

Northern India Call Center Ltd.

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By:

Arun P Sinha
Professor, IME
IIT Kanpur 208016
(contact: asinha@iitk.ac.in)

and

Himanshi Vij
Final Yr BTech Student
Panjab University
Chandigarh

Northern India Call Center Ltd. **

Abstract

This Case is about a Call-Center firm, NICCL, a medium sized enterprise started by an entrepreneur in Chandigarh. It is almost entirely in the domestic Telecom contact service domain, operating inbound and outbound calls in Punjab-Haryana-Chandigarh-& part Rajasthan. One main customer of the company is ACL, a major telecom service provider. By 2007, the firm had grown to three centers, at Chandigarh, Jaipur and Noida. It now has an opportunity for further growth. A new client in telecom has offered to buy customer support service from NICCL for entire North India. The firm needs to reassess its strategy in view of its internal and external context. It has to consider perceptions that clients and agents have about NICCL-type firms versus large or mnc players. Though the sector has a high rate of growth, it is constrained by lack of trained agents and by their attrition. Its market is getting more competitive because with the appreciation of Rupee, some large players in software export have begun to enter domestic customer-service. The company has a choice of expanding at any of the cities. It can also choose between buying or renting fresh floor-space versus adding seats to existing space. The company can also take a fresh look at its methods of operational control and its HR policy.

Northern India Call Center Ltd. **

“*Wah! Puttar*¹, the Sisodia deal is done,” announced Ramesh Kapoor (RK) to his daughter as he put down the phone. Saloni (SK) was delighted too. This deal with Sisodia Telecom for 150 seats of inbound calls over North India would give a major boost to the revenue of Northern India Call Center Limited (NICCL). Instead of serving twenty odd clients, the firm might even consolidate on three major ones. As Saloni thought of the implication, RK cautioned that Sisodia had strict conditions, “Which we must discuss.” Within an hour, key managers of the firm were closeted with chairman RK and CEO SK.

Sisodia has two conditions, said RK. They will appoint the Delhi branch of the American consulting company, Burst & Old to audit our performance. Unlike our usual audit, this one will be more elaborate and strict. The contract will include financial penalties for shortfall in audited performance. A second requirement of Sisodia is “to get us on stream in two months, by 1 December 2007.”

Manjeet Singh, the Operations Manager was quick to remind his boss, “Sir, I do not know whether this is possible. We took six months to set up the Noida center when Air Communication Ltd gave us a new circle. Sisodia needs three times that many seats!” To which RK queried, “Manjeet, last year you suggested increasing seats in the Chandigarh centre instead of starting the new one at Mohali. And it took us barely one month to increase seats. Can we not do the same for our Noida centre?”

Rekha Sharma, the HR Manager seemed uncomfortable with this. She said, “Sir, some of our CCE’s² complain about the lack of physical space for them. They feel it is too cramped, and they lose concentration.”

SK was concerned about another issue – recruiting sufficient CCE’s. “How many agents do you think we need, Rekha? “At least five hundred more ma’am,” was her estimate. And, unlike the ACL process for Punjab or Haryana, she continued, “We’ll now have calls from Barmer to Basti. Which could be a problem; most of our people are *Punjabi* speaking.” SK nodded and thought this needed tackling. Could she perhaps get a sufficient migrant population here, or in Noida?

It did not seem like an open and shut case to Saloni. She suggested, “Can we do our homework first?” RK agreed and said “Yes, come back next week.”

Saloni returned to her cabin. Ever since she joined daddy, after a two year stint in an IT company in Noida, she had gradually established a firm grip over the growing

business as its CEO, and now Vice Chairman. On her desk was a brochure that described NICCL. She opened it to refresh her memory.

Cases are meant solely for class-discussion. They are not meant to illustrate either effective or ineffective management of a business.

**Names of individuals and organizations have been disguised to preserve anonymity.

¹ *Wah! Puttar* = It's great! Son/Daughter (in Punjabi)

² Customer Care Executives (agents)

NICCL

NICCL was set up as an IT-training franchise in 1999 for multimedia training. It set up operations at a central location in Chandigarh. Great Multimedia, the franchisor, supplied learning material. In 2002 RK transformed his business into a BPO (call-centre). Turmeric Telecom, a licensee for mobile telephony in Punjab-Haryana, was beginning to upgrade customer care. With guidance from Turmeric's general manager, RK added phones, and other equipment. Emerging as a 40-seat BPO to handle *inbound* calls, NICCL's business was now like, "This is Rahul from Turmeric; can I help you sir?"

