

# **BPeSA Western Cape**

Human Capital Portfolio's:

## ***Industry Skills Strategy***

**(September 2011- December 2015)**

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## i. Executive Summary: *Industry Skills Strategy*

The BPeSA Western Cape (*Human Capital Portfolio*) **Industry Skills Strategy** must be **industry-informed** and **industry-led**. The work in formulating the *Industry Skills Strategy* has been broadly consultative, involving key industry operators and providers.

The recurring theme in the strategy is the need to prioritize the **quality** of any and all initiatives to ensure interventions of value are delivered to the industry, both for existing operators and to incentivize foreign direct investment (*FDI*). Industry stakeholders would like to see the following human capital services from their **industry body**: 1. Provision of comprehensive high-value industry-related *information*, including standardized and accessible industry *benchmark metrics*; 2. *Events* to learn, share and network with other industry practitioners and thought-leaders; 3. High value skills development *interventions aligned* to operator-organizational needs and realities.

Human capital infrastructure involves a diverse range of components, but for skills development it means creating a broad and deep Talent Pool of essential skills. The *Industry Skills Strategy* proposes to aggressively tackle *skills-bottlenecks*.

BPeSA Western Cape's primary goal is to create jobs through FDI. To be attractive to overseas investors we must create a skilled resource pool. Skills interventions will be **aligned** to operators' criteria and standards.

The **Human Capital Portfolio** will focus on four areas:

- *Skills Development*
- *Talent Acquisition*
- *Talent Management*
- *Industrial Relations (IR)*
- *Facilitating skills development programmes and interventions.*

An *Industry Skills Development Business Plan* will be developed once the strategy has received board approval.

The *Industry Skills Strategy* proposes developing a **medium and long-term to ensure sustainability over a 3 year period**.

The interventions need to contribute to the shifting trends in skills-demand, as well as immediate and current organizational needs. 'Voice' services increasingly are becoming more than 'voice' alone. **Multi-channel services** will be a required delivery of the organization and the agent. A *blended mix of learning styles and delivery mechanism* will be explored, particularly investing in **e-learning** tools and content. **Incentive mechanisms** for learners on skills interventions, to increase the completion and pass rate of interventions, as well as their **consistent application** in operational behaviours will be explored.

While aligning with the Monyetla Programmes, the *Industry Skills Strategy* proposes to offer a **top-up menu** to provide consistent and continuous **up-skilling** to existing organizations and industry professionals.

The *Industry Skills Strategy* proposes to prioritize addressing these urgent needs for sustainable human capital infrastructure (**leadership, management, and specialist support skills**). The *Industry Skills Strategy* proposes three major projects to build a **sustainable skills programme**: 1. a **Skills Academy**; 2. Partnership with **FETs** and **HETs**, as well as other educational and accreditation bodies (like the SETAs); 3. Supporting and aligning with **private sector initiatives** (operators and providers). One purpose of a skills academy and working with FETs and HETs, is to assist the development of a

provincial (and national) **platform** to promote and facilitate industry skills development by establishing an agreed (*industry-led*) **standard** of skills competency and training-delivery. The Human Capital Portfolio will develop *industry-led methodologies* for recruitment and selection, training interventions, and *metrics* to incentivize, monitor and recalibrate interventions for maximum ROI.

In the medium to long-term, BPeSA Western Cape will explore and develop opportunities for **self-sustaining funding** but will always look to access available public funding. It will also assist operators to source and apply for funds. In order to access public funds, the *Industry Skills Strategy* proposes that skills development interventions align to standards and criteria required by national accreditation bodies and frameworks (like the *SETAs* and the *OFO Framework*, amongst others), while using these as a **minimum standard** to be *built upon* to ensure the **quality** and actual skills needed by operators are met. Furthermore, the *Industry Skills Strategy* dictates that the *Industry Skills Development Business Plan* explore '**mechanisms**' to **close the disconnect** between *organizational capacity planning* needs and the erratic dispersal of *public funding* (and its negative effect on the predictability and consistency of roll-out).

## ii. **Industry Skills Strategy Consultation Process**

BPeSA Western Cape (and the Human Capital Portfolio) believe that engaging the stakeholders (operators *and* providers) is critical to industry support and participation of any skills development intervention. In order to ensure stakeholder engagement, the *Industry Skills Strategy* and any subsequent intervention must be aligned with stakeholder skills needs, particularly operators' needs.

The process of formulating and writing the *Industry Skills Strategy* has attempted to consult broadly with stakeholders and participate in a dialogue that raises the priorities for industry skills development. We hope that this results in an **industry-led strategy**.

The process has included:

### 1. **Events:**

- BPeSA Western Cape **Skills Conference** (02.06.11), at the *Hotel School*. This event included presentations by *Aegis, Metropolitan Health Group, the Business Trust, and Faranani Services*. Amongst others, it was attended by representatives from: *Old Mutual, Merchants, Aegis, Capitec Bank, Engen, Sanlam, Metropolitan Health Group, Fusion-Outsourcing, The Foschini Group, Direct Axis, Sanclare, CapQuest, Mindpearl, Amazon, HomeChoice, Inter-Active Technologies, Teleperformance, GTS (Lufthansa), Mango 5, Full Circle, Achievement Awards Group, Chase Response, SA-Commercial, 121 Outsource, 118 Contact, MBD Credit Solutions, Goldex Group, MMA, NOSHE Consulting, Andre David du Toit Consulting, Omni Learning, Quality Solutions, Distinct-Solutions, Alison Godenir, ConseQuent, People Solutions, Faranani Services, i-Fundi, HR Cafe, Siyakhula, Greenfields Institute of Business, Sensory Intelligence, Duo Marketing, FS Consulting, Zensar, Kelly, Quest, Teleresources, Workforce Group, 1 Stream, Real Connect, CCMG, The Business Trust, CITi, Western Cape SETA Clusters, PGWC, BPeSA National and BPeSA Western Cape Board and Executive.*
- BPeSA Western Cape **Skills Strategy Workshop** (29.06.11), at the *Athlone Campus*. Amongst others, the workshop was attended by representatives from: *Old Mutual, Sanlam, Metropolitan Health Group, The Foschini Group, Amazon, Full Circle, Achievement Awards Group, MMA, NOSHE Consulting, Andre David du Toit Consulting, Quality Solutions, Distinct-Solutions, Alison Godenir, People Solutions, HR Cafe, Sensory Intelligence, Quest, Teleresources, UWC, CCMG, Western Cape SETA Clusters, PGWC, and BPeSA Western Cape Executive.*

Out of the Workshop, five **Task Teams** were designated to provide detailed feedback on the following areas in support of the next stage of the process, the *Industry Skills Development Business Plan*:

- i. *Skills Competency Matrixes* – exploring commonly-shared skills and their standards.
  - ii. *NSDS iii* – aligning skills development programmes with the national accredited framework.
  - iii. *Industry Skills Benchmarks* – identify metrics to measure skills development.
  - iv. *Partnerships* – industry stakeholders, external organizations, and industry bodies where alignment and partnership is possible.
  - v. *Personal Mastery* – life and learning skills, etc.
- BPeSA Western **Skills Strategy Webinar** (21.07.11), held *online*.

The Webinar included presentations by Dermot Grazebrook (*Teleresources*) and Margie Middleton (*MMA*).

Amongst others, the workshop was attended by representatives from:

*Capitec Bank, HomeChoice, CapQuest, Merchants, Dimension Data, Direct Axis, Small Builder, Business Trust, Andre David du Toit Consulting, HR Cafe, Teleresources, BPeSA National, PGWC, and Western Cape SETA Clusters.*

## 2. Stakeholder meetings:

Representatives of the Human Capital Portfolio have met with operators and providers for feedback and input into the *Industry Skills Strategy*. Amongst other, these meetings included the following stakeholders:

*Merchants, Aegis, Capitec Bank, Engen, Sanlam, Metropolitan Health Group, Fusion-Outsourcing, The Foschini Group, CapQuest, Amazon, HomeChoice, Inter-Active Technologies, Teleperformance, GTS (Lufthansa), Full Circle, Achievement Awards Group, SA-Commercial, MMA, NOSHE Consulting, Andre David du Toit Consulting, Omni Learning, Quality Solutions, Alison Godenir, ConseQuant, People Solutions, Faranani Services, i-Fundi, Greenfields Institute of Business, Sensory Intelligence, Quest, Teleresources, Workforce Group, CCMG, The Business Trust, CITi, Western Cape SETA Clusters, PGWC, BPeSA National, BPeSA Western Cape Board and Executive.*

## 3. Online Industry Consultation:

Once this document, the *Industry Skills Strategy*, has been signed off by the Board, then it will go **online** for an **open industry consultation process** – estimated for *Sept 2011*. The document will be openly available online, via the *organization's website*, and stakeholders will be able to comment on the document in an open format to enable the aggregation of stakeholder feedback – a type of 'crowdsourcing' approach.

### iii. BPeSA W Cape Organizational Business Plan: Mandate & Targets

BPeSA Western Cape's primary mandate is **Job Creation** through **Foreign Direct Investment** (FDI) in the Western Cape. However, the Human Capital Portfolio acknowledges that industry skills development doesn't happen in a vacuum, so to speak, therefore BPeSA Western Cape must fulfil its role as the **industry body**: assisting existing Western Cape outsourcers and captive operators to address their skills development needs. As discussed later in this document, there are clear *synergies* between existing Western Cape outsourcers (as well as captive operators) and FDI needs – in fact, to achieve FDI targets we need to build the **human capital infrastructure** that makes the Western Cape an attractive proposition for both FDI and existing operators, ensuring that the **Talent Pool** is broad and deep enough so that all stakeholders can access it.

