



The China Call Centre Industry

A whitepaper on the positive and negative aspects



Customer Touchpoint Consulting

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Dated: **Tuesday, 22nd February 2005**

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1 Document detail

1.1 Purpose

The purpose of this whitepaper is to discuss the call centre industry in China with respect to both the projected growth opportunities and the issues associated with that growth. This whitepaper is intended to act as a general information source for those either considering locating a call centre in China or for those considering supplying their goods and services to the China call centre market.

This whitepaper is by no means exhaustive and seeks act as a guide only.

1.2 Level of granularity

This report aims to be as succinct as possible and provide a brief overview of the subject. It is anticipated that the target audience will have a working knowledge of the general global call centre industry without need for further explanation.

1.3 References

The following references documents were used in the preparation of this whitepaper.

- 2003 Asian Call Centre Industry Benchmark Study – ACA Research
- China CRM Solution Guide 2003 – GreaterChina CRM
- China CRM Solution Guide 2004 – GreaterChina CRM
- Asian Wall Street Journal
- Sunday Morning Post (Hong Kong)

1.4 Statement of impartiality

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1.5 Document control

Version	Date	Comment	Editor
Version 1.0	31 Jan 05	Initial Draft	Simon Kriss
Version 2.0	14 Feb 05	Updates and minor changes	Various
Version 3.0	22 Feb 05	Final Review	Simon Kriss

2 Introduction

2.1 Pre-amble

The mention of China instantly invokes imagery of old world charm and exotic foods with mystical herbs and fireworks lit night skies in most people. However the new China is more likely to be visualised as a leading business hub built on one of the largest consumer marketplaces in the world.

Call centres do not normally spring to mind when China is mentioned (compared to the recent change in view on countries such as India).

There has been so much talk of late about the “Sleeping Dragon Awakening” but what does this really mean to our industry? Will the awakening be a blessing? A curse? Is there really opportunity for call centres in China or has the proverbial ship already left the port?

The basis of this whitepaper is to discuss, in general terms, some of the factors driving the enormous growth prospects for the China call centre industry, and also some of the rapidly approaching problems with this unprecedented growth.

2.2 The China call centre market

As you will discover later in this whitepaper, the China call centre industry is set to, at a minimum, double on size over the next three to five years. The need for some 150,000 to 300,000 new call centre seats will see a dramatic change in the landscape of an industry already bursting at the seams.

Domestic demand will be the mainstay or core of the China call centre industry, accounting for an estimated 95% of all call centre seats. Other markets which will be serviced will include Hong Kong/Macau and, to a lesser degree, Taiwan. The Japanese market will also be serviced from the Dalian region where a high number of Japanese nationals reside (post-war carry through).

2.3 China versus India/Philippines

The China call centre market will be very different to the highly publicised India and Philippines phenomenon, but no less powerful. In India and the Philippines the outsourcers form a large portion of the industry and are very vocal in attracting off-shore (mostly English language driven) work.

Although there is a core of the call centre industry involved with servicing domestic demand in these countries, several outsource providers have (I believe) driven much media hype around the number of companies who are, in reality, going offshore.

China will not follow this trail for the main, and while some small pockets of this offshore style of activity will occur the largest portion of China call centres will predominately be servicing domestic demand for the Greater China area. The primary offshore work will be Hong Kong based companies looking for a lower cost profile in southern China (in particular Shenzhen, Guangzhou, Foshan, etc). This will produce a similar model to Malaysia (this is a view of them currently – because Malaysia is about to change dramatically too) where several Singaporean companies have pushed their call centre over the boarder (to Johor Bahru) to drive out cost.

This domestic focus will mean that the call centre industry in China will not be as ‘fickle’ and price orientated as India and the Philippines. Right now some outsourced centres in India and the Philippines are experiencing problems with offshore clients paying bills on time, and in some cases at all. This will not be the case in China as domestic law will apply making clients readily liable for debt.

3 The case for growth

3.1 The anecdotal evidence

From an anecdotal stand point, I am personally witnessing the number of in-house call centres in China expanding rapidly right now. Although the China industry is far from 'boiling over' it is certainly stirring and gaining momentum. By way of example, a large multi-national (who has several call centres across the region) has a small 50 seat China centre now, has business plans to expand that to 2000 seats across the next 48 months! A near impossible task, even in more mature markets such as Australia or the USA.

