

EXECUTIVE SUMMARY

# The Crisis in Contact Center Management

March 2024



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# The Crisis in Contact Center Management

## Executive Summary

A downward spiral in the employee and customer experience is causing “The Great Termination” of leaders. However, meaningful work can help contact center leaders dramatically increase employee and customer loyalty.

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## Section 1:

### The Crisis in Contact Center Management



#### The Crisis in Contact Center Management

The customer experience is at a 17-year low, agent turnover remains high at 7-8% a month, and quiet quitting is at 59%. This crisis is severely impacting company profitability, leading to “The Great Termination” of leaders.



#### Customers Still Want Human Customer Service

Customers want access to human support when their issue has a high level of urgency, importance, complexity, or dissatisfaction. They desire agents to be their advocate with the company, where the human-to-human relationship supersedes the company-to-customer relationship.



#### Agents Love Their Job When They Can Authentically Help Customers

Agents want to authentically help customers, which leads to meaningful work. They also want grind to be low because it destroys their meaningful work by preventing them from serving customers. Grind is when you are driven to serve others in your work, yet you are held back from doing so in some way (large or small).



#### Executives Are Prioritizing Cost-Cutting and AI Over Service

Unfortunately, for contact center leaders, many executives don't believe customer service impacts customer retention. Therefore, executives focus on cost-cutting and are selling AI as the answer to the crisis, but employees and customers are not buying their approach.



#### Self-Service Needs to Improve

Customers will decide if and when they will use self-service and companies should not force them to use it. Self-service needs to improve dramatically, and AI can help. However, companies should not listen to tech delusionists who claim AI will replace humans for customer service.



#### What Humans Can Do That Artificial Intelligence (AI) Can't

AI benefits customers in transactional interactions with increased speed and 24 by 7 availability. However, AI can't authentically serve customers where the human-to-human relationship supersedes the company-to-customer relationship. It also can't connect on an emotional level to care, build trust, authentically apologize, show gratitude, and laugh. If customer service loses the human touch, companies will lose human loyalty.

## Section 2:

### The Crisis in Contact Center Outsourcing



#### **There is a Crisis in Contact Center Outsourcing**

Contact center outsourcers are experiencing even higher agent turnover and worse performance than internal centers. Outsourcers are losing clients at an abnormally high rate, putting them in financial distress. Also, AI is a concern for investors because of the fear it will dramatically reduce the need for outsourcing. Within the next five years, 50% of large to medium-sized contact center outsourcer brands could disappear because of consolidation.



#### **Clients are Realizing the Contact Center Outsourcing Fallacy**

Clients want outsourcers to be experts at improving the employee and customer experience, leading to increased performance and reduced costs. However, contact center outsourcer goals do not align with the client's goals, and outsourcers further dehumanize the agent-customer interaction by focusing on their own cost-cutting initiatives. Unfortunately, this leads to worse performance and higher customer churn, thereby offsetting the cost savings of outsourcing.



#### **The Client Outsourcing Journey Needs to Improve**

Most clients were led to believe their program would have lower employee turnover and better performance, and outsourcers are not fixing either issue. The sales team at outsourcers is responsible for selling and managing the client, while the operations team focuses on maximizing their own profitability. Unfortunately, the client's separation from outsourcing operations increases their desire to control the agent-customer interaction, furthering the downward spiral in the employee and customer experience.



#### **Clients Not Buying the Employee Experience Claims or Value-Add**

Outsourcers claim to offer great employee experiences. However, according to employee reviews, large-to-medium outsourcers have a very poor employee experience. In addition, outsourcers try selling themselves on value-added offerings like analytics and AI which are very low on the list of what clients want from them.

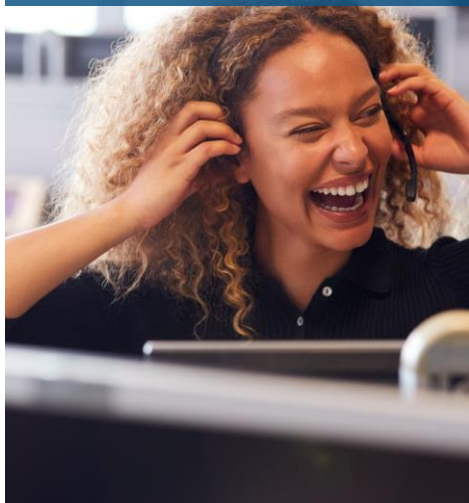


#### **Most Clients are Upset with Outsourcers and are Making Changes**

Dissatisfaction with contact center outsourcing has been growing since the pandemic, and outsourcers are now in a high-risk situation. Most clients are unhappy with at least one of their outsourcers and are considering replacing them, asking them to lower rates, or bringing the volume back into their internal centers.