Another key mandate is **assisting the unemployed** entry-level candidates in becoming work-ready, helping them access the official economy via the newly created FDI job opportunities, (as well as through existing Western Cape operators and providers).

As mentioned, creating a sustainable *skilled-talent-pipeline* is another incentive for FDI; the absence of which is a deterrent to FDI. In order to achieve this, BPeSA Western Cape must fulfil its third key mandate: to act as an **Industry Enabler** for the BPS&O (*Business Process Services and Offshoring*) and contact-centre sector. If BPeSA Western Cape is successful in meeting these mandates, then it will contribute to the Government's vision: *a South Africa that has a vibrant economy, characterized by growth, employment and equality, built on the full potential of all its citizens.*

BPeSA Western Cape represents the broad BPS&O and contact-centre industry, including *domestic, existing* outsourcers and *captive* organizations, as well as new *FDI*. In order to achieve sustainable growth in our Talent Pool, it is important to understand the industry is an 'ecosystem' that needs nurturing throughout. Therefore, interventions that harness **synergies** across the spectrum of the industry (captive and BPS&O) will yield the best results for spend.

The **Human Capital Portfolio**, including skills development, must recognize the market realities and contribute to the operators needs. Also, the Human Capital Portfolio needs to align with the broader BPeSA Western Cape Organizational *Strategy, Business Plan, Targets, and Projects*, summarised below.

Summary Points of BPeSA Western Cape Organizational **Strategy** (as written by the CEO, Gareth Pritchard, in the *Organizational Business Plan*):

- i. Focus on **Voice** as a *Job Creation Vehicle*. As discussed later in this document: Voice is now *more* than 'voice' services alone, as additional *multi-channel* service skills are increasingly required of frontline agents and operators.
- ii. Develop **educational interventions** that are critical to the long-term success of the industry.
- iii. **Realism** in approach and initiatives
- iv. Industry **Skills Development** is a major focus for success of the 1 and 2, above.

Summary Points of BPeSA Western Cape Organizational **Business Plan** (as written by the CEO, Gareth Pritchard):

1. Promote growth of BPS&O **Voice** sector, while exploring BPS&O *KPO* sector. *KPO (Knowledge Processes Outsourcing)* is complex, non-voice back office work.
2. Prioritize developing growth of established FDI relationships from English-speaking European markets, particularly the **UK**, while exploring Europe and USA markets potential.
3. Support *SMME* and *Enterprise Development*, especially in capacity building, wherever possible, with available allocated resources.
4. Promote and develop industry *skills and Talent Pool* for long-term sustainability in order to support industry growth. This includes building new channels to contribute to an industry *skills-pipeline*, assisting industry resourcing needs.

Summary Points of BPeSA Western Cape Organizational **Targets (2012)** (as written by the CEO, Gareth Pritchard, in the *Organizational Business Plan*):

1. **1,700 new BPS&O jobs** in Western Cape, over and above current numbers. This breaks down to 1,570 agents and **130 team leaders**. However, growth of this scale will result in the creation of new jobs in other functions, such as *trainers, quality assurers, workforce planners, etc.*
2. Increase BPeSA Western Cape membership to 150+ organizations.
3. Develop a *Human Capital Portfolio* that engages stakeholders; identifies industry skills needs; aligns interventions with these needs; and identifies and secures necessary funding; while overseeing the roll out and tracking of all interventions and initiatives.

Summary Points of BPeSA Western Cape Organizational **Projects (2011-12)** (as written by the CEO, Gareth Pritchard, in the *Organizational Business Plan*):

1. Develop BPeSA Western Cape's *engagement* with key stakeholders in the industry (operators *and* providers). Leverage *social media* to assist in this goal. This includes increased engagement industry professionals, including agents.
2. Engaging industry at agent level, with emphasis on harnessing social media for this purpose.
3. Develop BPeSA Western Cape website and social media platforms to engage industry and promote it.
4. As an FDI differentiated value proposition, develop industry **incentives** to support industry's goals to drive *quality* in the Western Cape sector.

**iv. Human Capital Portfolio**

- *Skills Development*
- *Talent Acquisition*
- *Talent Management*
  - *IR*

As summarized in the CEO's Organizational **Business Plan**, BPeSA Western Cape's **Targets (2012)**, include: developing a **Human Capital Portfolio** that *engages industry stakeholders; identifies industry skills needs; aligns interventions with these needs; identifies and secures necessary funding; while overseeing the roll out and tracking of all interventions and initiatives.*

However, the Human Capital Portfolio includes more than Skills Development. The Portfolio will recognize four areas of focus for industry human capital:

1. **Skills Development** – as per this document (*Industry Skills Strategy - 2012-15*)
2. **Talent Acquisition** – including, recruitment and promoting the industry to the labour pool.
3. **Talent Management** – including, career-pathing and talent retention.
4. **IR (Industrial Relations)** – including, legislative policy of labour and skills, as well as CCMA policies and practice.

Naturally, each area of focus is interdependent on the others: development in one area needs to integrate with broader industry human capital considerations. Furthermore, as mentioned above (*'Mandates & Targets & Industry Skills Strategy'*), the Human Capital Portfolio needs to align with and support the broader BPeSA Western Cape organizational *Strategy, Business Plan, Targets, and Projects.*

The Human Capital Portfolio, in each of the four areas, mentioned above, will centre around three key activities:

1. Acting as an **Information hub, coordinating, and disseminating relevant information to industry**, including the collation and sharing of industry **benchmark metrics**.
2. **Events:** coordinating and facilitating industry events that share best practice and learning on Human Capital, while facilitating networking of industry professionals. A platform for industry thought-leaders.
3. **Facilitating Skills development programmes and interventions.**

Each of these activities will require the investment of resources, both systems and human, which will be dealt with in more detail in the *Industry Skills Development Business Plan*, as a later date.

Primarily, the Human Capital Portfolio needs to build a platform for the development of human capital that enables industry to achieve sustainable growth for the medium to long-term.

The purpose of this document is to explain the *Industry Skills Strategy*, which provide the 'guiding principles and agenda' for skills development. Separate documents, at a later dates, will address the other three areas of the Portfolio: *talent acquisition, talent management, and IR.*

## v. Guiding Principles

The *guiding principles* will provide the values that will underpin the navigation of all decision making.

The foremost two priorities for Human Capital Portfolio is, first, to achieve high levels of industry **engagement**, especially with the operators. With this achieved, then the likelihood of success in industry initiatives is increased; without it, all interventions risk failure. Engagement requires the practice of consistent behaviour in line with the following values and skills: *credibility and expertise, quality, pro-activeness, transparency, participation and collaboration, industry-led solutions (particularly by the operators), and supporting operator and provider initiatives that benefit the broader industry*. Second, the Portfolio must ensure that human capital is effectively and adequately sourced, developed, and maintained to meet the quality required to keep South Africa competitive internationally, thus increasing FDI and job creation.

Industry stakeholder engagement requires that the Portfolio **aligns all interventions with the industry's needs**. This requires the Portfolio to ensure that interventions are first and foremost of *sufficient quality* to establish and maintain credibility and value. Consequently, the primary concern of any skills development intervention needs to be **quality** (both in planning and execution), only then do we identify and secure appropriate funding. Funding mustn't be the primary driver the direction and content of skills interventions. As mentioned earlier, *industry skills development doesn't happen in a vacuum*. Rather it can only occur in the existing environment, namely, existing outsourcers and captives in the Western Cape. Therefore, **in order to facilitate industry skills development we need to work with existing stakeholders**, which means aligning with their skills development needs and requirements. *We believe that there is a strong synergy between the domestic market and FDI when it comes to industry skills development*. If we are to create an industry-environment that is attractive to FDI, then we'll do so by enabling the success of existing Western Cape and South African stakeholders.

Avoiding a 'silo' mentality and approach to skills development through working and partnering horizontally across the organization and industry(s), while ensuring the accountability of functions, is important.

The Portfolio needs to **identify and secure funding**, public and private. Additionally, we need to identify solutions to the problematic nature of the inconsistent timing and delivery of public funding. Businesses, particularly SMMEs, cannot incorporate irregular public funded programmes into their organizational skills-capacity planning. This is a major disconnect between publicly funded interventions and a business' operational reality. In the medium to long-term, BPeSA Western Cape would like to **generate self-sustaining sources of funding** to compliment public monies. Opportunities for the industry to reinvest in itself will be explored in participation with operators and providers. This can be a benefit of an **industry skills academy**.

**Quality:** *"A conjurer may pull a rabbit out of a hat, but he cannot pull quality out of a hat"*, W Edwards Deming.

South Africa is a value-driven emerging BPS&O location. It cannot compete with some other established and mature locations, such as India, on cost alone. However, it can compete on the **quality** of destination and its economic infrastructure (*English skills, cultural affinity, time zones, physical, financial and communications infrastructure*, etc), while being less expensive

than retaining onshore operations in developed economies (or some other high-quality emerging locations, such as Canada or Ireland). As a result, South Africa and the Western Cape must **build a sufficient quality of skills in our Talent Pool** to attract FDI and enable sustainable growth for both them and existing operators. *This need for quality must influence all skills development interventions.* The need is the same for the *captives*, as well as *existing* and *domestic BPS&O*, all looking to offer a world class service experience to their customers: all benefit from skills development initiatives that builds a *deep and broad* Talent Pool. *We mustn't stretch the spend on skills interventions too thin:* the point at which the quality of the results is compromised. Not only does that fail the operators, it also fails the learners (and industry professionals) leaving them without the necessary skills and experience to secure sustainable, quality employment opportunities. We must enable the learners to complete an intervention with skills that are valued for their quality, as opposed to their value being seen as potentially lower-cost labour than a non-learner. The Human Capital Portfolio will explore developing **metrics** to calculate necessary *spend per learner*, given the function and intervention's purpose.

