Current State of the Call Center Industry

Survey Report

December 12, 2008

Table of Contents

Survey Introduction

A number of members asked how the current state of the economy is affecting the call center industry in general. I launched a short survey that would help all of us better understand exactly what is changing (and/or will change) in our call center operations as a result of the current economic times. The goal was to provide organizations with a current "pulse" of the industry and offer information that will be valuable for decision making efforts.

The participant response was terrific and therefore we are able to provide significant value by presenting this report. We want to thank everyone who answered our short survey.

This report represents all participants' answers through November 26, 2008.

Please let me know if you have questions and, again, thank you for your participation.

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Question 2: Level of Impact

2. What level of negative impact is the current economic downturn having on your internal or outsourced call center operations?

	Significant Impact	4	3	2	No Impact	Rating Average	Response Count
Impact	14.1% (115)	25.8% (210)	**26.4% (215)**	19.5% (159)	14.2% (116)	3.06	815
						answered question	**815**
						skipped question	**78**

Question 3: Areas Affected by Economy

3. If you are seeing a negative impact with your current call center operations due to the economic downturn, what areas are being affected the most by either a cut back in expenditures or change modification from management? (Check all that apply.)

	Response Percent	Response Count
Agent staffing / hiring	**37.9%**	309
Management staffing / hiring	35.2%	287
Compensation plans	30.3%	247
Training / quality	13.9%	113
Hardware / software acquisitions / upgrades	31.7%	258
NA - we are not seeing a negative impact	22.9%	187
view Other (please specify)	16.8%	137
answered question		**815**
skipped question		**78**

Question 3 “Other” Comments

If you are seeing a negative impact with your current call center operations due to the economic downturn, what areas are being affected the most by either a cut back in expenditures or change modification from management? (Check all that apply.)

Responses fall under “Other.” Respondents are given the opportunity to check “agent staffing / hiring,” “management staffing / hiring,” “compensation plans,” “training / quality,” and “hardware / software acquisitions / upgrades.” Respondents also have a “not applicable” option.

Theme: **Business model adjustments** Respondents say their business model is changing because of cut backs in expenditures or management mandates. They are revisiting their organizational structures consolidating, and reorganizing. Several have put expansion plans on hold. Some are adopting an outsourcing strategy in order to cut costs.	**Total number of mentions:** **12**
Theme: **Cost cutting and lack of financing** Respondents are watching their expenditures more closely and budgeting more carefully. At least six mention decreases in the amount of allowable travel. One says that even budgetary expenditures that have been approved are now delayed, and two organizations mention that they have cash funding and credit issues.	**Total number of mentions:** **18**
Theme: **Ceasing operations** Economic pressure has caused six respondents to lose the company, shut down operations, or close a site.	**Total number of mentions:** **6**
Theme: **Changing operations** Five respondents were required to fundamentally change the way they did business. They cut IT, changed their average speed to answer standards, and reduced the number of outsourced vendors. One business process outsourcing organization says that it is well positioned to provide global outsourcing services that may help the other companies get through the hard times.	**Total number of mentions:** **6**