Other anecdotal evidence includes the number of call centre conferences and symposiums that are springing up right across China. I personally am involved in 4 different conferences (in Greater China alone) within the first quarter of 2005.

3.2 The WTO agreement

The signing of the World Trade Organisation (WTO) agreement has forced, and continues to force, the opening and deregulation of key driving markets.

In particular, the partial deregulation of the telco market has seen massive mobile phone market growth. The growth is so strong that China Telecom (the dominant provider) reported a staggering 38.2 million new subscribers in the year 2004 alone. This brings their total subscriber base to 204 million¹. China Telecom, whilst the largest of the providers is only one of the many networks to choose.

Mobile phones have created a potentially untapped new telemarketing database (with the absence of anti-telemarketing law) of over 200 million contacts which continues to expand at a rate in excess of 3 million customers per month.

The mobile market is not the only growth in telephony. The China Asset Information Department has estimated that at the end of 2003 there were more than 255 million households with fixed line telephones.

The WTO agreement is not only effecting the telco industry. The finance industry (particularly Insurance) is also feeling the effects. The Chinese Government has allowed foreign insurers to operate anywhere in the country and foreign insurance brokers can now own a controlling interest (maximum 51%) in joint ventures. An enormous population with virtually no insurance coverage provides a very large motivator!

3.3 The Beijing Olympics

Another obvious driving factor is the Beijing 2008 Olympic Games. It does not take an Oxford scholar to realise the incredible impact that these games will have on the economy at large and in particular on certain industry segments, especially transport and tourism/hospitality based businesses.

The Olympics alone will cause a frenzy of call centres to handle items such as: Ticketing; Stake holder management; Athlete management; Transport; General security; Accommodation and more.

The Beijing Olympics will also have a 'follow on' effect to the larger call centre market. With more people employed around Olympic related activities the need for banking, retail, homewares, etc will continue to escalate exponentially. The impact to telcos alone will be nothing short of frightening.

¹ Quoted by the Asian Wall Street Journal in January 2005

3.4 A country on the move

China is experiencing monumental change at its deepest roots level. There is a physical relocation trend, leaving the farming backbone of yesteryear and pushing into the major cities. Many China cities are literally bursting at the seams and infrastructure is being tested to breaking point.

The core of China's economy is changing too. Writes Ginny Parker (reporter for the Asian Wall Street Journal) "...The changes reflect China's move from a manufacturing base to a market of increasingly sophisticated consumers"². This shift will have a dramatic impact on the call centre industry.

The same article goes on to explain that in 1996 the average annual expenditure for people living in urban areas was 3,919 Yuan and that this has steadily increased to 6,511 Yuan in 2003. This represents almost double the average annual expenditure! The net result is China rapidly becoming one of the world's largest consumer driven economies.

3.5 China's part in the BRIC

Some 18 months ago, the well respected Goldman Sachs produced a report on the economic prospects of Brazil, Russia, India and China. They gave this unique group the name of BRIC. The report pointed out that if the assumptions were correct, China would become the world's largest economy by 2050, passing even the USA. Goldman Sachs went on to predict that the Chinese economy will overtake Britain in 2005, in terms of its total GDP.³

Given an income of US\$3,000 per year as the entry point to "middle class", it is calculated that in another 10 years there will be about 800 million people in the four BRIC economies who pass that threshold. Interestingly there are already approximately 150 million of them in China. It is estimated that in 20 years there will be more cars in China than in the USA, nearly 200 million of them!

It is worth noting that over 40 percent of the incremental growth the entire world is currently experiencing is generated by the four BRIC economies.

3.6 The impact of new entrants

With numerous reports spelling out the actualisation that Asia will represent 33% of the entire world's GDP by the end of 2005, there are many USA and European companies wanting a piece of the 1.3 billion strong Chinese market. For most of these companies there are normally only two major constraints to new market entry: Product and Price.

However in China off-shore companies cannot possibly hope to compete on either front! Any product put into the China market is likely to have a 'copy' to compete with within weeks. Of course, this means that the price for the copy will be far below the original product.

