5thTALENT

Contact Center Industry

The Leadership Challenge

September 2022

Why Most Contact Centers are Struggling to Adapt to the Future of Work

Background | 5th Talent Contact Center Research Series

June 2020

Work at Home Study
Insight for developing a work at home model

Survey of 4,100 agents and supervisors

November 2020

Interviews with Contact Center Leaders
Work at home fatigue has set in

41 executive interviews

April 2021

Work at Home Study
The work at home dilemma

Survey of 5,700 agents and supervisors

August 2022

The Leadership Challenge
Why Most Contact Centers are Struggling to Adapt to the Future of Work
76 executive interviews

In this Report:
What effective leaders are doing to adapt to the future of work

July - June
2021   2022

76
Companies

100,000+
Contact Center Employees

17
Countries

9
Industries

The Future of Work Has Changed

High turnover (and "quiet quitting") will continue until the employee experience improves.
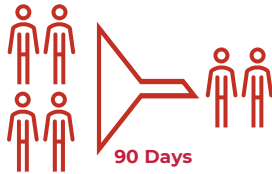
The Future of Work Has Changed | Companies are in a Battle for Talent

People continue to leave their jobs at a high rate, and it is impacting both the employee and customer experience.

All-Time High Quit Rates

The United States quit rates continue to hover at historically high levels.[1] Agent turnover is on the increase for 68% of contact centers.[2]

The New Hire Problem

90 Days

Many contact centers struggle to find new employees and most only get 50% of newly hired agents past their first 90 days.

Significantly Understaffed

66% of contact centers agree that, because of turnover, chat and call volumes are greater than their capacity to handle them.[2]

Poor Performance

KPIs

Generally, leaders agree that performance is typically worse than pre-COVID levels and continues to drop. In a recent study, 70% reported escalating customer churn.[2]

Work-at-Home Dilemma

Burnout and performance issues persist in a work-at-home model, but only 2% of agents want to return to the center.

Growth in Work at Home Jobs

The wide availability of work at home jobs makes it is easy for agents to switch jobs. It is predicted that the contact center industry's future workforce model will be 60%-80% agents working remotely.[3]

Link to Sources

1. U.S. Bureau of Labor Statistics, Aug 2022   2. The Magazine for Customer Service Managers & Professionals, July 2022
3. SQM Group, 2022

The Future of Work Has Changed | Many are "Quiet Quitting"

Companies who do not provide a good employee experience may see turnover decrease due to a recession, but they will see a dramatic increase in "Quiet Quitting."

Defining "Quiet Quitting"

As a relatively new term there are many interpretations of what it really means. For the most part, it implies "...remaining in one's workplace while not actively going above and beyond." [1]

50%

Half the Workforce are Quiet Quitting

"Quiet quitters make up at least 50% of the U.S. workforce -- probably more." And in terms of employee engagement, "the ratio of engaged to actively disengaged employees is now 1.8 to 1, the lowest in almost a decade." [2]

Management Linked to the Cause & Solution

"Only one in three managers are engaged at work. Senior leadership needs to reskill managers to win in the new hybrid environment. Managers must learn how to have conversations to help employees reduce disengagement and burnout. " [2]

Watch

'Quiet Quitting' a viral trend leaving its impact across TikTok

11 Alive News - Atlanta

Insight

The "Great Resignation" Could Transition to the "Great Disengagement"

A recession may reduce employee turnover due the need for job security. That could lead to a pause in the Great Resignation but leave leaders with a major disengagement problem. Instead of quitting, these employees are likely to switch to "quiet quitting," where they are less engaged and have lower productivity and performance.

Link to Sources

1. Johns Hopkins, September 2022
2. Gallup, September 2022

The Future of Work Has Changed | What Separates Top Companies

The employee experience is primarily what separates organizations regarding turnover and performance. The employee's supervisor is a critical factor impacting their experience.