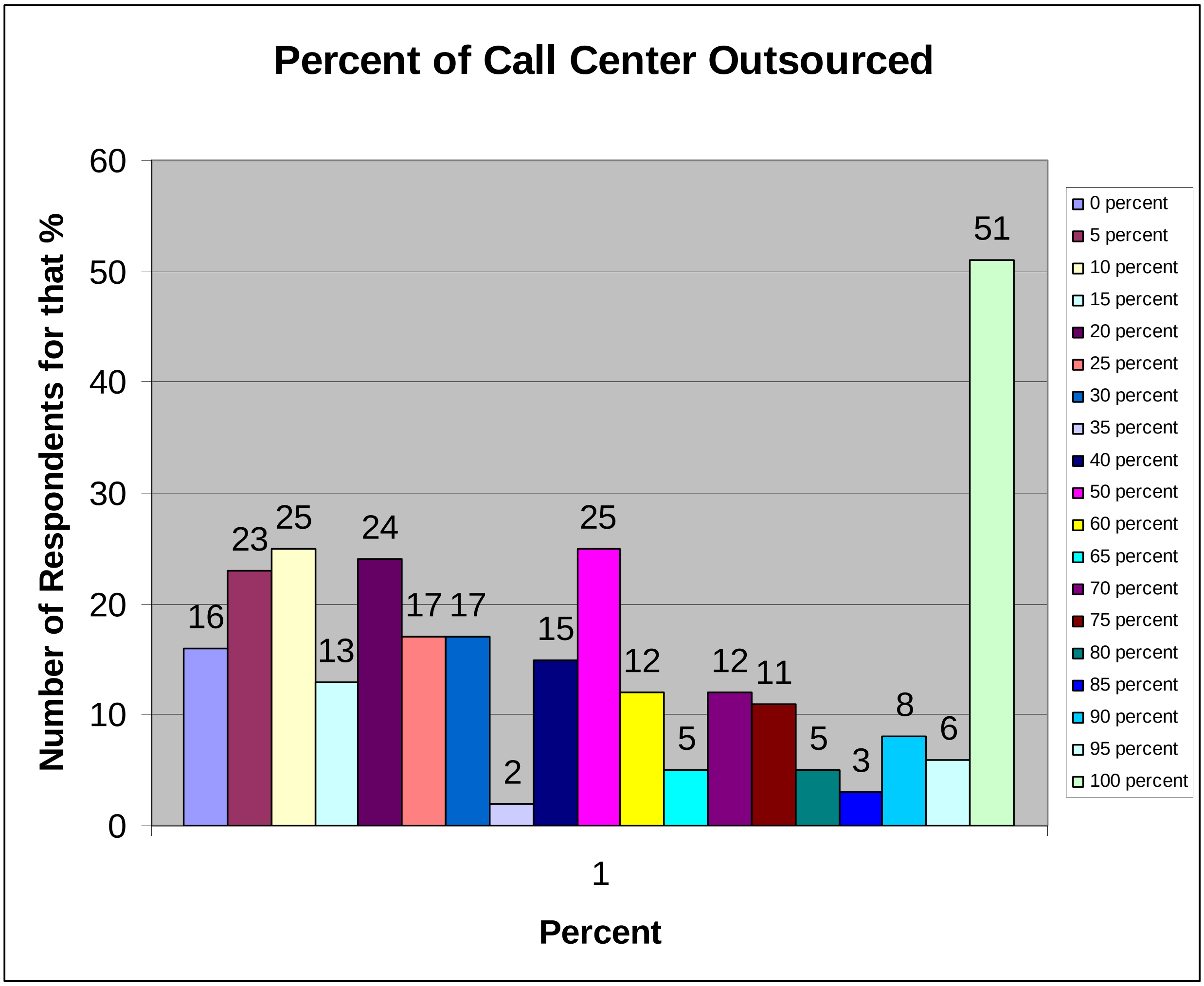
Theme: **Human resources**	**Total number of mentions:**
The human resource function is affected in at least 13 companies. Three mention frontline or management layoffs. Economic problems could be affecting morale. Companies are cutting rewards & recognition, benefits packages, and wage increases. One cites a shrinking pool of new-hire candidates due to their fear of leaving their current jobs.	**13**
Theme: Decreased service and sales volume	**Total number of mentions:**
The outsource providers are finding that signing up more clients is difficult and clients are asking the providers to decreased their work hours. Some respondents who are not outsource providers are losing revenue due to decreased sales.	**25**
Theme: Little or no impact	**Total number of mentions:**
Not everyone is suffering during the financial downturn. At least 21 companies are not feeling the pinch and some in this group are thriving. Several mention the bright side of an economic downturn—employee retention increases and companies use the opportunity to increase productivity. Two of the companies anticipate that they will be negatively affected by the downturn in the coming year	**21**

Question 4: Do Companies Outsource?

4. Does your company currently conduct any call center outsourcing initiatives?

	Response Percent	Response Count
Yes	43.9%	355
No	56.1%	453
answered question		808
skipped question		85

Question 5: Percent Call Center Outsourced



Question 6: Will Economy Cause More or Less Outsourcing?

6. Do you feel with the current economic downturn your company will increase or decrease call center outsourcing initiatives?		Response Percent	Response Count
Increase initiatives		61.1%	203
Decrease initiatives		38.9%	129
		answered question	332
		skipped question	561

Question 7: Do Companies Outsource Off-Shore?

7. Has your company conducted any off-shore outsourcing in the last year?		Response Percent	Response Count
Yes		66.9%	222
No		33.1%	110
		answered question	332
		skipped question	561

Question 8: Has Any Off-Shore Initiatives Been Brought Back On-Shore?

8. Has any off-shore program been pulled back on-shore because of the economic downturn?		Response Percent	Response Count
Yes		16.2%	36
No		83.8%	186
		answered question	222
		skipped question	671

Question 9: Currently Have Work-at-Home Agents

9. Does your company currently have a virtual (@home) agent program?		Response Percent	Response Count
Yes		36.0%	282
No		64.0%	501
	answered question		783
	skipped question		110

Question 10: Next New Initiative

What do you see as the next "new" initiatives for the call center industry outside of virtual agent services and outsourcing?