The question then is: How do companies compete and break the strong bonds of the parochial Chinese market? Through Service. China markets will be won or lost in a service based battle not a price-orientated battle.

² Asian Wall Street Journal – November 19, 2004

³ Sunday Morning Post – January 30, 2005

If companies look at the cost per transaction or cost per sale of a product in Europe and then in China, they will find the 'cost per' in China is multiple times higher. However, the sheer mass of the potential market still makes business in China an extremely viable proposition. This 'over-servicing' (by global standards) will be driven towards lower cost channels. Given the relatively low penetration of the internet in the general Chinese community and the high propensity toward phones, call centres will rapidly become the primary Service (and in many cases Sales) channel.

The proliferation of off-shore companies coming to China and offering over-servicing to attract customers will, in turn, have a direct impact on the call centres and customer service levels of existing domestic and international players. Many of these companies will need to rapidly expand their service offerings and capabilities.

For instance if "All American Bank" comes to China and starts to over-serve to attract customers, many of the long term existing customers of "Greater China Bank" are going to look at their current bank and demand a similar level of service to what they can experience with "All American". Humans the whole world over are naturally gravitated towards higher levels of service as it appeals to their most basic desire for Esteem (as documented in Maslow's Hierarchy of Needs).

So, new entrants to the China market are going to drive increases in the call centre industry themselves and in their competitors. Existing China call centres are no longer competing with themselves; they are now competing on the global stage.

4 The magnitude of growth

In an article entitled 'Summary of the Chinese Call Centre Market for 2003' author Dai Jun summarises that it is mostly large-scale enterprises (telcos, airlines, finance, banking, etc) that have their own call centres. Jun goes on to explain that "...there are approximately 10 million SME businesses in China but they are almost blank in the call centre sector, therefore the market prospects are considerable".

The question for most people hinges on the magnitude of those 'considerable prospects'.

4.1 The growth calculation

According to the 2003 Asian Call Centre Industry Benchmark Study the number of call centre seats in the following countries existed as at June 2003:

- China: 38,000 seats
- Hong Kong: 10,000 seats
- Singapore: 10,000 seats
- Australia: 141,000 seats

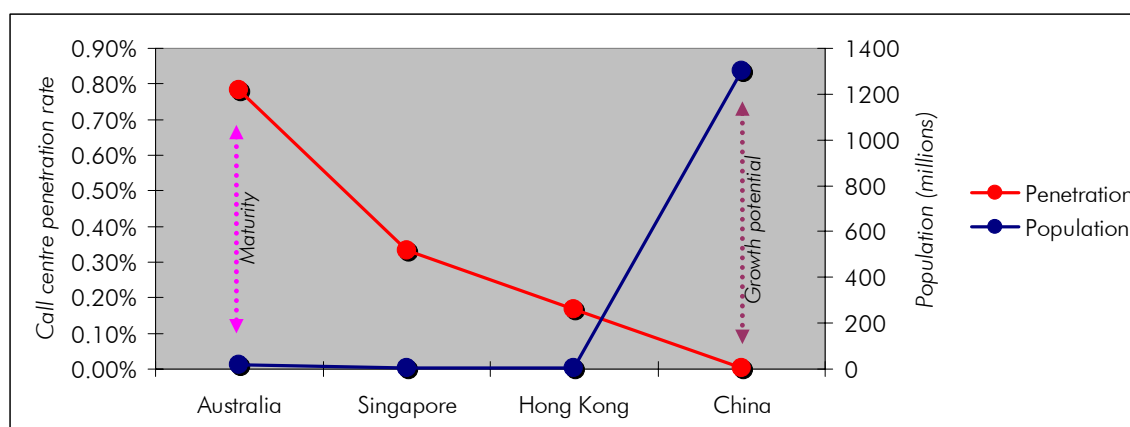
Comparatively the total population of each country is approximately:

- China: 1,300,000,000 people
- Hong Kong: 6,000,000 people
- Singapore: 3,000,000 people
- Australia: 18,000,000 people

The figures (when divided) show a seat per population current penetration rate of:

- China: 0.003%
- Hong Kong: 0.167%
- Singapore: 0.333%
- Australia: 0.783%

To help better grasp the enormity of these numbers the data is presented below in a graphical format.