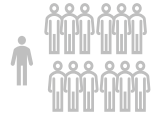|	The Employee Experience	Work Arrangements	Wage Increases	Supervisor Training	Size of the Operation	Center Staffing	Reporting Ratios
Better	Employees find their job worthwhile, and experience low stress and anxiety.	Employees met in person on occasion BEST: Maximum flexibility, work where you want (WWYW).	Employee compensation is adjusted to market wages.	Received helpful training for leading remote teams.	Operational units are fewer than 50 employees.	Overstaffed	Supervisors have fewer direct reports.
Worse	Employees do not find their job worthwhile and are experiencing high levels of stress and anxiety.	Dictating work arrangement schedule with no employee choice.\n\nWORST: Forcing 100% return to the center.	Wage are significantly under the market.	Did not receive helpful remote leadership training.	Operational units are more than 300 employees.	Understaffed	Supervisors have higher number of direct reports.
Insight	By analyzing the levels of meaningful work and grind experienced by employees we find that those two measures impact their intention to quit (50%-65%) more than all other reasons combined.	Having occasional in-person contact does seem to make a positive difference. Not only are employees looking for flexibility around where they work, but they also want some flexibility in when they work.	Offering significantly higher wages than the market has little impact on turnover.	Our 2021 research showed a significant difference in team performance if the supervisor received helpful training.	It appears that smaller operational units faired better because it is easier to keep smaller teams engaged.	Being understaffed for prolonged periods of time increases employee stress and burnout	Sustained stress and burnout of supervisors generates a poor employee experience.

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The Future of Work Has Changed | Many Companies Upset with Their Outsourcers

Outsourcing Update

There is a high risk-reward situation for contact center outsourcers to lose or gain many clients.

Clients Increased Outsourcing & Accepted Rate Increases

Many Clients Considering Switching Outsourcers & Low Agent Turnover is the Top Competitive Advantage

2021 ─────────────────── **2022** ──────────────────────────────────▶

Clients Desperate

- Higher demand for outsourcing since their internal centers were having turnover issues.

- Many clients experience a failure to deliver on staffing promises.

- Several clients felt at least one of their outsourcers exploited the popularity of the "Great Resignation" to raise rates.

Outsourcers Gain

- Most outsourcers had significant revenue growth by adding more employees with existing or new clients.

- Many outsourcers raised rates, especially for operations in the United States.

Clients Upset

- Most clients are unhappy with at least one of their outsourcers and are looking to replace them due to staffing issues.

- Many clients had a change in leadership who were responsible for the outsourcing decision-making.

- The top criteria for a valuable partner is an outsourcer that can maintain staffing with lower turnover.

Outsourcer Risk

- Many clients expect to switch at least one of their outsourcers in the coming months.

- Outsourcers with high turnover for existing and new hire agents will continue to be at risk for losing clients.

Outsourcer Opportunity

- Most clients are looking to increase their percentage of outsourcing compared to internal operations.

- Outsourcers can gain many more programs since clients are looking to replace at least one of their current outsourcers.

- Lower turnover is the top competitive advantage and clients are now less price sensitive.

The Leadership Challenge

Deliver quality customer service while balancing competing internal priorities, market uncertainties, high employee turnover, and widespread disengagement.

The Leadership Challenge | Leaders are Navigating Many Dynamics

Most leaders and their companies are struggling to adapt to the changes in the future of work.

A Revolving Door of Leadership
During the ongoing "Great Resignation" many leaders have exited while new leaders are coming into the companies, creating many starts and stops to strategies and approaches.

Uncertain Market Landscape
Most leaders are concerned about the market uncertainty based upon COVID, the economy, and global events.

Lack of Budget Dollars
Most companies have increased employee wages and are still making investments in technologies, therefore making it challenging to find capital to address root causes of turnover problems.

Struggles with Outsourcers
Many companies do not know how to effectively partner with their outsourcers to creatively overcome the leadership challenge.

Traditional Approaches are not Working
The future of work has changed. However, leaders disagree about what things have changed, whether to act, and exactly how to act.

Complications of Leading Companies in a Remote Environment
The traditional leadership approach and decision-making processes have been disrupted in a remote working environment.

A High Number of Leaders are Quietly Quitting
Many leaders are also burned out and feel there is not worthwhile, so they too are "quietly quitting."

Successful companies are utilizing a work model that offers employees an in-center, hybrid, and virtual option to reduce turnover, expand recruiting, and reduce costs.

	Center Everyone Working in the Center	**Hybrid/Mix** Split Working in the Center & At Home	**Home/Virtual** Everyone Working Virtually	**All Types** Some in Center, Hybrid, & Virtual
Leader Choices	**Few**	**Some**	**Few**	**Most**
Findings	**Not What Companies Hoped** Only 2% of employees prefer to return to this model. Many companies decided against brining people back after experiencing high turnover.	**Hybrids are Not Going to the Center** 30% of employees preferer a hybrid model, but they are rarely coming to the office when given a choice. When they do come in, turnover is lower, and performance is better.	**Hype was Better Than Reality** 60% of employees prefer to be 100% virtual. However, companies, even those that operated a virtual model prior to the pandemic, are having challenges with turnover and performance.	**Many Choosing by Default** Many companies have found that they need all three models to address employee preferences, and to take advantage of recruiting virtually.
Insight	A return to the center strategy can work if there is an outstanding employee experience where they view their job as worthwhile.	Most employees prefer to to work entirely at home, but will occasionally come to the center for training, meeting with their supervisor and team, and social activities.	In both a hybrid and virtual model, the supervisor is the key to extending the company culture remotely and to develop their people to be self-managing. However, supervisors need support and training to lead remote teams.	This approach offers employees the flexibility, they want which reduces turnover and improves performance. Companies can tap into a global workforce and reduce infrastructure costs.