When respondents repeated virtual agent services and outsourcing, their responses were ignored. If they added to the conversation about the two topics, the responses were captured.

Theme: **Adjusting to customer behavior** Customers are texting, chatting, social networking, calling on mobile phones, and using the Internet. Forward-looking companies are researching how they can use the same communication vehicles to serve the customer. Respondents mention that they are increasing their use of Web 2.0, VoIP, and chat. They are developing competency in social networking, with one respondent envisioning that the agent becomes an extension of the customer's social network rather than a "company" agent. Another says that customers should be able to call in a question and receive a response via text messaging. Some companies are hungry to market and provide support through cell phones.	**Total number of mentions:** **12**
Theme: **Continual process improvement / streamlining / doing more with less** Because respondents are trying to do more with less, they are engaged in continual process improvement. They are adopting productivity tools such as workforce optimization technologies and tightening up their metrics so that they are measuring productivity and bottom line results. To proactively solve customer problems, they are focusing on the voice of the customer to understand the specific reasons why customers call.	**Total number of mentions:** **10**

Theme:	Total number of mentions:
Theme: **Increased automation (subset of "doing more with less")** Seventy-seven respondents mention increased automation as a "new" initiative. Of those, 50 specifically say they are increasing the ability of the customer to self-serve. Others point to the tools (artificial intelligence, auto-diagnosis and troubleshooting including remote data gathering, Web portals, better IVRs, etc.) they are implementing that will increase self service. One respondent seems frustrated by management-based obstacles in implementing these tools. He or she says, "Although many companies dabble in these technologies, they seldom put forth the effort (to) demonstrate the potential cost savings from leveraging these technologies. This starts at the executive level." Some respondents are interested in personalizing customer Web sites and making knowledge bases friendly enough for customers to use. One respondent says that increased automation will result in agent services concentrating on consultancy, brand perception and increased conversion rates.	**Total number of mentions:** **77**
Theme: **Speech recognition and analytics** Eleven respondents identify leveraging speech recognition and analytics technology in new initiatives. One intends to use the tools to better understand the needs of the agents and the desires of the customers. Another intends to use the technology to monitor the agent's performance against soft skills.	**Total number of mentions:** **17**
Theme: **Changes in role of contact center** Two respondents have new initiatives that change the role of the contact center in the organization. One mentions a move to consulting services and another is in-sourcing non-traditional call center work from other departments.	**Total number of mentions:** **2**
Theme: **Changes in personnel and skills** Twenty-two respondents report personnel-based initiatives. Some are reacting to increased automation by upgrading their workforce to provide services at a higher level. They are improving their selection processes, increasing training, and retaining talent.	**Total number of mentions:** **22**
Theme: **Changes in operations** Sixteen respondents report changes in their operations. Some spoke of increased integration of the agent desktop so that agents could handle more tasks and operate in more channels. Some are adjusting their work scheduling to better meet the needs of the center and the agents. Others are routing calls more effectively.	**Total number of mentions:** **16**

Theme: Changes in measurement To balance among cost, quality, and customer satisfaction, seven respondents are examining the way they measure the performance of their centers. One is moving away from average answer time to advisor adherence, revenue generation, and growing revenues through increasing the spending of the current customers.	**Total number of mentions:** **7**
Theme: Improving / maintaining customer satisfaction For 15 respondents, customer satisfaction is a top-of-mind initiative. Some realize that cost cutting has shifted the focus away from the customers and their loyalty has suffered. Two report that their customers are delighted not to have to go through an IVR; agents pick up the telephone when it rings. Another concentrates on getting the customer to the agent who can best help. One says the organization is delivering what the customer truly wants, not what the organization thinks she wants.	**Total number of mentions:** **16**
Theme: Return to near-shoring and internal centers Twenty-four respondents see major changes on the horizon for the companies who outsource, use centers in other nations, or both. They are considering bringing centers back in-house, working with domestic outsource providers, and near-shoring. Reasons for bringing centers closer to home include: (1) political unrest in some countries, (2) high unemployment levels in the United States, (3) belief that the new Obama administration will make outsourcing jobs oversees difficult, and (4) the need to increase customer satisfaction. One is examining the feasibility of using the workforce located in rural areas of the United States where wages are low. One says that the challenge is to bring most of outsourcing back to local markets to meet consumer expectations and demands for local knowledge. He or she says that there will be greater emphasis on integrated services and automation to off-set the costs of such a move.	**Total number of mentions:** **24**
Theme: Additional comments about virtual workforce Four respondents chose to make an additional comment about the move to a virtual workforce. Two champion the idea, saying it would result in no central office, better employees, and increased profits. One says that increased data and security requirements will dampen the move to virtual agents.	**Total number of mentions:** **3**

Question 11: Planning Work-at-Home Agents

11. Is your organization seriously considering implementing work-at-home agents within the next three years?

	Response Percent	Response Count
Yes	31.2%	157
No	**68.8%**	346
answered question		503
skipped question		390

Question 13: Next Biggest Initiative

13. What do you see as the biggest challenge for the call center industry over the next 24 months? (Check all that apply.)