Current Locations and Capacity

NICCL made gross sales of around Rs. 25 Crore in 2006-07 through its three centers -- Chandigarh, Noida, and Jaipur. A fourth center is planned to be set up in Mohali. The center in Jaipur is important for back-up support, just in case local problems disturb another center's operation. According to HR manager Rekha Sharma, the supply of manpower is also easier in Jaipur, which has no big employers. Table-I below gives a recent month's comparison of the centers:

Table-I
The Three Centres of NICCL

	Chandigarh	Noida	Jaipur
Number of Seats	300	400	450
Agents	310	500	400
Percent Uptime	97.5	95	90
Service Level (for inbound process)	95	95	85

Noida is the company's most recent call centre. It is close to Delhi and Gurgaon, and a booming IT hub. Trained manpower is easy to find, due to rampant job-hopping. The region also has a concentration of young people from the upper middle class, who are fluent in English and are IT-savvy.

Chandigarh, though a Tier-II city, has exhibited fast growth in the IT sector. It now has a Technology Park with development centers of companies like Infosys, the Quark City in Mohali, and prominent BPO enterprises like Convergys, Wipro, and EDC.

Services Offered by NICCL

NICCL caters mainly to domestic Telecom Companies. It offers 'processes' of both kinds – Inbound Calls, and Outbound Calls. **Inbound call** service is offered 24x7 where Customer Care Executives (CCE) take calls. Agents are online all the time, receive customer calls, and respond to the calls. There is wide variety in what the helpline deals with. It may relate to Customer Service and queries, Technical Support, Sales Support, Order taking, etcetera.

Outbound Calls are made by agents to promote a product or service or scheme, or to get feedback. The process may focus on Customer Service & customer Retention Service, Database Marketing, Lead Generation/Qualification, Market Research, Registrations, Renewals, or Sales including up-sale, cross-sale, and continuities. These services have fixed (daytime) hours. A customer care executive might spend 8-9 hours a day for an outbound service.

Both inbound and outbound calls are handled at each of the three centers of the company, which caters to Punjab, Haryana, Chandigarh, Delhi, and Rajasthan. The centers are kept independent for operational purposes. All the processes that NICCL runs at these centers are either in Hindi or in Punjabi.

Currently, according to SK, around 210 of the 300 seats in Chandigarh are being used, though the center has over 310 agents. Its inbound process uses 50 seats each shift, and 160 seats are used for outbound work.

The Market

NICCL is a “Key Partner” of ACL for Punjab circle since 2004. This is just one of the 25 circles where ACL operates. In Punjab circle, ACL is one of the three players licensed to operate mobile services. ACL has tied up with ‘partners’ to provide for various parts of the value-chain. Since 2004, NICCL has contributed to ACL’s customer care helpline, and various outbound services in marketing and promotion.

ACL parcels out the helpline and other outsourced services to multiple partners. It grades the partners into A, B, & C categories. NICCL and a few other call-centers are graded as ‘B-level’ partners. Two MNC’s are graded at the ‘A-level’, while a large number of centers of less than 50 seats each are at ‘C-level’. Appendix to this case gives the relative market shares of the different types of call centers, captive, third party, organized and unorganized.

SK says that they maintain a service level of over 95% for most processes, that is, over 95% calls of the process are answered. “This is far higher than the MNC’s which,” SK claims, “operate around 50% level.” She finds it strange that despite ‘better’ service, and despite bidding lower, they are not perceived in the same class as large BPO’s and MNC’s.

She also believes that, compared to large companies, her BPO is more flexible; they are able to expand capacity almost overnight to meet a sudden need. An MNC like Dotell** or International Business Centre** will not do that. They will also not approach the telco on their own, whereas RK and SK do it as a normal practice. “We know who in the client company to contact; we ourselves assess their process requirements because we make it a practice to talk to the relevant managers. Sometimes we get business because of what we have pointed out to the manager in the telco.”

Competition

Call-centers for India’s domestic market are a large industry growing at a rapid pace. Captive centers dominate the business; third-party centers account for almost a quarter (see **Appendix**). Daksh, Convergys, IBM, Dell are some key third party players. With ease of technology, small centers were also started by local entrepreneurs in Tier II and III cities and also metros. These cater to businesses with limited or regional requirement. These count on using vernacular and on problems of very long-distance connectivity. Some of these, like NICCL, have grown to a medium scale of 200-2000 seats, and to multiple locations.

Technology & Equipment

Equipment used in NICCL has been sourced from suppliers in UK. This, the company claims, is comparable to any big player like Dell, or Convergys. Key brands, systems, and equipment include:

Predictive Dialer:	Concerto
Automatic Call Distribution:	Nortel/Ericsson/Corel
Multiplexes:	Nortel
Servers:	HP/IBM
Connectivity:	TDM/MPSL, ATM/FR
Redundancy:	2 Level (On Ring Topology)
Mode of Connectivity:	Optical Fiber End-to-End
Power Backup:	Online UPS and Generators

Additional features include: Automatic call Distribution, call blending, Caller ID Customization, Dialed Number Identification Service (DNIS), Digital Recording, Full Automated Scripting, Interactive Voice Service (IVR), Predictive dialing, Preview dialing, Knowledge based routing, report Customization, Remote monitoring Third Party Transfer.

