contact center and back-office operation whose location was yet to be chosen.

"We did a filtering approach with the criteria we were looking for," says Rick Roy, CUNA Mutual's senior vice president, customer operations. "Labor availability and the cost of talent were major considerations. We wanted to find a cost structure as competitive as can be for a U.S.-based operation. If you think of this process as putting information into a funnel, we literally put 300 potential sites into a funnel to see which ones came out at the bottom."

Roy used the funnel metaphor while pitching the selection process to CUNA Mutual's board of directors. He says other considerations included education and transportation systems. Secondary factors included the presence of a good pool of bilingual speakers in the area and the fact that the Metroplex area is in neither a hurricane nor an earthquake zone.

"At the bottom of the funnel, we ended up with about 10 locations that were pretty good fits," Roy says. "We went deeper on those, looking at the call center saturation rate. On the one hand, it's good to go to an area with an abundance of call centers, because that means you can find experienced call center employees. But on the other hand that means there is a lot of competition. We looked hard at labor costs and really tried to correlate costs to quality, and then we scored them, applying a little science to a subjective process. The Dallas-Fort Worth Metroplex area scored on top of the list in a virtual tie with the Phoenix/Mesa area."

Roy says he quickly learned that the Phoenix market is saturated with more than 300 call centers: "There, you can recruit and hire efficiently, but the bad news is that turnover rates are high because agents have a lot of options. It's almost too easy, as they can drive past 20 call centers on the way into work, pull into the parking lot of one and get a little bump in pay."

by **JOHN W. McCURRY**,
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Rick Roy, senior vice
president, operations,
CUNA Mutual



CUNA Mutual picked Fort Worth for its new center after an exhaustive national search.

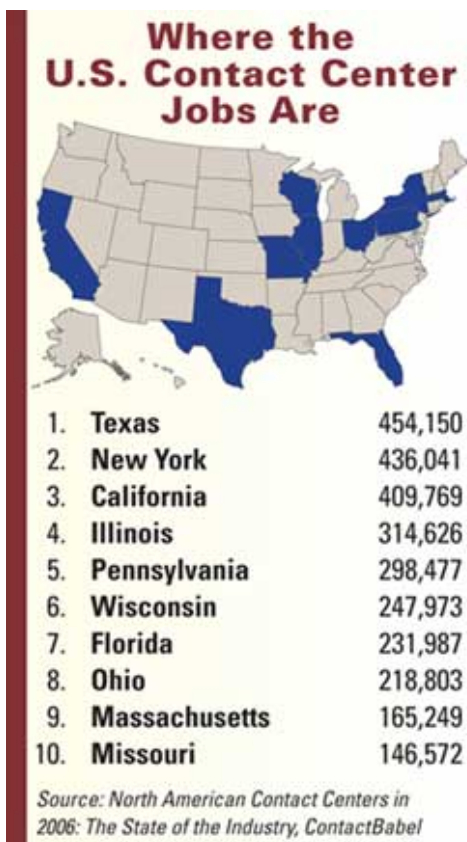
Central to Innovation

CUNA Mutual ultimately chose Fort Worth as the site of its \$19-million, 108,000-sq.-ft. (10,033-sq.-m.) customer operations center. There are currently about 600 employees there, including about 400 contact center agents. The remainder handle various back-office functions. With a capacity for 800 employees, the center has room to grow. That is also the case with CUNA Mutual's Madison and Waverly, Iowa, contact centers, says Roy.

"We wanted to have a place where we could test and implement new technologies and new business processes and bring what we learned back from Fort Worth to our Madison and Waverly centers. We have started to do that now and are doing more sharing of best practices."

The fact that all three centers are in the Central Time Zone is purely coincidental, says Roy.

"We are serving customers coast to coast out of all three centers and it does require us to staff at a wider range of hours, but we were not concerned about the time zone," he says. "We are used to staffing around time zones today, and part of the Fort Worth center operates 24-7."