	Response Percent	Response Count
Staffing	29.2%	221
Leadership / development / education	30.0%	227
Compensation	28.6%	216
Quality of service	36.0%	272
Customer satisfaction	39.7%	300
Employee satisfaction	39.4%	298
Operational costs	**65.7%**	497
view Other (please specify)	6.9%	52
answered question		756
skipped question		137

Question 13 – "Other" Answers

Responses fall under "Other." Respondents are given the opportunity to check "staffing," "leadership," "compensation," "quality of service," "customer satisfaction," "employee satisfaction," and "operational costs." Respondents did not have a "not applicable" option.

Theme: **Legislation and worker relationships** Four respondents see legislation and worker issues on the horizon that will challenge call centers. Two mention proposed legislation that will make unionization of employees easier. Another cites minimum wage increases.	**Total number of mentions:** **4**
Theme: **Increasing revenue and the number of customers** Nine respondents face challenges in increasing revenue. One says it is important for management to see the call center as the key to customer retention. One says, "I believe as the consumer dollar tightens it is now more important than ever for companies to protect their customer base through high quality and customer satisfaction. Keeping your customers happy with your service has never been more important as consumers' wallets have become tighter."	**Total number of mentions:** **9**
Theme: **Enduring financial hard times** Companies are determined to do what it takes to ride out the economic downturn while maintaining optimum service levels and optimum staffing. Some respondents who are outsource providers are concerned about the financial health of their clients. One company sees a bright side to the economic downturn, saying that he or she may see a flood of call center applicants who have been laid off by other companies.	**Total number of mentions:** **10**
Theme: **Determining value** Three respondents face challenges in balancing revenue with cost—tying the customer service interactions to the bottom line.	**Total number of mentions:** **3**

Appendix A: All Comments

Question 3:

If you are seeing a negative impact with your current call center operations due to the economic downturn, what areas are being affected the most by either a cut back in expenditures or change modification from management? (Check all that apply.)

Responses fall under "Other." Respondents are given the opportunity to check "agent staffing / hiring," "management staffing / hiring," "compensation plans," "training / quality," and "hardware / software acquisitions / upgrades." Respondents also have a "not applicable" option.

Common Themes

Business model adjustments

- We are an outsource provider. The push from our clients is to do more with less and do more up-selling - add value.
- Decisions are cost-based rather than solutions-based. Services become commoditized, there's less organic growth from clients.
- Contracted rates/offshore strategy.
- Revisiting organizational structure and streamlining reporting line in order to reduce required staff.
- Site consolidations and recommendation to move business.
- Site selection for new centers has virtually ceased.
- Expansion plans on hold.
- Expansion plans on current projects.
- All projects on hold.
- Off-shoring.
- Reorganizations.
- Expansion efforts on hold.

Cost cutting / lack of financing

- Closer watch on Expenses/Costs.
- Travel and dining expenses.
- Travel.
- Company is cutting back on expenses and travel.
- Travel restrictions.
- Reduced travel expenses.

- Reduction in what was once thought of as necessary operations, i.e. travel to visit clients, etc.
- Managing tighter non-billable expenditures to decrease bottom line profitability - nothing stemming from program concerns/profit.
- Over-arching pressure to lower costs on our programs.
- Outsourcing internal agents to a SP to save money; all spending is being scrutinized
- Delays and deferrals of approved budget spending.
- Discretionary spending reductions.
- Budget forecast.
- Overall budget.
- Financing (credits for outsourcing companies).
- Cash funding and credit issues.
- Hesitation on agreements for outsourcing IT infrastructure.

Ceasing operations

- Company closed due to loss of financing.
- Caused closing of call center.
- Site closure.
- Closing some call centers.
- Company actually went out of business -- had to close the call center.
- Closed and outsourced the calls.

Changing operations

- Reducing number of outsourced vendors.
- IT Spending Cut - No technology enhancements planned for the near future.
- Fluctuation in call forecasting because of economic downturn.
- Positive impact to outsourcing. Increase shift to a Global BPO offerings.
- New ASA standard.
- More inbound calls, and less staff.
- Increased focus on operational efficiency, and also an increased focus on staying ahead of past due receivables.

Human resources

- Recognition program reductions.
- Drastic cut in budgets for Rewards & Recognition and employee welfare.
- Layoffs.
- Benefit Packages (Insurance & 401K).
- Staff requirements are higher than planned as we are a subscriber based business and call volume related to retention has increased (economic downturn as a factor).