**What we owe our industry professional and learners:** Our skills interventions must **speak to the youth** (learners and industry professionals). It will achieve this by considering the *content* of the interventions, the *mediums* and platforms through which it's delivered, and the **incentives** attached to skills development. Such incentives must align with the learner's individual needs, as well as the operators. This must reflect the realities of the changing *technology* (the consumerization of the workplace) and the mix of *generations* in the workplace (particularly the growing influence of Gen-Y).

BPeSA Western Cape must help facilitate educating learners and industry professionals on the importance of their own responsibility to the continual up-skilling needed for their professional self- development. Perhaps, the proposed increase of engagement with agents and other industry professionals can assist with this, as well as develop into a 'bottom-of-the-pyramid' revenue-generating suite of services?

The Portfolio will seek to harness *momentum* wherever it can. In other words, it will look to **align to other initiatives and industry players**, be they national, provincial, international, SPVs, industry bodies, or private organisation initiatives (both operators and providers). By '*joining the dots*' we hope to achieve increased momentum and greater success.

## vi. Timelines

- *The Long View*

If we are to achieve the necessary depth and broadness of skills required in our Talent Pool, for sustainable growth in the BPS&O and contact-centre industry, then we need to **build for the medium to long-term**. This means that any short-term interventions (and victories) help in the '*laying of the rails*' for longer-term results.

Industry skills development will take time to gain traction at a macro-market level, so interventions –while acknowledging immediate market needs- must look to medium-term, otherwise by the time implementation has occurred the intervention already is outdated.

The 'world-of-work' is at an inflection point, due to a combination of changing generations in the workplace, consumer trends, and technology innovations – most evident in the rise and impact of online platforms, particularly social media. These changing tides in the 'world-of-work' lead to a re-evaluation of what services consumers value, therefore what skills employees need in order to deliver these services. In line with these changes, the ***Dimension Data's Global Contact Centre Benchmarking Summary Report 2011*** says that "the contact centre is now part of a *multi-channel experience*. Its role in providing a coherent customer experience lies in the ability to support the business in meeting customer expectations to interact with organisations using their *channel of choice*". Thus, 'part of a multi-channel experience' means the ability for 'supporting other channels', as voice is 'not always first choice'. The Report's survey-results found that **a fifth of global contact-centres 'already manage social media interactions**, 'with an *additional a third more planning to do so over the next two years*'. This trend will require additional agent-skills, including competency in '*web chat and instant messaging*', as well as continuous *multi-tasking* capability – to ensure high productivity levels, enabling growth in multi-channel management, without considerable additional human resources to manage customer-traffic.

The **British economy** is one of largest online economies in the world and *it has more online spend per head of the population than any other country* (*The Economist*, August 6<sup>th</sup> – 12<sup>th</sup> 2011). Clearly, **UK** consumer multi-channel service expectations are only going to increase. If we are going to focus on the UK market for FDI and job creation, then we need to align our skills development interventions accordingly.

For this reason, exploring ways to deliver skills development interventions *online* becomes increasingly important, as only interventions with this technological mix of technology will '*walk-the-talk*' to clients, customers, operators, and learners. When considering **e-learning** interventions, the following paradigm will guide decisions: 1. e-learning is **self-directed**, it's about *a way of learning*, therefore the organization will need to reflect on the necessary adjustments to their *learning-culture*; and 2. e-learning is about the **medium** of delivery – in other words, *tweaking the content to suit the medium and a self-directed learning style*. It's a symbiotic relationship, both components are needed for successful e-learning interventions. In addition, e-learning is a **part of the learning-mix**, not a silver bullet solution.

This shift in consumer expectations (the demand for multi-channel service) means increasingly that Voice BPS&O services is more than *just* Voice. In this document, '**Voice' is used interchangeably with multi-channel service and skills**. Perhaps, this trend will create a natural bridge between Voice and KPO skills?

If we are to remain competitive in the global market and with domestic consumers, then developing these service capabilities is necessary. Industry skills development must reflect this trend. Such interventions will not only assist operator competitiveness, but will support industry professionals and learners develop the skills necessary to find sustainable employment opportunities. In *The Shift: The future of work is already here*, Lynda Gratton speaks of two ways to manage these changes to the world-of-work: 1. a 'Default Future' (where no one is prepared to work together to take cohesive action or change the status quo, lacking cohesion and consistency – where events outpace actions); or 2. A '**Crafted Future**' (where people experiment with ways of working, learning fast from each other, and rapidly adopting good ideas – where collaboration plays a key role). In a '*Crafted Future*', industry professionals (and operators) can become more valued and masterful.

In order to develop the right 'paths' for skills development interventions (a '*Crafted Future*') we need to consider three questions (Lynda Gratton, see above):

- What are the potential milestones or events that could particularly affect the industry and the professionals working in it?
- What are the most significant factors that will influence industry professionals' working lives, and how could these play out?
- Therefore, what should we be doing over the coming five years to ensure that we are on the right path to create a *future-proofed career* for industry professionals, particularly in view of the [continued] turbulent times ahead?
- (If we skill industry professionals for a *future-proofed career* this will naturally align with operator needs and vice versa, as well as assisting meeting South Africa's *job creation* and *job retention* mandates.)

For this reason, we suggest that the *Industry Skills Strategy* takes a **3 year perspective**. The three year strategy will be broken down to *Annual Roadmaps* and *Quarterly Reviews* of milestones. (These *Annual Roadmaps* will form part of later documents, including the *Industry Skills Development Business Plan*.) Industry stakeholders will be invited to engage with BPeSA Western Cape continually throughout the 3 year period of the strategy.

The first 2 years primarily will focus on developing **industry leadership and management skills** (such as *Team Leaders*) and **specialist support skills** (such as *Workforce Planning Managers*). The reasons for this and what it involves can be found further on in this document.

For the first 2-3 years **agent-level skills development** will be achieved through *aligning with national initiatives*, such as the **Monyetla** programme. At the end of 2012, a review will be made to discuss whether the Western Cape should build its own skills development programme for agents or continue to support other initiatives. Currently, funding for the Monyetla programme is expected to run for another three years.

If this work can be done effectively, then it should pay dividends at the same time some economists predict the global economy will be near its pre-2008 levels.

## vii. Global Context & Trends

TPI, ([www.tpi.net](http://www.tpi.net)), estimate that \$100 billion-worth of new outsourcing contracts are signed globally every year, while in Britain companies spend \$200 billion a year on outsourcing (**Schumpeter**, *The Economist*, July 30<sup>th</sup> – Aug 5<sup>th</sup> 2011, (<http://econ.st/r1DgLw>)). Of these numbers, BPS&O forms a significant part. The BPeSA Western Cape *Organizational Business Plan* expects an estimated figure of 2.1 million new jobs being outsourced in the BPS&O sector, 2011-2015. 'Voice' is the largest component of the global BPS&O sector, which constitutes 90% of the 10,000 offshored BPS&O jobs based in South Africa. Clearly this sector is well-placed for assisting South Africa's job creation mandate.

Over and above the expected growth in offshored-outsourcing, there is a developing trend of BPS&O Voice work being moved back from *India, Philippines and North Africa*. This is due to a number of causes: *operational risk management; inflation; political instability; inconsistent legal protection of property and contracts; infrastructure constraints; quality of service* (especially in Voice – accent and English-language skills). This last point is supported by the **Schumpeter** article, mentioned above, which argues that while the business logic that underpins outsourcing remains compelling, it is only so if done right. It notes a counter-trend in outsourcing: companies are rethinking outsourcing by avoiding huge long-term contracts in favour of *smaller, less rigid* ones that are centred around the *quality* of expected delivery. These global trends provide an opportunity for South Africa to grow its share of the global BPS&O market, especially the Voice segment.

Global companies are building delivery networks in emerging locations. Emerging locations tend to play specific roles in the company's delivery system based on:

- **Language skills**, and
- **Functional capabilities**.

South Africa is amongst the top three global emerging locations that can provide English skills, in a 'first language' context, at scale. The other two are Canada and Ireland – both more expensive than South Africa. Clearly this makes **Voice a compelling BPS&O value proposition for South Africa**. Considerations of our functional capabilities in regard to our areas of *deep domain knowledge* should guide our skills development interventions. Some obvious domains (particularly in the Western Cape) are *financial services, telcoms and ICT (Information, Communications, & Technology), retail, and energy (i.e. oil, gas and other natural commodities)*. If we are to build on our strengths, then industry skills development will focus on **inbound Voice work**, based on existing businesses and skills – though this will be investigated further.

We should explore **KPO** (complex, non-Voice) BPS&O work, but -while this is of value to job creation- the model is based on *high productivity levels at low cost per individual employee*, which makes it a less effective job creation vehicle than Voice work. Furthermore, it's dubious whether currently South Africa's Talent Pool is ideally suited for KPO at scale, at this time, and it certainly isn't the ideal employment entry point for the majority of unemployed citizens; whereas Voice-work offers a viable bridge now. For this reason, Voice skills development will be the priority of the *Industry Skills Strategy* for the next 3 years. However, investigation of the opportunities for KPO development and interventions will take place wherever possible.