Global BPO Firm Grows in Northeast Ohio

Teletech, an Englewood, Colo.-based business process outsourcing specialist, is expanding globally. Its latest announced U.S. project is in Amherst, Ohio, just west of Cleveland, where it is in the midst of creating 800 agent and support jobs to serve a healthcare provider. Teletech is refitting an existing building and expects to be fully operational by February. For Teletech, Amherst had the right demographics, labor rates and availability and a strong community relationship.

"There was an abundant and ready work force for the delivery of customer service in the area," says Rick Battle, Teletech's senior financial analyst, corporate real estate. "Ohio is a state of great people with a strong work

ethic. The exodus of steel manufacturing and other industries has left a large void in the work force. As we continue to evaluate other potential locations we are also considering other possibilities in Ohio."

Battle says Teletech expects growth to continue around the globe over the next year. The company also announced new centers in South Africa, Costa Rica and the Philippines during 2007.

Texas and Ohio are both among the top 10 states in terms of contact center employment, according to a recent study by U.K.-based consultancy ContactBabel. Population density is a factor, but there are others.

"Besides being attractive states in which to live, these states boast high bilingual percentages and strong hiring potential with impressive student availability," says Tim Searcy, CEO of the American Teleservices Association. "Additionally, the states provide an accent-neutral telephone voice and an excellent telecom infrastructure."

Momentum Forecast for Middle East Sector

Datamonitor projects that the number of Middle Eastern contact center agent positions will reach 130,100 by 2010, with hospitality and travel offering the largest growth opportunity. Egypt is by far the leading nation, both as an outsourcing destination and as a location for the domestic industry.

"In terms of its economy, Egypt is by far stronger and more stable than many of its counterparts in the region," says Mona Sultan, a London-based Datamonitor analyst covering call center markets and technologies. "It also has a highly educated work force that speaks several languages. Egypt is next to the Mediterranean, and if you are based in France, Italy or even the U.K., you don't have far to go for outsourcing."

Other Middle Eastern countries seeing contact center growth are Saudi Arabia and the United Arab Emirates.

"You are also seeing offshoring of services within the Arab context," Sultan says. "Because of skill shortages in Saudi Arabia and because prices are so high in the UAE, there is offshoring occurring to Oman and Bahrain."

Sub-outsourcing is occurring in the region too, as outsourced contact center labor costs rise in India.

"Companies in the U.S. will outsource to India and then India will outsource again to Dubai or Egypt," she says.

Sultan says India is also establishing sub-outsourcing operations in Argentina and Mexico.



Rick Battle, senior financial analyst, corporate real estate, Teletech



Yannis Skordilis, chairman and CEO, Teleperformance Egypt

Human Capital in Cairo

Contact center outsourcing giant **Teleperformance** has a large global footprint, with nearly 300 contact centers across 45 countries. The Paris-based firm's expansion agenda includes a new contact center it is ramping up in Cairo. Yannis Skordilis, chairman and CEO of Teleperformance Egypt, says the country's population of more than 75 million, and its 200,000 annual university graduates, make it an ideal contact center location. He says the concept of call centers has spread in the region from the banking, mobile telephone and IT sectors to other industries such as insurance, electronics and automotive.

"Over the past seven years, adoption of the call center culture in the fastest developing sectors of the Egyptian and Middle East economy is resulting in an ever increasing demand in the local market and the Middle East," Skordilis says.

Egypt was attractive to Teleperformance for an array of reasons including its political stability, its growing economy, and its relationship with Western countries and investors. Multi-lingual university graduates are in good supply, making the country a good base from which to serve many countries, he says.

"Egypt is the cultural capital of the Middle East and Egyptian Arabic is widely spoken and accepted in the region," Skordilis says. "It is an ideal hub for Arabic-speaking operations."

Teleperformance opened the 600-seat facility in late 2007 and has an aggressive growth plan for 2008 and 2009.

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[TOP OF PAGE](#)

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