- With slowing business, the need to ramp up performance management and weed out the under performers.
- Call volume is much higher and customers are frustrated and sometimes take it out on the front line.
- We are currently laying off 10% of our workforce.
- Management layoffs in our HRM side of the house.
- Loss of desire to be "at work", pride.
- Candidate pool declining due to fear of changing employment during this economic downturn.
- Future of the call center industry in Ottawa/Canada. The IT laid off employees would like to change career as they don't see call center/IT related jobs are growing again in Ottawa
- Bonus/salary merit review & wage increases.

Decreased service and sales volume

- Collections revenue.
- Drop in sales/revenue.
- Sales results.
- We are outsourcers, we are seeing less traction in new client acquisition.
- Acquisition of new business.
- Acquiring business as an outsourcer.
- Shrinkage of domestic business.
- Clients work hours are decreasing.
- Reduced call volume for some clients (consumer electronics).
- Call volume from customers due to hard times.
- We are seeing fewer inquiries for call center services in general.
- Sales of our products and services.
- Client pullouts and downsizing their contact center usage.
- Decrease in average payment size.
- Clients/potential clients suffering.
- Not getting enough outsourcing business at our center.
- Growth in new business has slowed down.
- Client volumes are low.
- Clients price shopping - rather than quality shopping.
- Sales.
- Client acquisition.
- Amount of outsourced work available.
- Low volume of customers calling in to call center for loans.
- Sales volume reduced and impact sales compensation.
- Increased customer churn, increased non-pay for services.

Explanation of little or no impact / positive impact

- We have experienced growth lately.
- We outsourced the call centre, and effects of busy season blur the economic effects. So difficult to say.
- No impact as of yet ...
- No impact.
- No impact.
- Our call center operations are mostly focused on collections and thus we have increased hiring and our efforts in this space.
- New business opportunities.
- No impact on our retained search for call center companies.
- Not much impact with the others mentioned.
- We are cutting back on agencies; however I don't apply this to the economic downturn. We have beefed up our recruitment group.
- Our results have dipped, but not as bad as might be thought - we sell mainly into the U.S.
- Minimal, in that, patient are 'putting off' or 'rescheduling' their selective surgeries to save
- Could say we are seeing a positive impact. More business services needed, better employee retention, etc.
- As an outsourcer the biggest impact is that our clients are feeling the pinch. We are also getting a good positive bump because of the financial services we offer.
- We sell software to contact centers that drive out costs from their business units so we aren't seeing any significant impact from the economy. In fact, more companies are looking at our solutions because they need to customer costs and the greatest areas of opportunity are in more efficiently managing the workforce - which is our area of leadership.
- The call center is in-house; it's only impacted on company changes.
- In some ways it is not bad as there is a huge push for increased efficiency, and solid operational management.
- As a vendor business we would feel the negative impact felt by our clients. Business is level or increasing in all areas.
- Seeing an up tick in our sales of call center systems which automate self service.
- We've yet to see the impact, but we're anticipating.
- Projected 1Q09 impact if client business / sales are slowed.

Miscellaneous

- Consultant using Call Centers.
- We were already severely under funded.
- Do not operate centers.
- Difficulty getting results.

- All the above.
- Less calls.
- Less customer calls received.
- All metrics are negatively impacted.
- Increase demand.
- Volumes of working into the call center.
- Customer Feedback, resulting in lower productivity.
- Less growth; more options on market.
- Customer inquiries have dropped.
- Outbound call completion.
- Changing business requirements of clients.
- Deal closure.
- Usage.
- Business development and/or account farming.
- Increase in bankruptcy filings and unemployment "excuses."
- Outbound telesales.
- Not currently employed.
- Currently not using a call center.
- I'm having trouble getting projects for my consulting business.
- We do not have a call center. We deliver an Enterprise Feedback Management (EFM) solution to large call centers.
- Not a center but a provider.
- We do not use an outsourced call center.

Question 12:

What do you see as the next "new" initiatives for the call center industry outside of virtual agent services and outsourcing?

When respondents repeated virtual agent services and outsourcing, their responses were ignored. If they added to the conversation about the two topics, the responses were captured.

Common Themes

The contact center adjusts to new technologies and behaviors that customers are adopting.

- Call volume for customer service should remain flat, while outbound collections and recoveries call volume is up. The challenge is that contact rates are poor, and this is a continuation of a trend that began with caller ID, mobile phones and VOIP which is expected to continue. This means that collections efforts must turn to direct marketing (including direct mail) to improve results. We expect more marketing to focus on collections and preventing charge-offs (a challenge as collections is insulting to customers who are not delinquent).