BPeSA Western Cape's *Organizational Business Plan* identifies the UK market as a priority focus for FDI marketing. South Africa has an established reputation in UK as an emerging location for BPS&O and one with opportunity for growth of market share. Adding to this is the

quality of **English skills** (including **accent** and **diction**) of South Africans, though *written English skills* need aggressive industry intervention. Also, there is a **cultural affinity** between South Africa and the UK, which is sometimes considered somewhat absent for the UK in India and North Africa. This matters in client customer satisfaction ratings.

The 'compatibility between South Africa's and the UK's **time zones** is an advantage, not just for FDI and operators, but industry professionals too. If '**quality of work**' is a consideration in job creation, then industry professionals working 'sociable' hours matters. Even more importantly, for operators, less anti-social working hours correlates to *lower absenteeism, attrition, and higher productivity* – all of which impact on the margins of operating in South Africa.

Without losing focus on the UK, we should explore capitalizing on other FDI offshoring markets. In this regard, the **USA** and **Europe** offer opportunities. In Europe, *Germany* and *France* offer opportunity for substantial growth as both economies are late joining the 'outsourcing game'. A very real constraint on exploiting these markets is the scale of South African-based European language skills and the effectiveness of interventions in training this skill, combined with increasing work-visa application bottlenecks and policy uncertainty. The USA is a massive potential market, though TPI suspects that much of what can be sensibly outsourced from the USA already has been. It measured an *18% fall* in the total value of USA offshore outsourced contracts in the second quarter of 2011 compared to that of 2010. The current USA economic climate doesn't help this trend. It may be that most opportunities for obtaining USA FDI comes from exploiting dissatisfaction with what has already been outsourced to India and other emerging locations?

It's in this global and national context that the *Human Capital Portfolio* will position the *Industry Skills Strategy*.

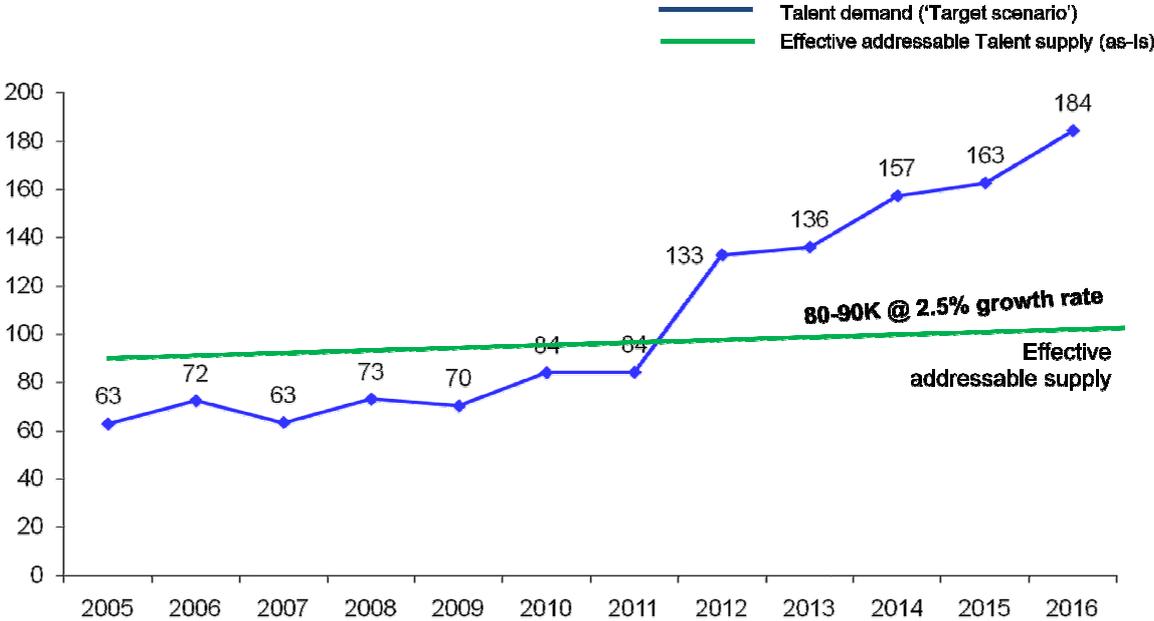
FDI is primarily attracted to emerging locations that provide a mix of *skills, cost advantages, and sustainable infrastructure*. Infrastructure in this context includes '**Human Capital Infrastructure**' – the **Talent Pool**. More or less, operators can take an untrained, inexperienced person, with a basic non-tertiary standard of education, and make them a competent agent within 3-6 weeks. This is less easy to do with **leadership, management, and specialist support functions**. FDI operators require these skills to be present in the market when they enter, in order to operate competitively at the offshore emerging location.

All developing economies have 'shallow' pools of experienced **middle management** and **high-value specialist professional skills** (in the same way the developed economies tend to have mature talent pools in these areas of the labour market). All developing economies recognize that they have this 'weakness' and all, more or less, are working on fixing it. Those that 'win the race' are more likely to win the global FDI opportunities. This skills challenge is more pressing for South Africa. As we are not the 'cheapest' emerging location (and never will be) **we need to compete on quality**. In order to execute and deliver on service quality, *we need high-quality management and specialist support skills*, which will enable higher productivity and the competent management of workforce-resources in a competitively sustainable manner. As far as FDI matters, all skills development in South Africa needs to position us competitively against global markets. See graph, below, from recent *Everest* report on South Africa's BPS&O sector:

**For most fast growing emerging global services countries, demand will outpace talent supply**

COUNTRY EXAMPLE

**Demand and Supply projections of entry-level industry talent – Country example for IT/BPO**  
 Million Annual FTEs



Source: Everest Group

The risk of shallow management Talent Pools for developing economies, as W Edwards Deming wrote of the USA in 1986, is that: “The biggest problem that most any company ...faces is not its competitors...The biggest problems are self-inflicted, created right at home by management that are off course in the competitive world of today.”

This need for excellence in leadership, management, and specialist support functions is *shared by the captives and existing South African operators*, therefore interventions that address these critical skills needs will benefit the entire contact-centre and BPS&O industry.

South Africa seems well positioned to take advantage of the global outsourcing and BPS&O trends, including capitalising on Africa as an emerging economic growth region by positioning ourselves as a *gateway to the continent*.

**viii. BPS&O primary drivers:**

- *Hot Skilling*
- *Hot Metrics*
- *Tight Margins*

The *Industry Skills Strategy* needs to align with the realities and primary drivers of the BPS&O and contact-centre business model. This document suggests that the key drivers of the BPS&O organizational model are: *Hot Skilling*, *Hot Metrics*, and *Tight Margins* (cost efficiencies).

**i. Tight Margins:**

Generally, companies only outsource work for the same or less than the cost of in-house resources to do the work. BPOs business model is built on achieving greater **productivity, efficiency, and effectiveness**, as well as benefitting from **scale** and the **IP** of their expertise in this work.

As a result, BPS&Os need to **reduce costs**, maintain **salary inflation** to reasonable levels, while continually **increasing** productivity, efficiency, and effectiveness.

Skills development interventions can assist in these goals by *building a broad and deep industry Talent Pool*, which avoids the 'overheating' of salaries in a 'shallow' Talent Pool. Currently, certain industry leadership roles and specialist functions are lacking depth and width in the market, resulting in *pockets of excellence* (with inflated salary expectations) and a great deal of sub-standard industry skills. Team Leaders and Workforce Planning Managers, amongst others, fall into this category.

**ii. Hot Metrics:**

In order to ensure efficiency, as well as managing costs, BPS&Os need to develop **Hot Metrics**, which operate in *real time* to ensure maximum productivity for lean costs. While this is not unique to BPS&O's, it remains a key driver of their business model and impacts the organization's skills requirements. This requires leveraging key specialist support skills, such as *Workforce Planners, Analysts, IT, QA*, amongst others.

In order to achieve this, BPOs need good systems, to increase efficiency to reduce costs. *Leadership, management, and specialist support skills (like Workforce Planners) are critical.* Organisational efficiency requires *high productivity*, which in turn requires *highly skilled individuals in key positions*. As South Africa is not the 'cheapest' destination and sells itself on *value and quality*, the need for highly-skilled leadership, management, and specialist support skills is all the more important to the industry's sustainability and growth in a competitive global FDI market.

Skills interventions part in this is facilitating the continued **up-skilling** of industry professionals to ensure their continued value and employability, as well as the industry's competitiveness on the global stage.

Effective workforce management extends *beyond* skills development. Another important factor for South Africa capitalizing on global FDI is **flexibility in managing their workforce**. The ability to 'ramp up' or 'scale down' the organization's workforce is critical. In this regard, the Human Capital Portfolio will address issues around IR and labour legislation (though, due

to the nature of legislation and policy, this project will be a medium to long-term goal). For more details on the skills and functions that this will require see '*Hot Skilling*', below.

iii. Hot Skilling:

BPS&Os need to manage the risk of salary inflation in an 'overheated' and 'shallow' labour market. The pressure on BPS&O margins is part of the reason that the sector looks to recruit and *up-skill* –speedily- entry fresh level candidates, as they have lower salary expectations – *this is what is meant by 'Hot Skilling'*. This, in part, is why the BPS&O industry is a suitable job creation vehicle and suited to South Africa's labour market challenges – namely, high unemployment of low-skilled, minimally educated individuals.

This recruitment strategy determines the BPS&O organizations training and skills development strategy, which necessarily has to be highly effective and comprehensive, while efficient in managing costs of such interventions. There is no doubt this tension between margins, talent acquisition strategy and skills development is a challenging dynamic for the industry.