Organization Structure

There are four departments in the organization - Operations, Finance, Human Resource & Development, and Technical. This is described in **Exhibit 1**.

The **Operations team** is the largest in number. It includes, at the lowest level, all the agents who take or make the calls. There are a number of 'floors' at each center and each floor has a floor incharge (FI) who heads the agents taking or making calls from that floor. Sometimes, two 'floors' are segregated only by a glass partition. A team leader (TL) heads a group of FI's, and a group of TL's are headed by a Supervisor. All supervisors report to the Assistant Manager (Operations) who reports to the Manager (Operations).

The proportions of employees at the four levels of hierarchy in operation at NICCL are something like the following:

- For every 15-20 calling agents, there is one FI,

- For every 3 FIs there is one Team Leader and
- For every 3 TLs there is one Supervisor.

The Technical department takes care of the technical aspects of the company including the management of the infrastructure, the calling processes, the network security and the databases.

Finance is handled by Chartered Accountants and others who do the accounting and financial analysis, budgeting, financial planning and taxation functions of the company.

The Human Resource department is run by HR Manager, under the direction of SK. This department looks after:

- Management of Personnel, their compensation, and other conditions of work
- Recruitment
- Training
- Performance appraisal and improvement

Training at NICCL is focused on agents, and is mostly done in-house. New agents inducted into the company are trained according to the requirements of the process they are hired for. For example, the ACL inbound process requires a 23 day induction program. There are five regular trainers in NICCL. To get more trainers, the company often looks within. An Internal Job Placement notice is circulated. Contenders first make presentations to NICCL, and are then evaluated by the client, say the Performance Management Group of ACL.

It was facetiously quoted by someone in the HR department that *'We are the wives (!) of the family. All the money that the husbands earn from operations - callings, different business processes and so much of hard work - we spend it on training, recruitment, welfare of the employees and the like. But still, it is all in a positive spirit and for welfare of the organization as a whole.'*

Decision Making

The company is governed by a board headed by a chairman (RK), Vice Chairman (SK), and three other Directors. RK, the Chairman of NICCL, is the overall head of the company. Four other directors include daughter Saloni (SK) who heads Corporate Affairs and is also Vice Chairman, Director (Finance), Director (HR), and SK's married sister who is notionally head of the "international office" at New Zealand.

During its early days with Turmeric, NICCL was a small business, run single-handedly by RK. With growth, Saloni (SK) acquired an almost total hold over the Chandigarh centre. Though major decisions are taken jointly by RK and SK, the Chandigarh operations are handled mostly by SK, who is in constant telephonic touch with supervisors.

Noida and Jaipur operations are looked after by center-managers. Routine decisions like granting leave, employing new calling agents, their training and examination, contacting clients for a particular process are taken care of by the center-managers. Financial and strategic decisions -- like incrementing salaries, giving bonuses, introducing new policies – are taken only by the Kapoors. RK pays frequent visits to these offices to supervise operations, or is in continuous telephonic contact.

Activities for a New Contract

When a BPO signs-up a **Process**, viz. , a new contract for a client, it has to do the following activities – Planning, Implementation, and Control.

Planning:

This refers to the planning of a new process, its requirements, infrastructure, manpower, and finance. It includes the following.

Script and Delivery: This is the actual operation, in both inbound and outbound calls. Each call has an *Opening of Script* when the call begins and *Closing of Script* when the call ends. The entire transaction is recorded by the call center, for evaluation of agent and for training.

Training

Customer Care and Sales Training: For every new process or agent, technical training has to be provided – about the script and its technology. Sales training, given for outbound calls, is about interacting with the customer to introduce new schemes, sell goods or obtain feedback.

Soft skills and behavioral training: Soft skills and behavioral training refers to improving the communication skills of the agent, preparing them to talk fluently in the relevant language, talking politely to the customer, being patient and tolerant with them, and so on.

Implementation:

Mock Calling: Mock calling refers to the calls made by the agent inside the center, so as to test them on their skill and to make them comfortable with the whole process.

Customer Feedback: The call-center must compile customer satisfaction data – on answers they got, on agent’s behavior, on efficiency of agent, quality of answer etc.

Test Audits: These are designed to assess agent’s performance. The audit contains the time they were on their systems, number of calls they took or made, how they handled the calls, customer’s response etc.

Agent Performance Review: The performance of agent must be reviewed by HR manager along parameters like the feedback of Floor In charge, Team Leader, Supervisor, customer, and sometimes Team members.