4.2 Interpretation

From the above data we can see the maturity of the various markets⁴. The differential between the Australian and Singaporean rates shows a 235% difference in penetration, similarly the differential between Singapore and Hong Kong is a 200% difference. This can be partially explained across differences in population and market maturity. However, in a distinctly negative exponential drop the Hong Kong penetration is some 5000% that of the China penetration. This indicates an extreme market immaturity in China.

Obviously the difference in the general Australian market and all-up living standards are vastly different from China, although there is some similarity in the geographical disbursement of the population. The Singaporean experience could be discounted on the basis of it being such a highly concentrated and consumer driven economy with no rural inefficiency.

China's closest market conditions are that of Hong Kong. Accordingly, in the interests of conservatism, if we merely overlay the Hong Kong penetration rate on the China population as an indicator of where the China call centre market is headed, the 0.167% penetration estimates that China will have some 2,166,667 seats! This is a far cry from the current ACA Research estimates of 38,000 in place.

If we further discount the numbers due to the high rural (and often low socio-economic) population in China and utilise just 20% of the above figure this still represents a requirement for 395,333 call centre seats across the next five years (or so). This is a factor of ten times (yes, ten times) the current number of seats.

4.3 Competitive and contradictory figures

One of the problems with the dimensions and maturity of the China market is that accurate data is difficult to validate. Much data is held at a provincial (regional) level and therefore not centrally reported. The ACA Research quoted above is based upon a sample of just 100 respondents (collectively responsible for 366 call centres).

In an article written in April 2003 (several months before the ACA research was released) for GreaterChina CRM, the author Mr James Zhou quotes several statistics from the China Centre for Information Industry Development (CCID).

The CCID figures quote a call centre industry of 98,000 seats at the end of 2001. This is a far cry from the 38,000 estimated by ACA research. Given the propensity of certain groups to over inflate positive aspects of China's economy, I would estimate that the true number lies somewhere in between. The CCID data quoted did not disclose how the calculation was formed.

The CCID figures also quote a call centre industry CAGR of 38% between 1998 and 2001. This figure would appear to be close to accurate for a developing economy the size of China. Accordingly, if we estimate the total number of call centre seats at the end of 2004 to be as high as 150,000⁵ we still have a short fall of almost 150,000 seats to reach a reasonable level of penetration per capita.

⁴ Anecdotal evidence would suggest that the USA would have a penetration well in excess of 1% and the UK would be higher again

⁵ CCID estimated that the total number of call centre seats would not reach 150,000 until the end of 2006

4.4 Summarising the numbers

Although there are varying data sets to estimate the total number of call centre seats in China it is obvious that by anybody's measure the call centre industry needs to at least double (at a bare minimum) in size over the next three to five years.

This dramatic increase in the industry will push the current resources to breaking point. Aside from the impact to the telcos and the general population at large, the industry itself will have to attract, recruit, train, develop and promote staff like never before.

5 Issues to be considered



I know that for many readers of this whitepaper the previous section only confirms their suspicions that the China call centre industry is their new found path to financial freedom and, like the treasure hunters of old, they are now planning the best way to attack this mountain of gold.

As with most expeditions in search of hidden treasure though there are several key obstacles to obtaining the end goal, some are more obvious than others but all have merit. The points listed below are listed in no particular order and should provide food for thought.

5.1 Chinese culture

The issues around cultural awareness in China go far beyond the often perceived focal points of language and how business cards are exchanged. There are numerous books written on the topic of the Chinese culture and the strong need for relationships of depth and substance. I would strongly recommend anyone wanting to do business in China becomes comfortable with the idiosyncrasies of the Chinese culture.

5.1.1 The Geert Hofstede model

In his ground breaking research Professor Geert Hofstede (psychologist) measured the Chinese people in relation his five Cultural Dimensions⁶. *In fact, Hofstede initially only developed four dimensions and then added a fifth Dimension after conducting an additional study with a survey instrument developed with Chinese employees and managers.* The fifth dimension, based on Confucian dynamism, was named Long-Term Orientation (LTO).

China ranked far higher than most other countries in this dimension with a score of 114. This dimension indicates a society's time perspective and an attitude of persevering: that is overcoming obstacles with time, if not with will and strength.