Comprehensive and clear **Competency Matrixes** for each function in the organization is critical in successful skills development interventions, as they set the standard – the 'competency' benchmark metric, so to speak. Currently, the standards in our industry are opaque, to say the least. Transparency and consistency in the standards and metrics of our industry's Talent Pool and skills development are essential for attracting FDI to our Province. Also, a broad acceptance and adoption of such standards will *spread excellence* and deflate the salaries of scarce skills. This will benefit industry professionals too. Not only will it bring down the salary costs of scarce skills for the top talent, but will bring up the salaries of the poorest paid in the industry, thus contributing to 'quality of work' within our sector which will assist attracting and retaining our talent. Thus, the **quality of content and execution** of any intervention is key to its success.

Currently, poor depth of leadership, management, and specialist support skills are causing a **bottleneck** in industry growth. Organizations can't increase their agent headcount if they don't have suitable team leaders and other specialist support skills to manage and support the new agents. The absence of the broad depth of talent in these functions will deter FDI and slow the launch of operations of those who do decide to invest in the Province. *All this hinders the very job creation so urgently needed in the country.*

**Hot Skilling** and **Hot Metrics** require a sustainable source of the following key skills:

- *Team Leaders and Middle Management*, especially for operational functions
- *Workforce Planning Managers and Planners*
- *IT skills*, especially for operational support
- *Analysts*
- *Trainers and Training Managers*
- *Coaches*
- *HR professionals*
- *Quality Assurers.*

Note, *team leaders* and *coaches* form part of the 'extended arm' of the skills development process, through mentoring and coaching their agents, so are vital to the success of industry skills development. Failure at this level will undermine sustainable success for all agent-level interventions.

Providers, too, have a role to play in providing these skills and services to operators, in support of our industry's capacity. One role BPeSA Western Cape can investigate for itself is to assist operators in making informed decisions as to which range of providers to use for a particular purpose. In this way, perhaps, BPeSA Western Cape can act as a **platform** for providers delivering *best-practice* standards to promote themselves to operators. Providers also have a role to play in completing holistic *benchmark metrics* of our industry's human capital. Further engagement with stakeholders is needed to explore suitable opportunities.

In light of the above summary of BPS&O organizational drivers, then the **Human Capital Portfolio** *skills development outputs* will centre around the following:

1. **Facilitate increased ops productivity** – develop a team leader and specialist support skills standard, with further discussion with industry stakeholders.
2. **Stabilized industry salary costs** – develop a deep Talent Pool of team leader and specialist support skills, that has *broad* numbers and *depth* of skill.
3. **Generic standard of competency, per organizational function** – develop an agreed competency matrix, with best-standard skills development material content. As there is no comprehensive agreed standard across all industry stakeholders, we'll look to a number of existing frameworks and documents, such as SANS 990 and COPC (amongst others), which can provide a starting point for stakeholder discussions around skills development and competencies. The quality of the competency standards needs to meet operator skills needs and add value to their operational capacity. In this regard, we'll ensure – whenever possible- that skills development standards *include national accreditation*, in order to access *public funding*, but that the **quality** of the interventions *exceed* those of national accreditation (when demanded by stakeholders).

**ix. Mechanisms for Leadership, Management, & Specialist Support Functions Skills Development Interventions:**

- *Academy*
- *FETs*
- *Supporting Operator & Provider Initiatives*

The Human Capital Portfolio takes the view that no one form of intervention will meet the industry needs for skills development, plus multiple forms of interventions reduces the risk of any one intervention failing to produce results. For this reason, the Industry Skills Strategy proposes to focus on three major 'routes' to address industry skills development, see below. Over the medium to long term, for industry skills development, these three **platforms**, detailed below, will build towards a broad Provincial and national platform that provides the capacity for industry to ramp up the skills Talent Pool as required and provides the infrastructure for the industry's human capital.

Industry Skills Academy:

The setting up of an industry skills academy will be explored. Details of this, if implemented, will be included in the *Skills Development Business Plan*, at a later date. Much of the exploration will involve discussions with industry stakeholders (particularly operators) once the *Industry Skills Strategy* has been approved and signed off. These discussions will inform the *Skills Development Business Plan*. Some considerations will be around how the academy is structured, how its skills interventions are to be delivered, and whether initially it be a leadership academy (team leaders, middle-management, and specialist support skills) or whether it'll include other skills too, such as agent-level programmes.

The skills academy concept aligns with Everest's recent report on South Africa's BPS&O sector, which advised: "Create an academy to build up professionals for the BPO Services Sector with a curriculum which will equip students with a "superior service experience" mindset and a managerial ambition to drive the ethos of the service industry in a positive and upward direction."

The academy will aim to bring 'new blood' into the industry to increase the broad base of the Talent Pool, while looking to offer skills development to existing industry professionals to deepen the skills base. It will contribute to building the industry's human capital infrastructure. The academy will not be aiming to deliver ALL the new skills needed by industry, which will include other initiatives and organizations (for example, Monyetla, FETs and HETs, as well as operators own training and interventions). It can meaningfully contribute target of 1,700 new BPS&O jobs in Western Cape, over and above current numbers. This breaks down to 1,570 agents and **130 team leaders**. However, growth of this scale will result in the creation of new jobs in other functions, such as *trainers, quality assurers, workforce planners*, etc. The skills academy can contribute to the delivery of leadership, management and specialist support skills Talent Pool, thus working to avoid a skills 'bottleneck' that may prevent the creation of new agent-level jobs.

Where possible, the academy will provide an '**open platform**' regarding standards and content, which will be accessible to all industry, including providers to deliver through their own work with operators. This will ensure that the academy helps them offer operators skills interventions that the industry wants, while further 'pollinating' the market with an agreed standard and giving it roots. We hope that providers, as well as operators, form part of the dialogue around building the academy concept and interventions.

*Organic Approach & Industry Standards:* An industry Skills Academy can help serve a number of purposes, but one important role is to guide the development of skills interventions – the chosen skills, the mechanisms of delivery, the content and competencies and standards. It will provide a focal point for stakeholders (primarily operators, but providers too) to explore, agree and direct interventions that align with operator, operational, and learners' needs. This will be harder to achieve through other mechanisms, which have other considerations ('their own agendas'). Assuming that the academy delivers skills development interventions that are equivalent (or better) than in-house programmes, then operators will make use of the academy. Clearly, the **quality** of the skills interventions is critical to the success of such an approach. Over time, this should facilitate the coalescing of agreed industry standards for both skills competencies and for the delivery of skills interventions. Such standardization in the industry will contribute to improved industry standards across organizations, increase productivity, ensure a broad and deep Talent Pool, and keep salary inflation in check. In addition, providers can access an agreed industry standard to deliver their services, which will enable them to further *innovate* upon this accepted base.

If this can be achieved through a skills academy, then it can help guide the industry's work with other institutions that provide skills development, such as FETs and HETs, as well as the bodies that determine national accreditation standards. The Human Capital Portfolio believes that such institutions need this guidance from industry if they are to provide effective assistance to skills development and help unemployed youth reach a standard *aligned* to operator needs, therefore properly access the contact-centre sector as a job creation vehicle. At present, this isn't consistently the case.

In addition to the above points, the Human Capital Portfolio will explore *best practice methodologies for sourcing and assessing learners*, as well as **metrics** for the effectiveness of interventions (which can then further calibrate the effectiveness of interventions). Some considerations will be assessing for *learning capabilities, motivation, and employability*. Such considerations will be discussed with operators and providers to align with their operational realities.

#### FETs & HETs:

BPeSA Western Cape recognizes that industry skills development will be best served if it can be delivered through multiple channels and this includes FETs and HETs. Over and above this, these institutions have a wealth of experience and resources in delivering learning interventions. Also, in all probability the *future of public skills-funding* will gravitate to these institutions. The Human Capital Portfolio will explore ways to work with and align to FETs and HETs to broaden the delivery of skills development for the contact-centre and BPS&O sectors.

If we can assist FETs and HETs develop and deliver programmes that align with operator skills needs then this will create a wider Provincial and national platform that will increase the industry's skills-talent-pipeline. *This will a medium to long term goal.*

In the *short-term*, FETs and HETs may not offer the comprehensive skills development platform that industry needs now. During this time, a combination of the skills academy and private operator and provider initiatives will fill the gap. In the medium term, FETs and HETs will add to these channels.

#### Supporting Operator & Provider Initiatives:

BPeSA Western Cape, public funding and other educational institutions will all contribute to industry skills development. However, *most* of the skills development will happen in-house as operators hire and train their employees, as per campaign requirements and needs. For this reason, on an ongoing basis, whenever and wherever possible, BPeSA Western Cape will explore means to support and assist private operator and provider skills development initiatives, especially where they benefit the industry or in the up-skilling and employment of unemployed youth.

**x. Entry Level Mandate:**

- Job Creation through Agent Entry-Level:
  - *Monyetla*
  - *Top-Up Menu*

An important part of industry skills development is the up-skilling of new entrants (particularly the previously unemployed youth) in to our sector. This supports organizations' staffing needs, while tackling the national policy mandate of reducing the country's high unemployment levels.