Control:

Updating Script and Delivery: Whenever a new development takes place or an unusual question is raised by the customer, or any growth happens, the script is updated accordingly and so is the delivery process.

Performance Check: The various parameters of agent performance mentioned above as well as overall process parameters like work flow management, productivity, and achieving service goals are determined.

Auditing of Agents

Auditing is done in NICCL as an evaluation of the employee, the financial system, the process, and the entire project. Auditing the agents is most critical.

Internal Audit

NICCL has internal auditors (1 for 30 agents) for each process. The auditors have one-to-one interaction sessions with the employees where they discuss the employee’s performance, career chart, and feedback regarding the process and the organization.

Auditors are also needed to keep a check on the activities of the calls made by the agents. Quality Audit Feedback Reports are filled in to file details of work, concerns about agents, and activities of (a random subset of) the calling agents on a daily basis (**see Exhibit 2**).

The two types of internal audit- Quality Audit Feedback Report (**Exhibit 2**) and Audit Daily Work Record (**Exhibit 3**) are separate. One is a daily process, the other monthly. Daily audit is submitted to and examined by the Team Leader or Floor In charge of calling agent, to check their daily performance about the calls made, received , queries solved , problems faced and so on. The Audit Daily Work Record is compiled and submitted to the top management to review performance and give incentives if any.

For further control the agents are required to record their (a) log-in / log-out, idle time, and terminal time, (b) their break time, etcetera.

Client-certified Auditors

Client-audit for manpower is performed by certified auditors, who have to clear specific internal examinations and tests, before becoming an auditor. These tests consist of a written test, followed by an interview and examination. These auditors are not direct employees of NICCL; they are assigned by the client company (like ACL or Sisodia) whose process is being handled by NICCL.

The auditors test the performance of agents, primarily by using *voice loggers*, which record all the conversation between the agent and customer 24/7. These voice loggers begin with opening of script. The auditor checks for the following-- handling the call well, being polite and empathetic to customer, providing entire knowledge or detail requested by customer, and cordially closing the script. The voice loggers are confidential to the client. Besides, auditors may also drop in at the center for surprise check.

In case of unsatisfactory performance in NICCL, the agent is verbally reprimanded. After three such occasions, the person is given a written warning. If such a warning fails to have effect, another written warning and a monetary penalty are given. If the agent fails to respond to three written warnings, the employment is terminated.

Performance Appraisal

Performance appraisal of employees in NICCL takes place annually or as the need arises. It is the HR department that handles this. Agents for *Inbound call service* are assessed by the Call Quality (CQ), Call Audit (CA), the number of interactions from the customers and at times, the customer feedback. *Outbound call service* agents are assessed by the number of sales made, the quality of sales, targets achieved in a set period of time, and the regularity to work. The agent's floor in charge (FI) and supervisor are also asked to comment on the agent's performance. An annual increment is given if the appraisal is satisfactory.

Rewards and Morale at NICCL

SK is happy with the low level of attrition (3%) among agents. She also believes that a Certificate of Appreciation (**Exhibit 4**) given to select employees is important for motivating them. Besides, there are a number of cash awards. There is a monthly award for the Best Floor In charge, and the Best Calling Agent. This is on the basis of number of hours worked, the amount of output delivered, the attendance and regularity, targets achieved and the camaraderie shared with others. HR personnel observe employees and decide on the basis of data.

Another important reward is promotion. NICCL frequently utilizes the method of Internal Job Placement (IJP). These give opportunities for growth, so that employees can gain exposure in all fields laterally, and gradually vertically. Internal job placement is also sought after by agents, because it gives the opportunity to interact with more clients from wider geographical locations and to experience more than one telecom client.

SK, who is barely 27, says that she believes in the 'Work hard, Party Harder' culture and encourages the same for employees. She enforces a dress code – formals on Monday to Thursday, casuals on Friday to Sunday. Every Saturday, the centre organizes 'fun activities' like antakshri, dumb charades, interactive games, informal talks with the seniors in the organization, celebrate birthday parties of employees and also have Best Dressed competitions every weekend.

One employee, in an interview however, pointed to 'politics' inside the company –which leads to promotion of less deserving person. This employee also felt aggrieved by some outsider being hired for a senior position instead of promoting internally. This, according to the employee, "is the major reason why employees leave NICCL."

Attrition and Recruitment

According to SK, the conditions in the market are governed by external factors like opening up of new, bigger BPOs or the existing ones getting affiliated to some multinational that offers a higher package, or creates a cosmopolitan environment or has a bigger name. People are attracted to those names, and move together, leaving a void in the center.

NICCL often takes in students doing part time jobs or working in vacations; they work temporarily and once the institutions re-opens, they all leave , and cause a severe shortage.