## Section 3:

### Meaningful Work is The Answer



#### Agents Impact Emotional Customer Satisfaction and Loyalty

Emotions impact the customer's behavior even more powerfully than rationality does. Emotionally satisfied customers contribute far more to the bottom line than rationally satisfied customers. Research has shown that the customer's experience depends almost entirely on the employee. Every agent interaction with a customer represents an opportunity to build that customer's emotional connection or to diminish it.



#### Customers Want Agents to “Cross the Company Line”

Customers want employees to “cross the company line” to be their advocates where the human-to-human relationship supersedes the company-customer relationship. Fortunately, agents want to “cross the company line” to treat the customer according to their own value system and be the one who really makes a difference for that customer. This makes their job meaningful.



#### Meaningful Work is a Win-Win-Win for Contact Center Leaders

Meaningful work occurs when a person's work makes a difference in someone's life. The most important part of the employee experience is how they feel about their job, not compensation or the company they work for. If they find their work meaningful, it significantly reduces turnover (25-50%), increases engagement, and improves performance (10-25%). Meaningful work for leaders and managers comes from making a difference in their team members' lives, thereby making meaningful work infectious.



#### Meaningful Work is Personal and Can't Be Manufactured

The desire for meaningful work is universal and innately human. Meaning is personal; therefore, a company can't manufacture meaningful work through its company mission, corporate social responsibility (CSR), volunteering, or compensation. However, management can nurture an authentic environment where meaningful moments occur naturally.



#### Discover Meaningful Work In Your Own Contact Centers

For decades, we conducted focus groups with contact center agents. If you ask a group of agents what they like most about their job, the most common response is, “When I go above and beyond for a customer and make their day.” Conduct your own agent focus groups and ask your agents what they like most about their job.

## Section 4:

### Grind is Dehumanizing Customer Service



#### Grind Destroys Meaningful Work

Agents experience “grind” when management is out of alignment with the customer, and the agent is caught between them. Grind destroys meaningful work, and poor management is its leading cause. When employees feel management is preventing them from authentically serving the customers, the agent will disengage during interactions because engaging is too painful.



#### Mismanaging Good Innovation Leads to Grind and the Dehumanization of Customer Service

The contact center industry believes you need to control agent-customer interactions, and the human variable is the risk that needs to be mitigated. This mindset has led to the mismanagement of good Innovation that has dehumanized customer service.



#### Executives Are Highly Resistant to Change, and They Are the Top Cause of Grind For Contact Center Leaders

Many executives treat contact centers as cost centers. When leaders prioritize profitability over people, they actually decrease profitability because their approach reduces both employee and customer loyalty. Unfortunately, problems caused by leaders are rarely fixed by the leaders who cause them. Only 4% of executive leadership teams are expected to lead the change to improve the employee and customer experience. Contact center leaders need to experiment to show their leaders a better way before it is too late.



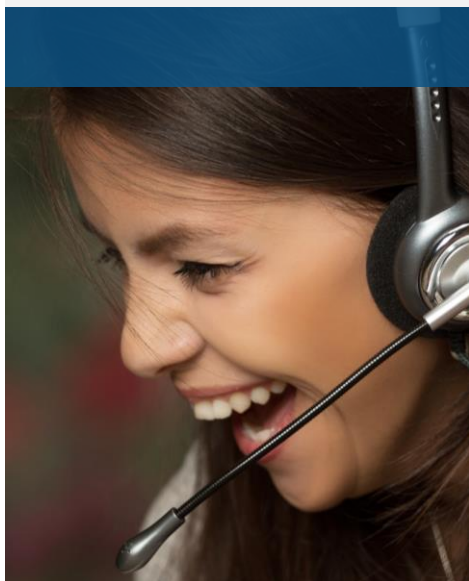
#### If Executives Were Managed Like Agents, They Would Understand Why it is Dehumanizing

Contact center leaders struggle with how executive leadership dehumanizes customer service. Most executives believe the agents are the problem, not the company. However, if you could treat executives like agents, they would see how the mismanagement of metrics, monitoring, and controlling processes is causing grind and dehumanizing agent-customer interaction.



## Section 5:

### Solving the Crisis in Contact Center Management



#### Measure Your Employees' Levels of Meaningful Work & Grind

Measure the levels of meaningful work and grind because they influence a person's intent to quit more than all other factors combined, like pay, benefits, career path, the company, co-workers, and life changes.