Firstly, team leader and specialist support skills are not mutually exclusive of facilitating the entry of the previously unemployed into the industry. There is a growing pool of unemployed **graduates** in the Province. Supervisory and specialist professional skills are excellent entry access points to our industry for such tertiary qualified labour. Furthermore, these well-qualified individuals are likely to bring the innate qualities and education required to excel in such roles. Such programmes will increase the quality and scale of talent in our industry, perhaps. Good for the domestic market and attractive to FDI. This, more than anything, may assist with changing the labour market's perception of BPS&O and contact-centres as a stepping-stone job, rather than a career choice. Talent attracts talent. The Human Capital Portfolio will work with operators, higher education institutions, SETAs, and PGWC, amongst others, to develop an **industry graduate programme** to leverage this opportunity, as well as working with other partners to market the industry's 'brand' to the broader labour market. *Note, such a graduate programme will only constitute a minority of the workforce, therefore it will not undermine the industry's dynamic of promoting agents – vertically and horizontally.* However, it will inject a fresh stream of talent into our sector with a range of unique capabilities. An *industry graduate programme* will be explored in subsequent documents, including the *Skills Develop Business Plan*, with open discussions with industry stakeholders.

In years past, BPeSA Western Cape has run Provincial skills development programmes for entry level candidates, like the CADET programmes. This *Industry Skills Strategy* proposes a change in approach. Primarily, an alignment with national programmes and interventions for agent skills interventions. Apart from aligning with national funding and harnessing successful national programmes, it enables BPeSA Western Cape to meet this obligation while freeing up resources to tackle other critical industry skills development needs, like team leaders, etc, (as discussed above).

The strategy for entry level skills development will take a number of avenues, so to speak:

**Aligning with national programmes - Monyetla:**

The Monyetla (Work Readiness) Programme has proved popular and successful with a number of operators. This programme is funded by the Business Trust and the DTI, and funding is ensured for the next three years. The programme encourages and subsidizes the employment of previously unemployed youth by making them '*work ready*'.

**Top-Up Menus:** The Monyetla programme does not achieve full accreditation for an agent function, but it achieves a standard that is mostly relevant to operators and can be complimented by supplementary training interventions. In this regard, it's proposed the BPeSA Western Cape develops skills interventions that compliment and '**top up**' the Monyetla programme. This reduces the BPeSA Western Cape funding of entry level skills development, while ensuring that both operators and learners are assisted in achieving full Services SETA accreditation that ensure viable long-term employability of entry-level learners

and access to subsidies and CSI criteria. The content of these 'top up' interventions need to meet organizational *best practice* criteria, while being aligned to Services SETA accreditation to access these public funds and nationally recognized qualifications.

The Monyetla programme incorporates a **team leader** development component, though not at a level that addresses industry quality needs for this function. We propose that we incorporate this component of the Monyetla programme into the broader Western Cape team leader skills development intervention, which will enable organizations to access Monyetla accreditation and funding for this purpose while ensuring that the team leaders are developed to a broader and deeper standard. As well as aligning with Western Cape team leader skills development interventions, it will contribute to the entry of previously unemployed at a team leader level.

In order to support alignment with the Monyetla programme, BPeSA Western Cape will act as a *coordinator and disseminator* of information concerning Monyetla in order to mobilize the Western Cape industry to participate, assist with applications and guide for best practice and success. Also, it's hoped overtime that BPeSA Western Cape can add value to the methodology to assess candidates most suited to succeed in a learnership programme, thereby adding value methodologies to assess candidates most suited to succeed in a learnership programme for contact-centre employment.

#### Facilitating operator access to learnership funding:

There are a number of sources for funding for learning. The Human Capital Portfolio will coordinate with these sources and institutions and disseminate the relevant information to industry members. In this regard, the Portfolio will align with the BPeSA Western Cape *Organizational Business Plan's* aim to provide a world class facilitation process and offer BEST advice.

However, while offering advice, BPeSA Western Cape does not propose to manage these entry level learnerships. We believe that the *operators and providers are best placed to execute this process* according to their operational needs. We'd like to work with these operators to capture the metrics for any such learnerships, in order to build a holistic picture for industry's benchmark data.

#### Agent Skills Interventions & Top Up Menu:

In the short-term, BPeSA Western Cape proposes not run its own entry-level agent skills development programmes. However, it will deliver specific skills interventions in the form of a 'Top Up Menu', which addresses immediate and specific skills needs reflected across the sector. These will be determined by the *operators' needs* and the *viability of effective interventions*. For example, agent workshops addressing skills challenges like:

- *Written English skills, especially for business emails*
- *Service skills – like etiquette, multi-channel service skills, etc*
- *Life Skills relevant for the workplace (credit management, business and service etiquette, coping with stress at work and at home, etc)*
- *Accent neutralization and spoken grammar*
- *Afrikaans language skills and other African languages, where demand dictates*
- *Social Media and other software training*

These workshops will be run regularly and open to all of industry, enabling operators to **plan their capacity building** around the schedule. While early pilots of these interventions will

assess industry demand, ultimately operator demand will determine the scale and frequency of these interventions.

Such interventions will assist operators with their immediate skills needs, assist agents with their future security of employment, and incrementally improve the skills across the industry.

We will explore whether these **workshop interventions can be used to up-skill unemployed candidates**, who are otherwise '*just-not-quite-employable*' enough (but will become so with relatively minimal intervention). We believe that there is a *large pool of potential candidates restricted from the official economy due to such 'slight' barriers*. Hopefully, these workshop interventions can be developed to assist them and draw more of the unemployed into employment, but at a much reduced spend than required by a full skills programme. The Human Capital Portfolio will explore where and how it can partner with educational institutions (both tertiary and *pre-tertiary*) and other organizations to facilitate this.

**xi. Interventions ‘Speak to’:**

*Operators*

*Learners & Professionals – ‘Speak to’ Youth; Incentives; Career Development; e-Learning*

*Providers – Platform Enabler*

*Enterprise Development*

Any proposed industry skills development interventions must ‘speak to’ the needs of each of the stakeholders involved:

- *Operators*
- *The youth, particularly Learners and industry professionals*
- *Providers*
- *Enterprise development*
- *Policy Makers*, including national and provincial government, its associated institutions, and the education sector.

Operators:

Skills development interventions must meet the following criteria for operator support and participation:

- **Quality** – if the *content and outputs* of the intervention do not meet or exceed existing in-house interventions then operators will not participate meaningfully. Furthermore, considerations will be made of how to position skills development interventions in order for them to be best *integrated* into existing in-house training and development.
- **Costs** – where possible, *subsidizing skills development interventions* will assist operators in managing their operational margins and increasing investment in their organizational skills development. Furthermore, if done well, it increases South Africa’s competitiveness with other emerging BPS&O locations, thus *assisting with FDI and job creation*. Operationally, any intervention needs to ensure that it minimizes the impact on operational functions. Developing a mix of e-learning and online skills interventions will enable this.
- **Increase industry talent pool** – enabling sustainable growth, reducing risk of unsustainable salary inflation and, again, increasing South Africa’s competitiveness with other emerging BPS&O locations thus *assisting with FDI and job creation*

The Youth (*learners and industry professionals*):

A growing number of the industry’s *learners and professionals* are **Gen-Y**, as are the supervisors and those in specialist support functions. Skills development interventions must meet the following criteria for their **engagement**:

- **Competency and development** – if they are to be engaged through skills interventions, then they must believe in the value of the intervention to them. If they believe that the quality of the intervention is sub-standard and of little help for them in maintaining or advancing their employment opportunities, then they will not engage with the development intervention. The result will be a ‘horse that doesn’t drink’ and an unsuccessful intervention and a wasted spend. In addition, whenever ‘**Personal Mastery**’ (i.e. **life skills**) interventions will add value to the overall work readiness and competency of the learner, as well as increase their opportunity to

complete skills development interventions and employability, it'll be explored as part of the intervention. Building personal mastery into *management development plans* will be explored.

- **Incentives** – in all other areas of the industry and work, we seek to **incentivize and reward** successful behaviour and results, but this is not always so in skills development. If a way of incentivizing learners to complete and succeed in skills development interventions (and carry the interventions through into sustained operational application) can be achieved, then it will more than justify the additional resources. Developing consistent and reliable **metrics** around such incentives will enable us to measure the effectiveness of skills development programmes and refine them accordingly. This will result in a more efficient and effective spend for public and private monies. In addition, it'll add to the collation of industry benchmark metrics.
- **Navigation Guide** – learners and industry professionals want to understand the 'big picture' in relation to their work and their career. Developing *career pathing models* and *maps*, as well as a *guide to the criteria* (skills, qualifications, experience, and where these can be gained) required for *vertical and horizontal career movement* are important for industry professionals. These need to **map the industry** for professionals, not just the organization they happen to be in.
- **Platform for organization and market recognition**– during childhood (especially schooling), Gen-Y have grown up with many ways of being recognized for their achievements and they want that to continue in their working lives. They are the generation that has grown up *hyper-connected* (wi-fi, mobile phones and other devices, the internet and social media) and having self-promoting, networked platforms is their norm. Skills development interventions need to conform to *the new normal (hyper-connectedness)* and enable learners and industry professionals to find organizational and industry platforms to network and promote themselves...otherwise, for them, what's the point? If we don't enable this they will gravitate to somewhere that does provide such opportunities.

Developing e-learning and other online tools for skills development will appeal to the sort of flexible learning that Gen-Y seek. Also, it'll reduce the cost to them in time and money travelling to a fixed location for learning interventions, *plus they can 'carry' their learning into the operations with them*. **Satellite learning centres** near to places of work or residence, to assist with the logistical reality of learners and operators, will be explored. Both these developments should assist with successful completion rates and improved standards of learning from interventions.

#### Providers:

- **An accessible platform and an industry standard** – providers require access to skills interventions and the industry standards around content and outputs *in order to be able to provide innovative services to operators*. BPeSA Western Cape will look to provide a platform from which providers can incorporate these standards in to their service, thereby being recognized as providing best practice standards to the industry against a common and measurable benchmark standard.

