

“IN OUR BUSINESS, GEOGRAPHY IS HISTORY.”

Barry Hardy, *Global Contact Centre Manager, Air New Zealand*

When Air New Zealand's Global Contact Centre Manager Barry Hardy announced in 2001 he was consolidating most of the company's contact centre operations into New Zealand, the company's offshore managers were nervous. No one knew their markets like local staff, they argued. How could New Zealand match local service delivery?

But Barry Hardy had done his sums. Analysis showed the cost per full time employee (FTE) – including occupancy, overheads, telecommunications and labour – was significantly more expensive in overseas centres like Los Angeles, London, Vancouver and Australia than it would be if the company routed offshore calls to Auckland.

Efficiency gains as a result of the centralization enabled the airline to replace 108 offshore contact centre FTEs with only 64 FTEs in New Zealand. Asset utilisation is up and sales revenue has increased. A less expensive, efficient, high-tech telecommunications infrastructure in New Zealand has been crucial in efficiency gains. Total cost savings: millions of dollars.

Take the Australian contact centres. Given Australia's greater holiday entitlement, monthly bonus day off and propensity to take more sick leave etc, Barry Hardy estimates there has been a 30% cost saving where sales in the Australian market are concerned. There has also been just under 10% efficiency gains.

Equally importantly, any qualms about lower standards of service delivery have long gone. Staff turnover is lower, efficiency up and a stable, experienced, trained workforce is delivering increased sales conversion rates and a better service to customers.

“Now the offshore managers can't wait to send more of their back office functions over to New Zealand,” Mr Hardy says. “We are handling more and more for them.”

Air New Zealand decided not to close its Asian centres because staff there fulfil a variety of functions, including walk-in passenger and cargo sales, although they had no concerns about finding Asian language speakers in New Zealand. “Our research told us that we could definitely get skilled, motivated staff speaking Japanese and Asian languages should we ever decide to handle calls from Tokyo, Hong Kong or Singapore,” Mr Hardy says.

Another option was setting up contact centres in India or the Philippines. But Air New Zealand decided many customers in North America, Europe and Australia would be happier dealing with staff in a first world, English-speaking country.

“New Zealand doesn't enjoy the very low labour costs of the Indias of this world, but we are better positioned than most, and are more socially aligned to many of the world's major markets,” Barry Hardy says. “If you want to keep the same Western service delivery, New Zealand is a good solution. In our business, geography is history.”

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