Time can often be a stumbling block for Western cultured organisations entering the China market. The time to get business deals done in China can be two or three times that of their Western counterparts. On many occasions the initial deal takes the longest allowing the Chinese client to feel as though a suitable 'courtship' time has expired and a mutually beneficial and sustainable relationship has (or can) been built. So, if your initial meeting with a Chinese company does not yield an immediate sale do not despair.

In a stark contradiction to the LTO Dimension, the Individualism (IDV) Dimension for China was scored at just 15 (Asian average is 24). Individualism focuses on the degree the society reinforces individual or collective achievement.

The abnormally low IDV score is shown through very close and committed member groups, be they family, work, sport teams, etc. Loyalty is a highly regarded trait in a society where relationships are strong, and is therefore of paramount importance to most Chinese people.

The 'collectivist' thinking of a culture such as China also tends to be extremely parochial, not easily changing suppliers as this may cause relationship breaks (eg: If all of my family shop at a certain store, then I too should shop there), however once the change a change is made this new relationship will enjoy the same loyalty.

⁶ From 1967 to 1973 Prof Geert Hofstede, whilst working for IBM, collected and analysed data from over 100,000 individuals in 50 countries to develop his Cultural Dimensions model

Given that Hofstede's research is now 20 years old many would say that the scores are outdated. Whilst in a sense this argument is true, the essence of what the Cultural Dimensions scores capture is as accurate today as it was in 1973. The importance of time and the recognition of strong relationships cannot be underestimated – ever. Parochial behaviour will prevail.

5.2 Government structure

The government structure in China can be at worst prohibitive and often highly restrictive for new businesses. The People's Republic of China (PRC) government is organised into two tiers. At the top is the central government based in Beijing. Directly below are the local governments of the provinces of Beijing, Shanghai, Tianjin and Chongqing and the governments of the special economic zones of Shenzhen, Shantou, Zhuhai, Xiamen and Hainan.

The PRC's legal system, administrative apparatus policy making and the government organisations charged with approving investment are roughly divided into three levels, namely, the central government, provincial or municipal government and county government levels.

The types of business open to foreign investors are circumscribed by central government policy and highly regulated, however in March 2002 a new Foreign Investment Industries Guidance Catalogue was released (to comply with commitments made in the signing of the WTO agreement).

As you can appreciate, local legal advice is mandatory. This whitepaper will not go into the tax structures in China, suffice to say that company and personal taxes are reasonably high by Asian standards and should be considered in any cost-benefit analysis.

5.3 Business licences

Unlike the USA and Australia, the issuance of a business licence in one China province does not automatically grant the rights to conducting business in other providences. Overseas entities wishing to operate call centres in China can easily get caught up in business licensing issues including the choice of opting for an equity joint venture, a wholly foreign owned entity or a cooperative joint venture!

Several of the leading global outsource firms already operating in China have done so through leveraging the business licence of their enabling client in an equity joint venture type arrangement. That is (using the same example as before) let us suppose that "Greater China Bank" has a business licence which includes the rights to operate a call centre, they could elect to commence a joint venture with "Acme Telemarketing" where the bank provides the call centre business licence and the telemarketing firm supply all of the equipment, staff, etc. This self-contained business can now also attract other telemarketing clients as well.

Several other local and global outsource providers are establishing completely stand alone outsourced call centres, however at this stage there are very few of these.

5.4 Telco duopoly

China's fixed line provision is currently based on a duopoly brought about by the WTO agreement. China Telecom divulged a business unit from within its own ranks to become an indirect competitor. The nine provinces were split between the two entities. Therefore the choice of telco to provide your fixed lines is regulated by which province your call centre is located in.

Although the telco market is expanding and becoming better with each passing day there are still issues around interconnectivity of toll free services nation-wide, etc. Similarly, getting multiple ISDN T1 connections into your building may prove to be very difficult (not to mention the time that this process can take). With the looming prospect of unprecedented growth in call centres the issue of ISDN availability will become an extreme concern in the not too distant future.

The Telco duopoly in China has not done all that much for the price competition landscape. Telco costs in China are still relatively high even against neighbours like Hong Kong. There is often a strong case for setting up many local answering points (servers) across China and then re-routing those calls using VoIP, or similar, to the centralised call centre. Several hotel chains, for instance, find it cheaper to simply port all calls out of China across data connections and answer the calls in Malaysia or similar.