SK was bitter when she said *'some of the employees consider this place as a hotel. They come here, spend some time, we invest in them for their training, they dine and have fun and then in some time they are gone'*.

Then what do you do when such a situation arises? To this question from one of the case writers, SK very candidly comments *"It's a dog-eat-dog world and we have to move on. We must compete and come out as the best. One of the strategies that we adopt is 'poaching.' Just like the other call center comes and picks up our employees, we have to do the same. One employee goes to the other company, drops in a word about the attractive options available at NICCL, like a better salary, cordial work environment, flexible timings etc. The word spreads and then it makes a difference to our employee population.*

Comparison with Bigger BPOs and International Brand Names

"A very obvious question in the fast changing call-center environment is," asked a case writer, "When BPOs like Dell, Infosys, Quark, Tech Mahindra etc are present in Chandigarh, is it not tough to survive? Aren't your competitors having quite an edge over you? Don't you think that your trained calling agents will be eager to shift to these places?"

SK retorted with an emphatic No. "We have a kind of family environment, and the personal attention each employee gets here, which is just not possible in a large BPO." The ambience is cordial and people work, as if living in one big family. That, according to her, is the advantage of a family-run business. She attributes this to the "family atmosphere" that she believes NICCL has. Almost all agents are known to her by name.

The whole process of working is transparent here, political issues amongst employees do not really creep in (Could it be?), there is justice and fairness for all employees at all levels. Also, it matches the salaries offered to agents at the big brand centers. In fact, NICCL gives them special bonuses on diwali, new years, on their birthdays etc. This 'personal touch' is missing in the huge BPOs.

However, when a calling agent Manoj, who was on the verge of moving to Dotell**, was separately interviewed about this issue, he said that it's only the brand name that makes all the difference. Dotell is well known all over the world for its work culture, its environment and its projects, where as NICCL is just known in Chandigarh and around. The bigger international BPOs offer their employees an opportunity to work in a cosmopolitan environment, to interact with customers mostly abroad and have a platform where one can professionally grow very fast.

The calling agent, commented that he wanted to be trained by trainers of international repute who could teach him more than what he learnt here, he wanted a place where he could improve his personality and command on the languages, get the exposure of an MNC and the ways of the Americans or the British. His point was that if the salary offered, technology used is both the same at these places, then why not opt for the bigger and famous one. Regarding the issue of being in a family environment, he commented that he has one family at home, which is great for him. He is out here to work and does not need any 'so-called family atmosphere'.

RK's Dilemma

RK did not know what to do. They had put all their heart into getting this offer from Sisodia. He was confident that the new vendors that have come up in Delhi could put up the center within the deadline. It was the vast requirement of agents that worried him. How will he get and train such a large number? There was very limited in-house capability. His other worry was that a stricter audit could be a problem for his agents, because they may not be too highly trained and filtered. On the other hand, if the large contract was dropped, he would not know what to do with the upcoming 1000 seats center!

What does it Cost

Estimates, in 2007-08, indicate prices for floor space to be Rs. 3000 per sqft in both Chandigarh and Jaipur, while it was Rs. 5000 in Noida. Other capital costs, including hardware, software, furniture & fixture, networking and communication equipment (all based on a high-end software venture) amount to Rs. Two lakhs per seat for a 250 seat floor.

To Sisodia or Not?

With this background, it was perhaps reasonable, thought SK before the (Final) meeting, that they should take up Sisodia's offer. As they all filed in to assemble, however, the HR manager Ms. Sharma whispered to SK that Manoj, their star agent at Chandigarh, had sent in his resignation.

"What is going on Rekha?" asked an annoyed RK. How do we hope to grow if agents keep leaving? Are we not paying them enough? Could you not make him Floor Incharge?

SK intervened to say that Manoj perhaps had a tiff with an auditor, because he was performing much faster than anybody could imagine. The auditor even suspected that Manoj was manipulating the customer with false information.

Meanwhile, as the meeting started, RK began with another disclosure. India's major IT company Jamshed Software had, rather unexpectedly, entered the domestic call-center business, and had grabbed the all India customer care service for European Phone, which took over 15 circles of Cottonea Telecom earlier.

The Finance manager, Ramesh was more prepared than last time. He used some numbers from his calculation to suggest, "We can use the existing center at Noida for an additional 300 seats that we require." To which Rekha countered, "Rameshji, we have hardly 22,000 sq ft, wall to wall. Will it not be too cramped?"

"Why not acquire some floor near our Jaipur center," asked RK. Ramesh replied that, "We can look at that, or even take it on rent. Current monthly rentals are around Rs. 6.50 per sqft in Jaipur and 8.70 in some parts of Noida."

SK was more pensive. "We might have to look at long term implications", she said. "We are already committed to the space in Mohali, and the large space (to come up in due course) at Noida. If the export players move into domestic market, we may be in trouble."