#### Enterprise Development:

- **Capacity building** – wherever possible the Human Capital Portfolio will align and assist with the SMME Portfolio to enable SMME operators to access skills development interventions in order to build their organizational capacity and sustain their growth and sustainability in the

Province. For example, exploring 'co-op' applications for the Monyetla programmes, thereby enabling them to access this particular source of public funding. In addition, suitable opportunities to assist *SMME providers* will be explored.

Policy Makers:

- **Enabling the industry** – if industry skills interventions align with operator needs and assist them in broadening and deepening the industry Talent Pool, thus attracting FDI and enabling growth and job creation, then the policy makers will have their needs met. In addition to this, if BPeSA Western Cape can guide their policies to benefit the industry, through lobbying and advocacy, we'll provide a further service to them (as well as to the industry).

In order to become an effective platform for industry advocacy and lobbying, BPeSA Western Cape (and the Human Capital Portfolio) need to demonstrate consistent credibility, through building broad and deep expertise in all aspects of the industry, as well as successful, consistent engagement with the operators and providers. The activities of becoming an effective industry information hub (including industry benchmark metrics) is an important component of becoming the voice of the industry. Policy and legislation affect all aspects of human capital and skills development (and, therefore, operators ability to deliver), so developing BPeSA Western Cape's capability to guide national and provincial policy direction is important (as is government's ability to communicate to the private sector via the industry body).

*xii.*      **Info Hub, Metrics & Best Practice Benchmark -**

“ Everyone doing his best is not the answer. Everyone *is* doing his best. It is necessary that people understand the reason for the transformation that is necessary for survival. Moreover, there must be consistency of understanding and of effort. *There is no substitute for knowledge.*” W Edwards Deming.

A consistent message coming from all industry stakeholders is a demand for consistent and comprehensive industry information, news, best practice learning, and benchmark metrics. Currently, this is at a poor standard, nationally, in our industry. It is an important component of FDI marketing. This is needed as much in skills development as other areas of industry operations. Furthermore, it's difficult to properly manage industry skills development if we are unsure of industry metrics (namely, what's actually happening).

This is a medium to long-term project and one with no silver bullets. While an emphasis will be on Western Cape metrics, coordinating with national efforts –where possible- will pay greater dividends. The best approach will be to work with the operators and a number of key partners, who provide industry information as a service, and try to coordinate the various sources into a holistic, coherent, and reliable basis for industry metrics. If this can be done successfully, then –over time- it will be possible to condense it down to a broad and unified picture of the industry. Considerations of protecting confidentiality and IP will be made, as well as the need to be able to transparently share aggregated data widely with all of the industry.

We will explore ways of developing such metrics. If BPeSA Western Cape is to act as an Info Hub and disseminator of information to industry, especially if incorporating the use of social media, then it's going to **need sufficient resources** – both *human resources* and *systems*. These needs will be addressed, at a later date, in the ***Industry Skills Development Business Plan***.

**Industry 'R&D'**: the Human Capital Portfolio will explore opportunities to contribute the industry's *learning* and *sharing of best practice*. We'll consider commissioning research and reports on industry practice and innovation. Note, we'll work with all our stakeholders to guide all such initiatives.

### **xiii. Funding**

In the past, perhaps, funding requirements have driven the content and delivery of industry skills interventions with the resulting disconnect between policy and business needs. This doesn't benefit anyone and has resulted in lost opportunities for industry growth. As mentioned earlier, **skills interventions must align with industry needs** and provide **quality** driven content/standards, only then we find a way to fund them.

One reason, perhaps, that this disconnect occurred is because BPeSA Western Cape was totally reliant on public funding for running its skills development programmes. While we continue to believe that it benefits industry to make the most of public funding, in the medium to long term we need to **develop self-sustaining sources of funding**. These will be explored during the duration of the period defined by this strategy document (namely, three years). There are various avenues to explore, like offering subsidized interventions to members and no subsidies for non-members, as well as using a Provincial industry **academy** as an enterprise development vehicle for industry operators. *However, all such decisions will be explored in partnership with industry stakeholders.*

Another disconnect between public funded skills programmes has been *the erratic delivery of funding*. This prevents operators from being able to plan their business needs to align with public programmes, resulting in frustration on all sides and less optimal results than could be achieved.

The *Industry Skills Strategy* makes it a priority for the *Human Capital Portfolio* to identify and obtain **consistent funding to enable consistent delivery of programmes** to align with business planning needs.

As mentioned above, the ultimate standards that skills development interventions need to meet is that deemed of sufficient quality by operators. However, within this operator-determined framework, *we will look to build in **nationally accredited criteria** in order to facilitate industry access to public funding for our skills development programmes*. In this regard, we'll engage with the *SETAs*, including *Services SETA*, as well as the *OFO framework* and the *NSDS iii framework*. More details on this will be included in the *Skills Development Business Plan*. The *Industry Skills Strategy's* emphasis on quality-skills development interventions is in line with the visions of the *NSDS iii* and other frameworks. *HOW* we achieve this will be detailed in the next stage of this process: *Skills Development Business Plan*.

#### **xiv. Closing Summary: Industry Skills Strategy**

The BPeSA Western Cape (*Human Capital Portfolio*) **Industry Skills Strategy** is written to encompass the broader context of industry dynamics, as they effect skills development. Its place in the global BPS&O marketplace, as well as the realities of contact-centre and BPS&O organizational needs, must guide the skills strategy. Skills development can only succeed within this context, therefore interventions need to work with and *align* to these realities. In short, the *Industry Skills Strategy* must be **industry-informed** and **industry-led**.

The work in formulating and writing the *Industry Skills Strategy* has been broadly consultative, involving key industry operators and providers (detailed, below, in: *Industry Skills Strategy Consultation Process*, pp.7-8) and informed by the extensive research and reports over the last several years (briefly detailed, below, in: *Acknowledgements*, p.33).

The recurring theme in the strategy is the need to prioritize the **quality** of any and all initiatives to ensure interventions of value are delivered to the industry, both for existing operators and to incentivize foreign direct investment (*FDI*). Industry stakeholders, equally, would like to see the following human capital services from their **industry body**: 1. The provision of comprehensive high-value industry-related *information*, including standardized and accessible industry *benchmark metrics*; 2. *Events* to learn, share and network with other industry practitioners and thought-leaders; 3. High value skills development *interventions aligned* to operator-organizational needs and realities.

The Human Capital Portfolio operates on two key principles, which drive direction of the *Industry Skills Strategy*, first, that everything hinges on successful **engagement** with industry stakeholders to ensure their support and participation of skills development interventions. *This engagement is an ongoing process*. And, second, that building sustainable **human capital infrastructure**, so to speak, is essential to industry's sustainability. Human capital infrastructure involves a diverse range of components, but for skills development it fundamentally means creating a broad and deep Talent Pool of essential skills. Naturally, skills that take a longer-term investment tend be scarcest in the market. The *Industry Skills Strategy* proposes to aggressively tackle these *skills-bottlenecks*.

The Human Capital Portfolio and the *Industry Skills Strategy* will align with BPeSA Western Cape's wider organizational mandates, projects, and targets (summarized, below, in: *BPeSA Western Cape Business Plan: Mandate & Targets*, pp.9-10). In particular, two primary and related mandates: increasing the **FDI** in South Africa and the Western Cape, thus ensuring that the contact-centre and BPS&O sector provide an economic dividend for the Province's **job creation** strategy. In the immediate future, the focus will be on increasing business with the **UK** market, while investigating other **English speaking** markets, particularly, building on the strength of the Province's existing '**Voice**' services capacity. (Note, we'll *explore* opportunities to support **African language** skills interventions for domestic market operators, including *Afrikaans*; as well as initiatives in *KPO* (knowledge-based non-voice, complex back-office processes service)).

The *Industry Skills Strategy* proposes that broad **synergies** exist between the existing national and Provincial operator's and FDI interests, which will guide the Portfolio's skills development activities. In short, *skills development doesn't happen in a vacuum*, rather skills evolve in an existing commercial '*eco-system*'. If we are to incentivize FDI, in part through the Province's skills-resource base, then we must create a sustainable human capital infrastructure, in **partnership** with existing operators. Consequently, skills interventions will be **aligned** to operators' criteria and standards. **Engagement** with these existing stakeholders is essential, for its own sake and for successful FDI marketing. In short, the aim is to create a *virtuous circle* for industry skills development that benefits all stakeholders: existing BPS&O operators, captives, FDI, and providers.

Skills development falls within the responsibility of BPeSA Western Cape's **Human Capital Portfolio**, but the Portfolio includes more than skills development. The Portfolio will recognize four areas of focus for developing industry human capital infrastructure:

- *Skills Development* – as per this document (*Industry Skills Strategy – 2011-15*)
- *Talent Acquisition* – including, recruitment and promoting the industry to the labour market.
- *Talent Management* – including, career-pathing and talent retention.
- *Industrial Relations (IR)* – including, legislative labour and skills policy, as well as CCMA practice.

The Human Capital Portfolio, in each of the four areas, will centre around three key activities:

- Acting as an *Information hub*, coordinating, and disseminating relevant information to industry, including the collation and sharing of aggregated *industry benchmark metrics*.
- *Events*: coordinating and facilitating industry events that share best practice and learning on Human Capital, while facilitating networking of industry professionals.
- Facilitating skills development *programmes* and *interventions*.