5.5 Resource deficiency

As with any mass growth market, the issue of available resources becomes an issue. On the surface it would seem that a population of some 1.3 billion would produce more than enough candidates; however the availability of candidates with the required level of articulation, computer skills, language skills, etc is rapidly dwindling.

In a similar pattern to the UK, USA, Europe and Australia, the call centre industry in China has little to no profile as yet. Working in a call centre is not considered to be a career of any consequence and therefore many graduates, who could easily excel in the industry, are being discouraged from the roles by their highly influential parents and friends.

The distinct lack of trained resources will mean that China call centres will have a slightly higher cost profile for the next few years as all agents will have to be trained from scratch or 'lured' away from existing call centre positions. This 'agent luring' has already begun in some of the larger cities such as Guangzhou. Call Centre recruiters have been known to stand outside buildings housing existing call centres handing flyers about new jobs to staff as they exit the building for lunch. This type of activity will raise pay rates in the short term; however history shows that it is a very short term or opportunistic view without sustainability.

Centralised agent pre-training academies have been discussed and proposed in China but as yet none have officially launched. Much of this style of training would probably commence around the three major hubs of Beijing, Shanghai and Guangzhou.

The Ministry of Information Industries' call centre occupation standard directive committee has formulated a 'National Occupation Standard – Customer Information Service Personnel' however its use is more concentrated in Beijing and Shanghai and it is more so used as a base to the curriculum being developed by several training companies.

The committee is currently working with several institutions of higher learning and trying to introduce some call centre vocational education courses.

5.6 Single child policy

China still maintains a single child policy for most mainland couples to assist with population control. In many situations the child grows up in a house with two parents and two or four grandparents, depending on the situation. Therefore many young adults are used to being a little pampered and not spoken to harshly. When put inside a call centre environment, aggravated or obnoxious callers can quickly affect these people.

Similarly, parents who only have one child want the very best for their child and often discourage call centre work encouraging instead the more traditional careers like Engineer, Doctor, Lawyer, etc.

Companies wanting to set up and effectively run call centres in China, without an attrition rate greater than 80%, need to truly refine their recruitment strategies and then have very targeted and closely monitored reward and recognition schemes that not only reward the agent themselves but also reward the family. Endearing the parent to the child's employer is a definitive strategy for helping ensure longevity in Chinese agents.

5.7 Low income profile

As with many countries around the world many China call centres are looking to locate themselves where the cost profile is lowest. Given that approximately 80% of the cost of a Western call centre lies in salary and staff related costs, companies look for low income profiles. Similarly, Hong Kong companies pushing their call centres over the boarder are doing so to capture both a lower income and lower real estate cost.

In some areas such as Shenzhen and Guangzhou agents salaries run as low as RMB 15,600 (US \$1,887) per annum (far less than most USA agents are paid in a month). In these circumstances it is easy for the agent to simply quit and stay at home with their parents (the low income adds little value to the family unit). There are real examples of parents offering to give the agents the same pay as they would have earned in a week just to stay home with them.

Whilst paying well above the norm may yield some longevity or loyalty, China based call centres will require very well planned, articulated and calculated reward and (more importantly) recognition systems for agents, team leaders, managers and support staff.

5.8 Fung Shui

The underlying principle of Fung Shui is to live in harmony with your environment so that the energy (or chi) surrounding you works for you, rather than against you. Fung Shui is a 4,000 year old tradition and still has some relevance today.

Although less of a concern than the other elements mentioned here, the Fung Shui of a workplace can help sway an agent decision to join or leave a certain company. One of the main issues for a call centre is the constant battle to fit agents in to a limited space while allowing for the design elements required for good Fung Shui (the two can often be mutually exclusive).

For those not familiar with Fung Shui, this is not a once-off hurdle either. To be true to Fung Shui you would have a practitioner come in each year and give advice on changes needed to suit the actual lunar year ahead. That is, there can be different Fung Shui in the year of the Dragon to that in the year of the Snake. Totally changing the layout of your call centre every year is, of course, ridiculously impractical however the Fung Shui elements do need to be considered.