"But, we have the experience of domestic business. We have always been very efficient. Can we not capitalise on that?" said the Chairman. "Also, is it necessary to look like an international company?"

Questions

1. Should NICCL take up the offer of Sisodia? What are the pros and cons of having few customers? And of various capacity enhancement options?
2. Analyze the strengths, weaknesses, opportunities, and threats of NICCL, and suggest suitable strategy for the firm
3. What HR policies – of recruitment, training, and performance appraisal – should NICCL have?
4. Suggest appropriate controls that will be congruent with strategy and policies of NICCL.

Exhibit 1
Organization Structure
 Northern India Call Center Ltd

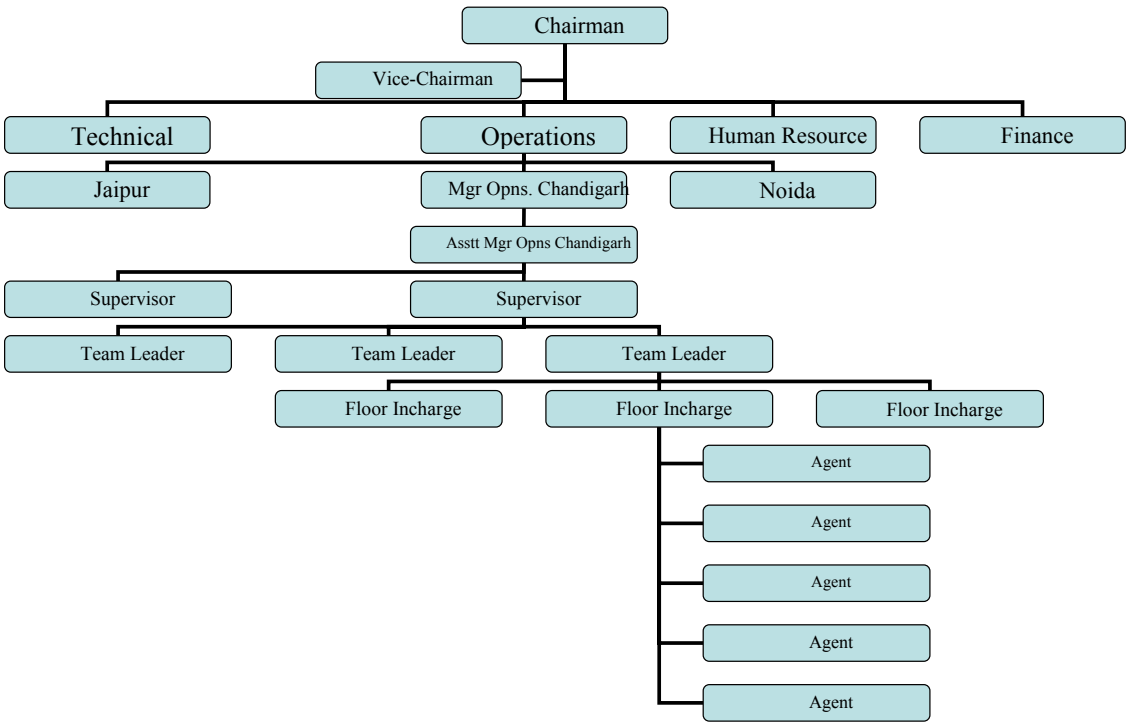


Exhibit 3

63
63

#####	89%	93%	93%	93%	93%	#####	93%		#DIV/0!	#####	#DIV/0!	#### #		#DIV/0!
0	17	12	17	9	0	14	69	#DIV/0!	0	0	0	0	0	#DIV/0!

	1-Jun	2-Jun	3-Jun	4-Jun	5-Jun	6-Jun	7-Jun	COUNT OF 1st Week	AVGE OF 1st WEEK	8-Jun	15- Jun	COUNT OF 2nd WEEK	AVGE OF 2nd WEEK
FI	Sarika	Sarika	Sarika	Sarika	Sarika	Sarika	Sarika			Naresh Sarika			
Gupta		92%	96%	100 %			89%		94%			0	#DIV/0!
Joshi		100 %		100 %	100%		86%		97%			0	#DIV/0!
Singh		70%	90%	86%			85%		83%			0	#DIV/0!
Gupta		87%		100 %			90%		92%			0	#DIV/0!
Joshi		79%	94%	94%					89%			0	#DIV/0!
Singh		92%	85%	100 %	96%		100 %		95%			0	#DIV/0!
Gupta									#DIV/0!			0	#DIV/0!
Singh		80%		100 %			95%		92%			0	#DIV/0!
Gupta		86%							86%			0	#DIV/0!
Joshi		81%	100 %	89%	90%		100 %		92%			0	#DIV/0!