#### Implement a Meaningful Work Program

The principles of meaningful work and grind should revolutionize how we manage people. Create a vision for the type of meaningful work environment you want and improve the employee experience by improving how they are managed. 5th Talent developed a methodology to measure meaningful work and grind and then helps leaders develop a meaningful work environment. The program works with senior leaders, management, and employees to change their mindset from "providing a service" to "serving a person."



#### Experimenting is the Best Way to Get Buy-In From Executives

Because leadership is highly resistant to change, contact center leaders should experiment with a small group to implement a meaningful work proof of concept. Then, they can present the program's success to executive leadership, demonstrating a better way to improve profitability. The meaningful work program should eventually extend beyond the contact center. It is a universal approach that applies to everyone, regardless of their job level or department.



#### Experimenting is the Best Way to Get Buy-In From A Contact Center Leader's Own Team

An experiment also helps get buy-in from a contact center leader's team that is also highly resistant to change. Senior contact center leaders are under an immense amount of stress due to their high workload. Therefore, they are reluctant to take on additional responsibilities that may result in burnout. The experiment group needs to be removed from day-to-day operations because it needs the freedom to experiment, and day-to-day operations must remain focused on delivery.



#### Meaningful Work Brings Outsourcers in Alignment with Clients

Because outsourcing companies focus on their own profitability, they are out of alignment with executives, contact center leaders, agents, and customers. However, a meaningful work program benefits everyone, including outsourcers, by lowering their turnover costs, providing higher margins, enabling them to consistently meet contracted key performance indicators (KPIs), and increasing client retention.



Contact center leaders need to assess the current levels of grind and meaningful work experienced by their agents in their jobs. Then, they should create a small proof of concept group to develop a meaningful work program. The success of the program will get them the approval to expand it.

## The 5th Talent Methodology for Developing a Successful Meaningful Work Environment



### Understand your agents' current experience regarding their job.

Through surveys, focus groups, or other methods, understand your agents' current job experience regarding grind and meaningful work.



### Experiment with a small group to implement a meaningful work program.

Create a group of nearly 100 agents and their managers to implement a meaningful work proof of concept. Be sure to measure its impact on improving the employee and customer experience, performance, and profitability.



### Create a vision for the type of meaningful work environment you want.

Leadership must drive this initiative to ensure its success and its sustainability.



### Identify the top causes of grind that is destroying meaningful work for agents.

Grind is destroying their meaningful work, so identify the top causes and a plan to reduce their grind.



### Improve the employee experience by improving how they are managed.

Develop management to understand the concepts of meaningful work and grind. They should be able to reduce grind and encourage each team member to tap into the joy of serving.

Thank You!



### Develop employees to be self-learning and self-managed.

Empower employees to engage with customers authentically and to use their unique talents to serve each person.



### Gain approval from executive leadership to expand the meaningful work program.

Present the success of the program to executive leadership that demonstrates a better way to improve profitability. Get their approval to expand the program.



### Roll out the program and continue to monitor and protect the new meaningful work environment.

It's important to expand your program in stages, validating each implementation and creating a method to monitor and protect your work environment. The program should also be rolled out to your contact center outsourcers.



### The meaningful work program can be extended to the entire company.

Meaningful work should include more than contact center agents. It is a universal approach that applies to everyone, regardless of their job level or department. If the executive leadership team adopts the principles of grind and meaningful work, it can significantly improve an organization's culture and profitability.





Measure the levels of meaningful work and grind because they influence a person's intent to quit more than all other factors combined, like pay, benefits, career path, the company, co-workers, and life changes.

## Insight from 5th Talent

### The 5th Talent Meaningful Work Survey

We developed a methodology to measure **Meaningful Work** and **Grind** of employees in an organization and its impact on **Intent to Quit** and **Intent to Engage**.



#### Turnover

The levels of **Meaningful Work** and **Grind** influence a person's **Intent to Quit** more than all other factors combined, like pay, benefits, career path, the company, co-workers, and life changes. (Typically, a 0.52 correlation or higher)



#### Engagement

**Intent to Engage** is inversely correlated to **Intent to Quit**. In other words, a person who wants to quit does not want to engage with customers.

### Measuring Meaningful Work & Grind Provides the Most Insight Into the Employee Experience

Employee satisfaction and engagement surveys provide value, but understanding the levels of meaningful work and grind directly correlates to how they feel about the worthwhileness of their job. That is the key to positively impacting employee behavior so they will stay longer, be more engaged, and perform better.