- VoIP, twitter, mobile marketing.
- The impact of social networking.
- The customer perception of the agent becoming an extension of their social network and less as a "company" agent.
- Consumers now want information and they want it now from the Web, Chat and the thought of one call and or text resolution.
- Some how to capture the wave of texting into a contact center.
- Web 2.0 applications.
- Support via cell phones. Consumer can ask questions via cell phone and receive response via text messaging.
- Not something new but something that will hit a tipping point soon will be chat, both online and text/SMS.
- Use of social networking.
- Web 2.0 networking, peer to peer learning.
- Working with the dynamics of the next generation that were raised in the digital age.

Continual process improvement / streamlining / doing more with less

- Major continuous process improvement initiatives focusing on waste removal, defect reduction so as best to increase capacity gains. Doing more with less.
- Integration with customer suppliers to cut out the middle man and provide reduced cost to customers.
- Significant emphasis on improvement to workforce management tools, software and skills; self service.
- Call Centers will start to apply real continuous process improvement methodologies in ways previously unthinkable. We will enter an area of real mathematical analysis that will drive a KPI improvement revolution. Agents will be given tools to help them neutralize (and in some cases eliminate) accent challenges.
- Continuing embrace of workforce optimization strategies and technologies.
- I see an increase in productivity tools that a center would use. Be it support via a "chat' tool or a portal for the customer to access their tickets.
- Reducing operational costs. Tightening up metrics that will help save the company money in the long run.
- Focus on voice of customer, understand reasons for customer contacts with the intent to reduce the need for many contacts, provide contact options, and proactively deal with many customer issues all with the intent to improve productivity.
- Increased focus on call deflection and improved productivity.
- Doing more with less.

A subset of doing more with less is: Increased automation

- Probably the biggest impact on call center staffing continues to be automation. I recently conducted an onsite benchmark study between my company and three large companies in the Mpls/St Paul area and in all cases A) web order management/FAQ resources was number one and B) EDI interfaces was number two in reducing the need for call center staff. At the same time, "Options" for the customer continues to be the focus (i.e. Fax, Phone, email, web, EDI, snail mail, etc.)
- Technology self serve.
- Increased self-service / auto-diagnostics & correction.
- Increased use of internet/self service.
- Companies with the resources to do so will invest in more customer self service, i.e. Web portals and Voice recognition IVR.
- More automation leading to fewer live agents.
- Live chats, better IVRs.
- Increased shift towards on-line activities. Full range - sales and support. Live service shall focus on consultancy, brand perception and increase of conversion rates
- A stronger push towards customer self-help where the need to talk to an agent is greatly reduced.
- Increased IVR activity.
- Ability to connect web with phone service (like chat but voice without picking up the phone).
- Scaling back on "live agents" and moving to Web based and/or computer application interaction with the customer. For example, to troubleshoot connectivity problems for cable, some cable companies do not initially use technical agents. Instead, the customer interacts with a computer software application to identify and fix the problem.
- Self serve on the internet.
- Technology upgrades to reduce headcount necessary.
- More effective self service via cell phones, TV, web.
- Increase self service, online, IVR initiatives.
- Significant drive towards self service channels to minimize the need for expensive staffing solutions, regardless of location.
- Increase in drive for "chat" CSR as clients increase drive for customers to use the internet to request info, resolve issues, etc.
- More self managed Web sites. Online support.
- Instant messaging, text messaging will dramatically change the way customers communicate with call centers, which will be more commonly referred to as "contact centers."
- Web self service.
- Chat/more self service.
- Video.

- Self service automation.
- Self serve/no agent.
- More customer self service.
- Improved automation, increased remote data gathering and reporting.
- IT Technology to eliminate data entry. Website interaction/shopping w/o contact.
- Agents using better technologies to drive process adherence.
- Continuing to look for ways to become more efficient through technology, while reducing operational costs.
- Enhanced voice delivery capabilities.
- Faster transition to web-based self-service.
- More intelligent automation.
- More ways of providing self service.
- Enhanced self-service.
- VOIP with a soft phone app running for access anywhere anytime.
- Self servicing via internet.
- The next big initiative would be to continuous empower/educate the end customer on self help models for getting service and exposing them to higher degree of user friendly knowledgebase.
- Self service (IVR), outbound dialing applications, unified communications, VoIP.
- Shifting more support to web vs. agent based services (minimizing need for any agent interaction at all).
- Customer self-service websites to reduce call volume.
- Virtual self service.
- Stronger push to web self service reducing overall staff and increasing overall knowledge.
- More automation, less talking with agents.
- Web based interaction - live chat.
- I see a push toward more self-service, with hidden incentives for customers to serve themselves such as long lines caused by fewer representatives.
- VOIP, Software as a Service.
- Unfortunately, even more focus on the IVR for self-service.
- More automation and 'self-serve' initiatives for customers.
- Continued focus on self-help & online chat as lower cost options and providing good customer satisfaction.
- Fewer calls, more Web self service. Sr. mgt would like to be able to shut off all calls at this point in time.
- Continued webanation of applications, and processes.
- More self service options such as the web and enhanced IVR technology to decrease agent to customer contact. Increased use of web-statements to decrease postage and increased us of virtual chat between customers and agents.