Northern India Call Center Ltd.

Certificate of Appreciation

This certificate is awarded to

Mr. / Ms.

Designation.....

Employee Code.....

In Recognition of

Date: _____

Executive Director
(Corporate Affairs)

HR / Operations

APPENDIX

The Call Center Industry

The Call Center industry is part of the worldwide phenomenon of business process outsourcing. India is one of the most prominent suppliers of this service. The global outsourcing industry is estimated to be worth US\$ 233 bn in 2006¹. According to a report² based on a study by Dataquest, the domestic call-center industry in India did business worth Rs. 6200 Crore in 2006-07, and is expected to grow 65% in 2007-08, compared to 42% in the previous year. The study also estimates the following break-up of the business for 2006-07:

Captive call-centers -----	Rs. 3598 Cr
Third Party vendors -----	<u>1602 Cr</u>
	6200 Cr

Of the third party vendors, the study estimated the revenues of 'organized' players at 1097 Cr and the 'unorganized' ones at 505 Cr. In this, the companies that employed more than 200 people were classified as 'organized'. Parallel estimates by IDC, for the domestic ITeS sector in India, are 6650 Cr for 2006 and 11970 Cr for 2007.³ The study also forecast a growth of 19.7% CAGR during next four years, versus 17.4% for India's IT/ITes export market.

The Dataquest study gives the following estimate of employment in India's domestic outsourcing, as of December 2007:

Captive call-centers -----	130,000 agents
Third Party vendors -----	<u>150,000 agents</u>
	280,000 agents

Remuneration for call-center agents in India varies widely across locations. Following table gives some ball-park figures for agents' monthly remuneration (in Rs.), in 2006, for both fresh as well as experienced ones⁴:

	<u>Fresh Agents</u>	<u>Experienced Agents</u>	<u>Supervisors</u>
Mumbai	8000-15000	10000 – 15000	17000
Bangalore		5500 - 14500	
-small center	5000–7000		
-big-name firm	8000-12000		
Kolkata (small center)	4500	8500	8500

- 1 The Outsourcing Upstarts, Rachael King, The Business Week, July 31, 2007
- 2 Domestic call center revenues to exceed Rs 8500 cr in FY-08, 12 Feb, 2008, 1602 hrs IST, Indiatimes News Network
- 3 <http://bpo-service.blogspot.com/2008/01/bpos-talk-local-for-expansion.html>
- 4 <http://www.ecommercetimes.com/story/43967.html?welcome=1205508457>

Teaching Note
for Case

Northern India Call Center Ltd.

Synopsis

This Case is about a Call-Center firm, NICCL, a medium sized enterprise started by an entrepreneur in Chandigarh. It is almost entirely in the domestic Telecom contact service domain, operating inbound and outbound calls in Punjab-Haryana-Chandigarh-& part Rajasthan. One main customer of the company is ACL, a major telecom service provider. By 2007, the firm had grown to three centers, at Chandigarh, Jaipur and Noida. It now has an opportunity for further growth. A new client in telecom has offered to buy customer support service from NICCL for entire North India. The firm needs to reassess its strategy in view of its internal and external context. It has to consider perceptions that clients and agents have about NICCL-type firms versus large or mnc players. Though the sector has a high rate of growth, it is constrained by lack of trained agents and by their attrition. Its market is getting more competitive because with the appreciation of Rupee, some large players in software export have begun to enter domestic customer-service. The company has a choice of expanding at any of the cities. It can also choose between buying or renting fresh floor-space versus adding seats to existing space. The company can also take a fresh look at its methods of operational control and its HR policy.

Research behind the case

Research for this case was done mainly through field study in Chandigarh, along with other data collected through desk research. The first author traveled to Chandigarh for interviewing various persons related to the case. The second author, who lives in Chandigarh, is personally close to the owners and was able to get plenty of interview hours. Both authors together put in around ninety hours of field interviewing.

Suggested Courses

The Case can be used in the following situations:

- Strategic Management (MBA Level)
- Services Management (“)
- IT Enabled Business (“)

Questions and Discussion:

1. Should NICCL take up the offer of Sisodia? What are the pros and cons of having few customers? And of various capacity enhancement options?

NICCL is dependent completely on ACL. Having few customers is a 'dependent' situation; changes in fortunes of ACL or attitude of its decision makers can be risky. On the other hand, the company can specialize and be extremely efficient by having few customers. If it has another large customer, the company will balance some risk, without losing efficiency (even increasing efficiency by more elaborate audit), and will open further avenues of growth.

Wide variety of dialects that agents will encounter from Sisodia customers can be dealt with by recruiting immigrants from Bihar, Eastern UP, and Rajasthan, that through the other Northern states anyway.