## Meaningful Work Survey Dashboard



#### Meaningful Work

66



#### Net Job Worthwhileness

-2%



#### Grind

76



#### Employee Experience State

##### Disillusioned

33%

##### Frustrated

25%

11%

##### Uninspired

31%

##### Energized



#### Quit Intention

46



5th Talent developed a methodology to measure meaningful work and grind and then help leaders to develop a meaningful work environment. The program works with senior leaders, management, and employees to change their mindset from providing a service to serving a person.

## The Principles of Meaningful Work and Grind Should Revolutionize How We Manage People

Assess and Monitor	Program		Results
<p><b>Meaningful Work &amp; Grind Survey</b></p> <ul style="list-style-type: none"> <li>Assess the employee experience with their job by measuring the current levels of meaningful work, grind, intent to quit, and intent to engage.</li> <li>Provides an essential insight for leadership and a baseline from which change is measured and monitored.</li> </ul>	<p><b>Meaningful Work Program</b></p>  <ul style="list-style-type: none"> <li><b>Meaningful Work Visioning Workshop</b> 8-hour workshop for leadership to build a unified vision based on concepts of meaningful work and grind.</li> <li><b>Developing Others</b> 8-hour course for management to reduce grind and develop each team member to foster a meaningful work environment.</li> <li><b>Serving Others</b> 8-hour course for employees to tap into the joy of serving and to develop their talents to help customers better.</li> </ul>		<p><b>25-50%</b> Reduction in Employee Turnover</p> <p><b>10-25%</b> Improvement in Customer Satisfaction</p>
	<p><b>Additional Modules</b></p> <ul style="list-style-type: none"> <li><b>Onboarding Excellence Program</b> <ul style="list-style-type: none"> <li>A Developing an Onboarding Experience Workshop</li> <li>Guiding Others course for support staff</li> <li>Understanding the Customer course for employees</li> </ul> </li> <li><b>Excelling at Home Program</b> <ul style="list-style-type: none"> <li>A Work at Home Leadership Workshop</li> <li>Leading Remote Teams course for management</li> <li>Excelling Remotely course for employees</li> </ul> </li> </ul>		<p><b>Licensing</b></p> <p>We help you pilot the program and train your people to roll it out.</p>

# Message From the Author | I Want to Encourage Contact Center Leaders

## I Want to Encourage Contact Center Leaders

Unfortunately, I had to be straightforward in this report. Contact center leaders are currently facing a crisis. It is alarming that very few people are covering this issue. The crisis is getting worse by the day, and companies don't have an effective approach to turn things around. It's worth noting that many people think AI is the solution, but it is not.

Few people understand the immense challenges a contact center leader faces, so I want to encourage you. You are the change agent to bring organizations out of the crisis. Meaningful work is a viable solution that provides a win for employees, customers, and the company, but leading change is not easy.

## We Cracked the Code on Contact Center Management, But Organizations are Highly Resistant to Change

The principles of meaningful work and grind are revolutionary and should fundamentally change the way we manage people. However, changing executives and a contact center leader's team is extremely difficult. Our methodology includes experimenting because people need to see it before they understand why they should change. The top comment we get is, "Once you see grind, you can't unsee it." The good news is that frontline managers and agents quickly embrace the change.

## Everyone Deserves Meaningful Work, Especially You

More good news is that the desire for meaningful work is universal and innately human. It is important to remember that humans are more emotional than rational, which is good. Try to rationalize why you volunteer or raise a child. The answer sounds cold and a bit creepy. But when you explain using your heart, humans understand. Work is no different.

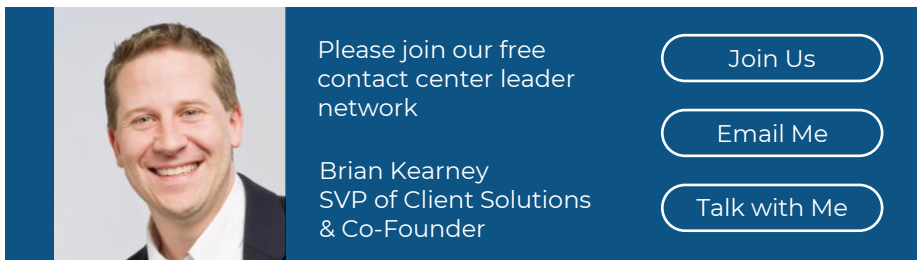
Meaningful work is tied to a meaningful life. Everyone deserves their work to be in alignment with what they find meaningful. However, grind creates an environment where your work goes against your personal value system on how humans should be treated.

Contact center leaders especially need their work to be meaningful because your work has an immense impact on the lives of so many people.