- Self service & community building. The Call Centers are uniquely positioned to help organizations build communities with their customers.
- Increased usage of self-service technology solutions.
- Drive users to self help and self healing technologies. Although many companies dabble in these technologies, they seldom put forth the effort demonstrate the potential cost savings from leveraging these technologies. This starts at the exec level.
- Increased "non-attended" automation.
- Expanded self service.
- More sophisticated automated response and self-help systems/service.
- Automated language translation services.
- Increased focus on technology enabled self-service.
- Capability of video emailing that engages live agents only for the "call-back" purposes
- More client self service.
- Self service.
- Innovation and improved interactive self-helped resources for customers to reduce the need for calling in.
- Ours is more about self service for our client's customers and employees - less butts in seats.
- IVR self service.
- E-servicing and self-servicing in a whole new way, better intelligence used to match customers with agents.
- Deployment of self service technologies and pay for service applications.
- IVR platform development.
- Artificial Intelligence tools to find and fix problems before they become an issue.
- Dialer software upgrades to diminish high grade labor cost, increase productivity, despite an initial high cost outlay it will prove to be a great investment.
- More speech and self service.
- Increase our self service voice options.
- A form driven system that entails artificial intelligence especially for those providing chat and email support. Agents may be replaced by a HELP site and customers will just be supported by a click of a mouse through a decision making application or help system.
- Web based and self service for technical help desk. Automation for call routing/ticketing for incidents and pass word reset tools to minimize the call volumes and promote self help.
- Self help that enabled the consumer to easily and cost effectively get answers.

Speech recognition and analytics

- Speech recognition & voice analytics.
- Speech Analytics & E-learning.
- Speech Analytics.

- Voice analysis.
- Speech Analytics.
- Automation, voice recognition, etc.
- Virtual Hold and "smarter" speech analytics.
- Speech Analytics.
- Speech analytics.
- Use of speech analytics to better understand the needs of the agents and wants of the customers.
- Not really new, but the use of speech analytics to render an agent's performance against soft skills.
- Speech Analytics.
- Interaction analytics.
- Behavioral Analytics: sorting disposition of calls based on conversations (speech recognition).
- Non-human analysis of call quality, c-sat and ultimate problem resolution.
- I hope they ALL BUY UTOPY speech analytics. Seriously, I have some companies that now see the NEED for it, because they can't afford to lose any customers
- Wider use of automated voice recognition technologies.

Changes in role of contact center

- More consulting/solutions-based services beyond the transactional model.
- In-sourcing "non-traditional" work from other departments into call centers.

Changes in personnel and skills

- The hiring of managers from different backgrounds in and outside of the call center industry.
- Don't know as I haven’t thought that much about it. I would think up scaling talent, which would enable greater automation.
- Intensive staff training.
- Better screening of candidates; more focus on developing and retaining the current employees.
- Changes in compensation strategies (part-time, pay by production).
- Universal agents - handling multiple call types from cradle to grave and email as well.
- Understanding how to improve learning curves on agent’s training & performance.
- Really 'smart' online chat agents.
- Higher agent salaries and benefits; education/training all levels.
- Skill specialties.
- Training other areas of the business to handle calls during peak times.
- Independent contractors/total commission based pay structure.

- Competent and articulate English speaking agents who resolve issues on the first call.
- Workforce quality improvement.
- More focus on retention of current employees, revising current compensation and generating more front line interest in a call center career.
- Better agent training, better scripting.
- Increases quality and standards of excellence in hiring.
- Coaching and employee engagement.
- More aggressive compensation = reduction in turnover.
- Retraining/ retooling specialized skill queues to become multi-skill CAEs.
- Increased investment in training.
- Recruitment/outsourcing agent skill requirements to gain "Value-Add" agents: Skilled in both sales and service to justify better compensation/more productive employment increasing efficiency and effectiveness of call center. Increased professional training incentives/courses/educational facilities.