Each of these activities will require the *investment of resources*, both systems and human, which will be dealt with in more detail in the *Industry Skills Development Business Plan*, at a later date. In short, though, for BPeSA Western Cape to offer a sustainable and high-value service to the industry it needs to identify and 'hire' the best talent ('hire' in any sense of leveraging market skills, from voluntary contribution to consultants to employees, as suits). The organization itself needs to become a '*talent-magnet*' for aspiring professionals. However, this is a medium to long-term build.

The *Industry Skills Strategy* proposes developing activities and interventions with the **medium and long-term** (therefore, *sustainability*) in mind. Thus, the **timeline** of this strategy document is **3 years: September 2011 - December 2015**. The three year strategy will be broken down to *Annual Roadmaps* and *Quarterly Reviews* of milestones. (These *Annual Roadmaps* will form part of later documents, including the *Industry Skills Development Business Plan*.) Industry stakeholders will be invited to engage with BPeSA Western Cape continually throughout the 3 year period on the skills strategy.

The *Industry Skills Strategy* is guided by some **broad principles** that are to inform all activities: *quality; speaking to youth and learners needs; realism and pragmatism, engagement, blended and relevant learning interventions, alignment and partnership, and creating an open platform enabling sustainable skills development for industry*. [Please note, '*learner*' in this document is used interchangeably between its narrow sense (individual participating in publically funded and accredited learnerships) and its broad sense (a person involved in any learning, up-skilling or training, self-directed or otherwise). The context should provide which sense is applicable.]

The **quality** of any and all skills development activities and interventions is critical for its success. South Africa is amongst the top three emerging global locations for the scale and quality of English skills, among its many other virtues for FDI. However, it's not the lowest priced emerging location – it's unlikely ever to be able to undercut the cost of business in India or the Philippines. If it can't compete on costs alone, then it can *compete on quality* with those locations, while remaining less expensive than western based locations. In order to leverage off this value proposition, South Africa and the Western Cape must ensure the availability of sufficient **depth of quality of labour market skills** and the **broad scale** needed for their sustainability, for when new operators enter the Province. BPeSA Western Cape's skills development activity must contribute to this strategic requirement.

The interventions need to contribute to the shifting trends in skills-demand, as well as immediate and current organizational needs. In this regard, '*Voice*' services increasingly are becoming more than '*voice*' alone. Due to the rise of technological innovation, communication networks, falling prices, and

consumer adoption of it (in the form of sms, IMS, *social media* and other *online activity*), **multi-channel service** increasingly is a required delivery of the organization and the agent. This growth trend in multi-channel service looks likely to continue for the foreseeable future. In order for South Africa to 'stay in the game' our skills development interventions must reflect this trend, as well as to equip industry professionals with skills that offer them *sustainable employment opportunity* (thus honouring our duty to **youth job creation** and **quality of work** and its **sustainability**). A *blended mix of learning styles and delivery mechanism* will be explored, particularly investing in **e-learning** tools and content. Not only will this ensure that the skills development interventions are *engaging and relevant to youth* and professionals, it will alleviate the cost of classroom time on organizational operations. If this achieves successful quality industry skills development and employment opportunities, then it will provide the greatest **return on investment** for public and private spend. Furthermore, we'll explore **incentive mechanisms** to incentivize learners on skills interventions, to increase the completion and pass rate of interventions, as well as their **consistent application** in operational behaviours (post the intervention).

Opportunities for **learning, alignment** and **partnership** will be key strategic and tactical considerations for the *Industry Skills Strategy*, including at the following levels: international, national, provincial, private-public, educational institutions, other SPVs and industry bodies. These will create the opportunity for greater momentum and resources applied to all work supporting the industry. Also, it'll increase the channels of communication, better enabling BPeSA Western Cape to fulfil its role as **information hub** for the market *and*, in the medium to long term, as a voice for industry in *advocacy* and *lobbying*.

Following the principle of **alignment**, the *Industry Skills Strategy* proposes that for agent-level skills programmes BPeSA Western Cape will promote and align with the **Monyetla Programme** (detailed, below, in: *Entry Level Mandate*, pp.25-27). In this way, we can make the most of national funding, while redirecting other funding to areas of skills development not supported by such mainstream national funding, such as *leadership, management, and specialist support functions* (like Workforce Planners). While aligning with the Monyetla Programmes, the *Industry Skills Strategy* proposes to offer a **top-up menu** – complimenting possible 'gaps' in the Monyetla Programme and facilitating the completion of *full accreditation*. This top up menu can provide consistent and continuous **up-skilling** to existing organizations and industry professionals, particularly at agent-level through workshops and other interventions. The '*menu-selection*' will be determined by **operator demand**, both in content, criteria and standards. We'll work with industry **providers** to develop and deliver **top up menu interventions**.

*Aligning* skills development interventions with operator demand will require consideration of the contact-centre and **BPS&O business model** and its key drivers: *costs, hot metrics, and hot skilling* (cost conscious, efficient and effective skills training of entry-level employees). (These are explored, below, in: *BPS&O primary drivers*, pp.19-21.) These three drivers are shared by most contact-centre organizations: FDI and domestic BPS&O operators, as well as captives. Given the *demographics* of South Africa, hot skilling and a developing a sustainable skills-pipeline necessarily align with **BBBEE** requirements – a need shared equally by BPS&O and captives. Thus the focus on the quality of hot skilling interventions, combined with demographic reality, naturally will converge with contributing to the national BBBEE mandate.

If these three key drivers, above, are correct, then certain skills requirements follow, particularly in regard to **human capital infrastructure**: *team leaders and contact-centre managers, workforce planners and managers, trainers and managers, HR professionals (particularly, IR and recruitment) and managers, quality assurers and managers, project managers, business analysts, and IT support professionals and managers*. In order to develop these skills it takes investment, of resources and time to teach from a competent base, and they form the skeleton around which the operations take shape. A shortage of these skills at sufficient standards leads to *infrastructure 'bottlenecks'* that

stymie the pace and scale of agent-level job creation, while deterring FDI. Currently, existing operators already face a shortage of these skills in both scale and quality, so they are keen to participate in initiatives that relieve this mounting operational pressure. Improving this situation, with a *sustainable plan*, will be a piece in the picture of Province's FDI marketing value-proposition. Broadening the scale of available skills, combined with their depth of quality, will help check increasing **salary-inflation** within those pockets of excellence that currently exist in the skills-market – a need that speaks to all stakeholders and FDI, equally. The *Industry Skills Strategy* proposes to prioritize addressing these urgent needs for sustainable human capital infrastructure (**leadership, management, and specialist support skills**) and we will explore a range of interventions to do so.

Over and above the 'Top Up Menu' interventions, mentioned above, the *Industry Skills Strategy* proposes three major projects to build a **sustainable skills programme** for the Western Cape's contact-centre and BPS&O sector: 1. a **Skills Academy**; 2. Partnership with **FETs** and **HETs**, as well as other educational and accreditation bodies (like the SETAs); 3. Supporting and aligning with **private sector initiatives** (operators and providers), wherever they add value to industry. On this last point, while government and the industry body can (and will) support, facilitate and contribute to skills development, the reality is that most skills development is going to happen **in-house** - as organization's recruit, train and up-skill to meet their campaign requirements. *Primarily, BPeSA Western Cape's role is to work to help create a globally competitive commercial environment, whereby organization's can meet skills needs with maximum effectiveness and efficiency.* In short, one purpose of a skills academy and working with FETs and HETs, is to assist the develop a provincial (and national) **platform** to promote and facilitate industry skills development. With the establishment of an agreed (*industry-led*) **standard** of skills competency and training-delivery, it will go a long way to helping all future work in skills development and its value. (This is explored, below, in: *Mechanisms for Leaderships, Management, & Specialist Support Skills Development Interventions*, pp.22-24.) Such a platform, including the skills academy, will be an **open platform** - one aimed at supporting and promoting a *consistent and relevant standard* across a broad range of operators and providers. The Human Capital Portfolio will develop *industry-led methodologies* for recruitment and selection, training interventions, and *metrics* to incentivize, monitor and recalibrate interventions for maximum ROI.

In the medium to long-term, BPeSA Western Cape will explore and develop opportunities for **self-sustaining funding** in skills development work. However, it will always look to access available public funding whenever of benefit to industry skills development, while assisting operators to source and apply for funds independently. In order to access public funds, the *Industry Skills Strategy* proposes that skills development interventions align to standards and criteria required by national accreditation bodies and frameworks (like the SETAs and the *OFO Framework*, amongst others), while using these as a **minimum standard** to be *built upon* to ensure the **quality** and actual skills needed by operators are met. Furthermore, the *Industry Skills Strategy* dictates that the *Industry Skills Development Business Plan* explore '**mechanisms**' to **close the disconnect** between *organizational capacity planning* needs and the erratic dispersal of *public funding* (and its negative effect on the predictability and consistency of roll-out).

The theme of the *Industry Skills Strategy*, as mentioned, is the need **focus on the quality** of all aspects of skills development interventions. The strategy explores the medium to long-term vision that this requires. Such an approach requires the *investment of resources* (financial, time, human, voluntary, and paid, etc), the *broad participation of stakeholders* and the *support of BPeSA Western Cape and the Board*. Without these ingredients, any skills development project is still-born. If this sort of effort is to be made by everyone involved, then it's only worth doing so if it aims high enough and provides a quality return. If a **quality-approach** to skills development is the correct one –in that it delivers value to operators and learners, while securing FDI- then a medium to long-term strategy and investment is a necessity, as so eloquently summarized by *W Edward Deming*: "A conjurer may pull a rabbit out of a hat, but he cannot pull quality out of a hat."

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