The requirement of 500 agents may relate to around 210 agents (for 70 seats) of inbound and 220 agents and seats for outbound, that is, around 300 seats, assuming 15% absenteeism. The company can expand to new facilities in Jaipur or Noida. Existing space per seat at Noida is $22000/400=55$ Sq ft. Adding 300 seats would reduce it to 30 Sq ft per seat!

Acquiring more space ($300@50$ Sq ft = 15000 Sq ft) would cost an annual Rental of Rs. 15.7 Lakhs in Noida, and 11.7 Lakhs in Jaipur. Outright purchase of this floor space could cost a further investment of Rs. $15000@5000 = 7.5$ Cr in Noida or $15000@3000 = 4.5$ Cr in Jaipur.

Center at either place may consolidate entire process, and move small processes to other rented space.

2. Analyze the strengths, weaknesses, opportunities, and threats of NICCL, and suggest suitable strategy for the firm

Having a service level of over 95% indicates tremendous *efficiency*, and therefore a distinct strength of NICCL. In this sector, the availability of human resource at reasonable cost is a key success factor. Agent remuneration (given in Appendix) is much lower at newer locations of the industry than at Bangalore/Mumbai. Chandigarh or Jaipur

give a distinct *cost advantage*. So NICCL is at an advantage. Trained persons are however difficult to get, due to the lack of sufficient critical mass.

The company has also three other strengths. Being an entrepreneurial firm, it is more *flexible* in its client response, its managers are more *proactive* in keeping in touch with customers, and they are *hyperactive* in going beyond what others can do to achieve business. Yet, such entrepreneurial firms do not get 'top preference' in the minds of decision makers and calling agents, because they are not large or mnc.

The domestic call-center business is also beginning to get more competitive. Large software exporters, faced with recession in US and strengthening of US Dollar, have begun to enter the domestic BPO business. As there are hardly any barriers to entry, the large Indian IT players can 'walk all over' firms like NICCL.

Evident opportunities for this company are due to the growth of Telecom, BFSI, and Retail sectors, especially for customers that are not proficient in English. Plus, the young manpower is educating at a furious pace through Sarva Shiksha Abhiyaan. Due to the employment gap in less developed parts of north India, the young population with class X or XII education migrates in large numbers, and is available for domestic (Hindi dialects and Punjabi) call centers in Noida and Punjab at Rs. 4000 – 5000 per month.

For NICCL, the Hindi-Punjabi call-center niche is an ideal combination. The firm has the training skill in this field, and a very efficient low-cost operation. This is also the segment where large IT-export firms will not have the inclination or ability to establish themselves. Sisodia's deal is part of this niche, and offers an opportunity to the company to emerge as a large BPO.

3. What HR policies – of recruitment, training, and performance appraisal – should NICCL have?

A key determinant of success is the availability, cost, and loyalty of calling agents. As per Appendix, the lowest level agent costs least in the smaller city. For continuing loyalty, and to have low attrition, the company must seek the right kind of people and give the right incentive. Graduates are not only expensive, they look for greener pastures. For the kind of market segment NICCL is focused on, a class X / XII person is optimal. The company must seek Non-upwardly-mobile persons that do not aspire for graduation or jobs in large or MNC call-centers. NICCL must recruit this kind of person.

Training is critical for this agent. Due to young age, the agents are likely to require substantial guidance, through performance appraisal. SK's existing approach, to provide 'fun' environment is appropriate for the enterprise.

4. Suggest appropriate controls that will be congruent with strategy and policies.

Existing controls on the agent are in tune with the assumption that he/she is 'under the trust' of the owners of the enterprise. The concept of 'family' is utilized. This is appropriate to the type of background they come from. It is even more suitable for the migrant population that NICCL's future strategy leans on.

A threat that the company could face is that of industrial relations problem. Though HR policy will ensure low attrition, it can also lead to feeling of stagnation. The company must make policies that ensure growth of agents without leading to attrition. Some of this may be done by finding new verticals to cater to, and starting new value-added services that can absorb some of the mobility.

Suggested Discussion (Teaching) Plan

1. Why more Customers, relevance of Sisodia offer -----10 mins
2. Capacity enhancement and costs ----- 10 mins
3. SWOT ----- 30 mins
4. HR policy ----- 15 mins
5. Control ----- 15 mins
6. Summarizing ----- 10 mins

References

- A Kazmi, Business Policy and Strategic Management, TMG, New Delhi, 2002 (chapter on Organizational Appraisal)
- A A Thompson, A J Strickland, J E Gaamble, and A K Jain, Crafting & Executing Strategy, New Delhi, TMG, 2006. (chapter on Analyzing a Company's Resources and Competitive Position)
- J A Maciariello and C J Kirby, Management Control Systems, New Delhi, PHI, 2000