## I Now Realize That Meaningful Work is a Revolution, and I Believe Contact Center Leaders Should Lead It.

Meaningful work is a revolution because it requires leaders to stop what they are doing and change their approach. Contact center leaders are uniquely positioned to lead this revolution. If you can implement a meaningful work approach in a contact center, it has a very high return on investment (ROI), and you have many metrics to prove its effectiveness. Then, meaningful work can spread to the entire organization because people will see it and want it.

I know most contact center leaders will continue to stay the course, but 5th Talent and I are here to support those who want to change to a meaningful work environment. Please reach out to us for support. I invite you also to join our network to connect with other contact center leaders embarking on the same journey. It is better to work together to change the contact center management industry.



Please join our free contact center leader network

Brian Kearney  
SVP of Client Solutions & Co-Founder

Join Us

Email Me

Talk with Me

## 5th Talent Research



**9,800 Surveys**  
from Agents &  
Frontline Managers



**117 Interviews**  
with Contact Center  
Leaders



**12 Countries**



**9 Industries**

## Industry Research Sources

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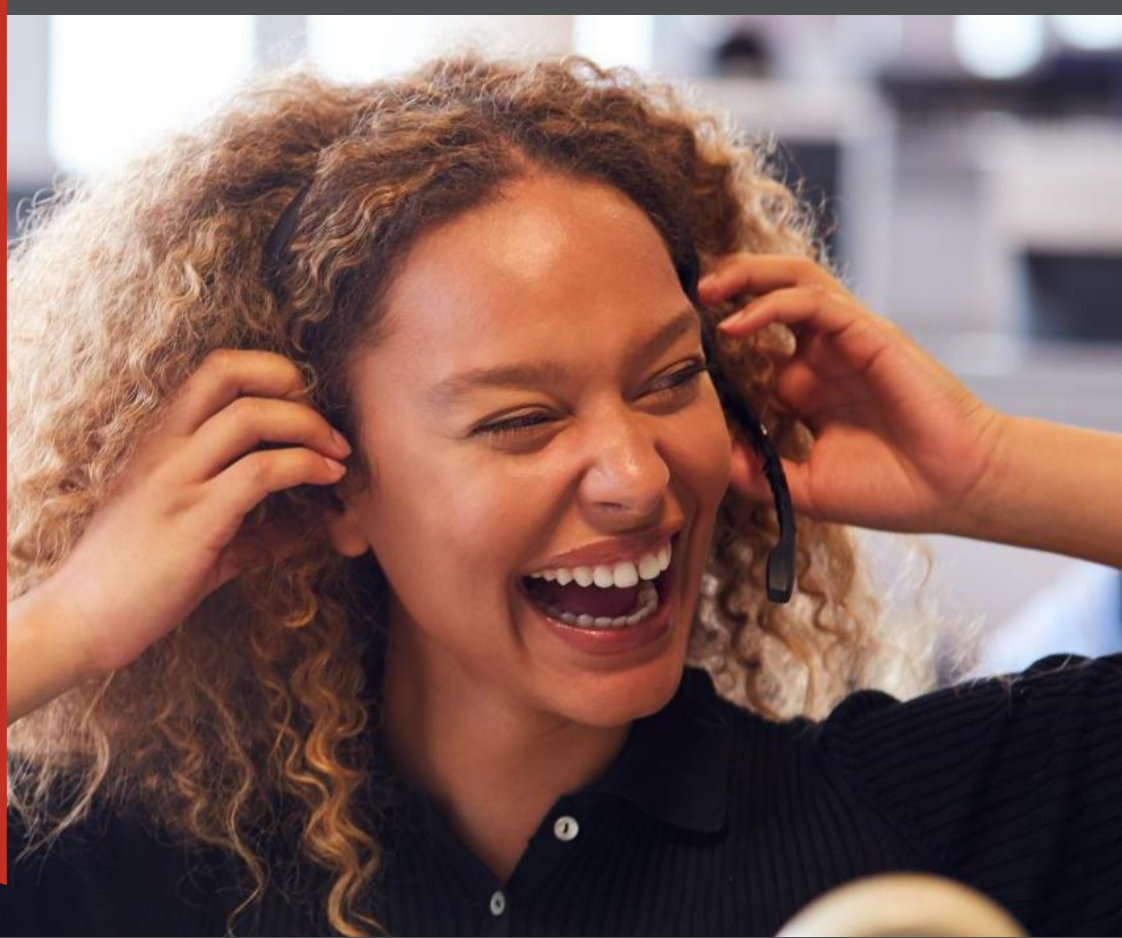
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set up a meeting

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