5.9 Management experience

With the China call centre industry being still fairly infantile there is also an obvious lack of call centre management experience. There is a great deal of traditional business management experience, a number of the world's business leaders reside in China, however specific call centre management expertise is still somewhat lacking.

In the last two years or so a number of call centre specific consulting groups, such as Sagatori, have been operating in China. This activity is also complimented somewhat through groups such as Accenture and Deloitte's moving into China. Whilst this will provide for some sound consulting, the danger is in more local 'cowboy' styled operations opening up and misguiding the market.

This is not a problem only experienced in China. Australia, the USA and most of Europe went through a period where there were renegade consultants out sprouting about call centres. My personal belief is that you cannot be a solid effective call centre consultant if you have not spent some years (not days) in the chair doing the job. I have a hiring rule at Sagatori that everyone must come from a call centre operational background, so that they have a real first-hand appreciation for the role of call centre manager and its associated challenges.

5.10 Industry representation

In line with the maturity of the China call centre industry, industry representation is not solid as yet. Although there is some government participation, approaches to industry bodies or associations are still very fragmented.

The Hong Kong Call Centre Association (HKCCA) is launching an annex chapter to cover the southern China areas of Guangzhou and Shenzhen, while an online community has registered the Call Centre Management Association in Shanghai (as an online networking facility) and then there is the China Call Centre and CRM Association (CNCCA) in Beijing.

This fragmented approach can be understood when you consider that all of these three cities have populations larger than several European nations put together (even Australia has four registered groups competing to represent the industry of a total population smaller than that of the China city of Guangzhou).

The city centric fragmented approach will be how the industry's representation will commence its growth. The future path is unclear as it depends on government intervention. The central government may decide to ordain one group over the others to be the recognised industry representative or that role may be passed down to the provincial government which will perpetuate the current regional approach. This regional approach, given the dimensions of the market may be the best solution if the groups have some form of unification when lobbying central government on policy, etc. If one centralised group is to deliver any real benefit to all three regions that body will require serious funding, infrastructure and organisation.

As with the danger linked to some consulting firms, the opportunity exists for associations to be set up to further the interests of specific industry groups (such as outsourcers) or specific vendors of product and service.

5.11 Industry standards

The final point which will need to be addressed in China is the need for some standards within the industry. While the commercial standards companies such as COPC (and in the not too distant future CIAC) are operating in China through local partners there is a need for a more non-commercial industry standard to be developed and enforced. It is my personal belief that a voluntary code of conduct will not be effective in China with such an immature market.

The Ministry of Information Industries' call centre professional standard expert advisory committee has been working on occupational standards for call centres. In 2003 they released the China Contact Centre Standard (CCCS-2003). To date very few centres have volunteered to go through the alignment and accreditation process for the standard, however this represents some of the basic groundwork required.

To date there is no ruling or voluntary codes around any of the practices associated with telemarketing, use of diallers, etc.

6 Conclusion



The China call centre scene is indeed an exciting place to be right now.

A good friend of mine expressed it this way: "In China, opportunity is not knocking at the door; it is literally tearing the door from its hinges". Whilst I whole heartedly agree with my learned friend I would add the word of caution that China is also a two-edged sword in that great opportunity also carries great risk.

China can represent a specific, measurable, attainable and realistic opportunity for your call centre to capture the burgeoning domestic market whilst operating with a low cost profile. However it also represents a headache of epic proportions for the unprepared.

My final piece of advice, regardless of your intention, is to keep a watchful eye on China over the next three to five years. The entire consumer market and therefore call centres will absolutely explode and create mountains of opportunity for call centre professionals right across Asia Pacific and beyond. As I have said before "Whilst you might tip your hat to yesteryear, you had better take off your jacket and roll up your sleeves for tomorrow".

Please contact me personally if you would like any further advice on the China Call Centre Industry.

7 About the author



Simon Kriss is the CEO and President of Sagatori, a Hong Kong based call centre specialist consulting company.

Widely regarded as one of the regions most respected thought leaders and commentators on call centre issues, Simon has over 15 years of experience in the call centre industry.

The Chinese Government has appointed Simon as an official "Overseas Consultant" to the 'Committee for Contact Centres' which is a part of the Ministry for Information Industry. The Committee has been tasked with developing the standards of practice for the whole China call centre industry.