The Leadership Challenge | Adopting the Right Mindset is Critical to Success

Mindsets appear to determine if leaders are overcoming the leadership challenge. Mindsets that delay appropriate action are the main reason for why leaders are failing.

Leadership Mindsets

Mindsets Preventing Change	Mindsets Enabling Change
• Things will **go back** to the way they were.	• **The workforce has changed** in what it needs and wants. We need to evolve to meet them where they are.
• A **recession** will resolve the turnover issue.	
• **Competitors** are in the same situation, so we are fine.	• There is no going back, only forward. We need to pioneer **a new way** of working.
• Just **pay** people more, that's all they want.	
• We are **too busy** right now to solve the issues.	• Let's act now by **empowering people to experiment** with possible solutions.
• **More information is needed** before we do anything.	• The key to thriving in our model is our **front-line management** team. We need to train, support, and develop them.
• Let's wait until we **have consensus**.	
• Our approach should be **company-wide**.	
• Losing employees is good because **we want fewer employees** anyway.	• Technology can be our ally, but humanization of the **employee experience** is what is needed most.
• **Technology** will solve all our problems.	

Many companies have lower employee turnover and better performance than before the pandemic. What separates them from most companies is their proactive leadership to improve the employee experience, develop frontline leadership, and offer employees the flexibility they want.

Accept the future of work. It has changed. Adapt!

The market has changed and what worked in the past will not work in the future. Don't remain in a holding pattern hoping things will "auto correct" while high employee turnover and declining performance are impacting the bottom line.

Improve the employee experience. It is the primary reason why people are quitting and disengaging.

Don't believe the hype. People aren't quitting only for more money and then having massive regrets afterwards. What employees want from work has evolved and they have low tolerance for anything else. One critical ingredient for success is a highly developed front-line management team. They are now the face of the company to employees, and they are the driving force behind a positive employee experience.

Build a highly flexible work arrangement model.

When it comes to where employees work, "The horse is out of the barn," as the saying goes. They have adapted to the flexibility of remote work and therefore it will remain as a portion of any competitive workforce strategy. Don't just offer flexibility, build an organizational model to support it.

5th Talent Services

Innovative solutions built for the next generation of leadership challenges.

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5th Talent Services | Quickly Adapt to the Future of Work

We are contact center experts who build meaningful work environments, reduce turnover, and optimize performance.

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20 – 50%
reduction in
employee turnover

&

KPIs

Top-Tier
performance

Contact Center Excellence

Companies are finding that what worked in the past is no longer working so well. Gain a competitive advantage by adapting your onboarding, quality, operations, and support functions to the new best practices of contact center management. We have deep experience assessing and aligning companies for a win-win-win scenario between employees, customers, and companies.

Excelling at Home

Some form of work-at-home is now in the future of work. However, most companies have yet to fully adapt to the complexities of managing remote employees. Our program is based upon groundbreaking research into successful at-home operations and features dynamic "live" workshops specially developed to grow frontline leaders with the right mindset for leading remote teams.

Employee Experience

The new economy is driven by the battle for talent, and it is won or lost based on the quality of the employee experience. Meaningful Work is now more than ever the critical driving force behind employee recruitment, engagement, and retention. Our offering combines best practices with cutting-edge research into the positive psychology of Meaningful Work to assure the best employee experience.

Grind Reduction

"Grind" creeps into every operation, destroying performance and the employee experience. Protect your organization from a downward spiral of turnover and operational issues. We pioneered a methodology with an innovative assessment that identifies the top causes of grind, prioritizes actions to eliminate them, and predicts the resulting ROI. Think of it as the ultimate operational tune-up.

Outsourcing Success

No matter who you chose for your outsourcer(s), their success is your success. But don't give up on your underperforming vendor quite yet. Based on our years of BPO experience and unique approach we quickly identify root causes of issues (current and future) and build strategies that lead to success. We help your partner achieve sustainable, top-notch results.

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