Simon has personally operated the well-known Asia Pacific Call Centre News (APCCN) service on a complimentary basis for over six years.

Simon launched the Call Centre Management Association (CCMA) in Australia and was later honoured as the first inductee to their Hall Of Fame. Simon acts as a trusted advisor to the Call Centre Associations in Hong Kong, Singapore, Thailand and Malaysia.

Simon is the Chairman for the entire Asia Call Centre Awards in 2005. These awards, supported by the various associations, is being conducted across Malaysia, Thailand, Singapore, Indonesia, Philippines, Hong Kong and Southern China.

Simon has seen call centres all around the world in Asia, Europe and the USA, and has appeared on television and radio speaking on the topics involved with call centres and their management. Conferences and Symposiums have seen Simon present on call centre topics in the USA, UK, Australia, New Zealand, and right across Asia from New Delhi to Beijing (and beyond).

On several occasions, National Government bodies have asked Simon for assistance in attracting call centres to their region.

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8 About Sagatori



Sagatori is a Hong Kong based boutique consultancy which specialises in all aspects of customer interaction (or customer touchpoints) with a heavy emphasis on call centre and online channels.

Sagatori was formed when several of the regions leading call centre experts recognised the market need for an executive-level customer touchpoint consultancy. Sagatori's name embodies this ethos and it was formed through the amalgamation on the word "Sage", meaning wisdom and knowledge, and "Tora", meaning a sign or omen. Therefore, Sagatori literally means a company that can enable its clients with the signposts for the future based on wisdom, knowledge and experience, or more simply put 'Thought Leadership'.

Sagatori is a consortium of Asia's best thought leaders in relation to customer touchpoints. The skills and knowledge brought together by this diverse team of senior professionals is unparalleled in the Asian region. A unique blend of Technical knowledge, Management skill, Enterprise exposure and Customer awareness makes this team an asset to any organisation, regardless of size, age or market position.

8.1.1 The Sagatori mission

Our mission is to have our clients be as passionate and enthusiastic about their customer touchpoints as we are.

We will do this by building unique relationships with each of our clients, which go far beyond the normal call of business, and demand innovative and diversely integral solutions.

We will continuously be actively involved in evangelising customer touchpoint management and providing thought leadership in helping shape the forward direction of the global customer contact industry.

8.1.2 Solutions

Sagatori focuses on creating unique customer solutions based upon the many differences each company possesses. Some clients require very strategic consulting at the CxO level, whilst others require extensive project management consulting to assist in the build of a new centre and many require the more operational level consulting offered by Sagatori.

Sagatori also has several pre-defined offerings for the Asian call centre market, including:

- Customer Touchpoint Analysis
- THEM – The complete call centre evaluation
- C2O2 - The call centre operational optimisation
- SOS - The strategic outsource solution
- TAA – The technology acquisition analysis

8.1.3 Our Values

Sagatori focuses on delivering tangible, measurable and repeatable results for its clients whilst operating within our seven key values, which are:

- Trust – We trust deeply in our clients and in turn we ask for their deep trust in us and our abilities. We realise that trust is something earned not just given.
- Integrity – We will always do what we know to be right for the customer. Integrity remains, even if this results in us declining an engagement because we know that what the customer plans to do is not in the best interests of their business.
- Value – We will only partake in engagements where we are certain that we are delivering true realistic, tangible and measurable client value.
- Impartiality -We will remain totally impartial to all vendors and not enter into financial arrangements with any vendor which might prejudice our advice to a client. We will only recommend vendors (that we know to have a leading product or service) in the knowledge that this recommendation stems from our collective experience, without prejudice or favour to any party.
- Together – We do things together or not at all. We do not worship heroes; we work in a cooperative spirit and constantly seek ways to assist each other. We will always offer to help each other, always.
- People– Our people are our greatest asset and we will protect them at all costs. Ensuring that each team member has a balanced life with adequate amounts of work, family, exercise and relaxation time. Proactive, not reactive, support of our people is mandatory.
- Enjoyment – We will always seek to make our working environments and the lives of those around us enjoyable. With respect to all others and their beliefs, we will each do something every day to enhance the lives of those around us. Smiles are golden.

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