Changes in operations

- The need to open up new models of operation and sales.
- The way communication happens - I see call centers going the email route much more in the future as people don't have the time to hang on the phone.
- From call center services provider to a network solutions providers in consumer space
- Consolidation of operations to maintain cost.
- Longer work hours, less days, job sharing.
- Agent desktop optimization - something to deal with the fact that up to 40% of agent time is spent on non-customer interaction activities.
- Hosted VOIP solutions.
- Total Skills based routing and inclusion of business rules in the routing of calls.
- Split shifts (4 day work weeks), ramp up of part time options, comp plans related to productivity.
- Combination multiple function and multiple company in the same location...economy of scales.
- Offering more non voice services.
- I believe that Web chat will continue to be a growing area in customer support centers.
- Multi-channel integration revenue generation changes to process and functions.
- Integrated customer contact channels (i.e. - email, chat, MOBILE).
- Merging to online assistance via chat and co-browsing.
- Hosted services.
- Further segmentation of agents and routing by specific skills. Putting the right agent with the right caller at precisely the right time. West is positioned to lead in this area.
- Multimedia communications using web chat, email and fax.

Changes in measurement

- The movement away from extreme metrics.
- Going away from AHT with a stronger focus on advisor adherence, revenue generation and grow revenues thru increased spend of existing customer spend.
- Managing the balance between cost, quality, and customer sat. Truly driving a balanced scorecard.
- Tweaking performance metrics.
- Measuring the customer experience with quantifiable metrics.
- Tighter analytics of customer value streams combined with delivery of that information to the service professional. I'm in healthcare, and they are behind some other areas, but have the opportunity to drive material value here.
- New price and performance modeling for First Call Resolution, CSAT and positive revenue in both in-source and outsourced operations.

Improving or maintaining customer service levels

- True Customer Service. We have moved anyway from the traditional customer service model in an effort to reduce cost. This misalignment of goals has played a major impact on customer loyalty and consumer satisfaction.
- On our end it would be maintaining customer service levels.
- No waiting queues and direct agent picking up the phone when it rings.
- Differentiation of competitors based on access to human support - "getting a person who can help" in the age of online self service and automation.
- Keeping current clients in this tough market.
- Delivering what the customer truly wants, not what the organization thinks the customer wants.
- Not necessarily new, but a re-focus on service and utilizing technology to improve service from the customers perspective rather than a cost savings initiative.
- Improvement in the level and quality of service as there is a tremendous disconnect between the main or primary service provider and the organizations they employ to maintain customer satisfaction.
- Increased focus on customer experience improvement which mandates modernization of attitudinal data source - direct customer feedback --Increased focus on differentiation by service rather than profit by ultra lean and primarily operational metric oriented operation --Increased role in sales and up sells.
- Customer retention, up sell, and cross sell that originate from inbound customer service contacts.
- More customer relationship building with consumers.
- Move towards more of a customer experience model (CRM, web 2.0).
- Customer satisfaction.

- After a short period of cost cutting, I expect a genuine focus on quality of service; a recognition that providing high quality service will have a positive effect on bottom line. Those who do this will survive the recession better.
- Creating a WOW Factor for the increasingly demanding consumer.
- I believe the trend will swing to more personalized support rather than the IVR, menu-based models used most frequently. Our company has nearly 300 subscriptions with multiple clients using each one. Yet we use no phone menus and rely on a small staff to answer each call personally. Our clients LOVE it!

Return to near-shoring and internal centers

- Mainly the challenge of bringing most of outsourcing back to local markets to meet consumer expectations and demands for local knowledge, and there will be greater emphasis on integrated services and automation to off-set the costs of such a move.
- Ongoing call center consolidations with off-shore centers acquired by domestic providers.
- Driving more calls inbound. Off-shore coming back on-shore.
- Out-source but onshore.
- Making the case from a cost/benefit perspective to on-shore work.
- …. we may consider opening another call center in a more rural area where unemployment is high and labor costs are low.
- The political and economic environment is pulling back to near shore and domestic facilities from the far off-shore locations.
- Bringing the off shore call centers back to the states.
- A continuance in the shift of volumes from offshore locations to near-shore.
- Instead of outsourcing, there will be a trend toward pulling call center services back internally. Customer satisfaction has become a value add and companies will want to further gain control of their customer touches.
- Not sure but movement from Asian outsourcing to Caribbean/central America outsourcing seems to be increasing.
- Believe the new administration is going to make outsourcing overseas more difficult or less financially feasible.
- Continued retreat from off-shore to home-shore or back to domestic call center.
- Continual growth in Latin America.
- Reemergence of off shoring to more exotic locations … such as Romania—countries that were not explored before but may have an advantage to having a certain segment that speaks English fluently.
- A change in the type of functions that are outsourced to smaller, higher complexity functions.
- A move to more near shore outsourcing vs. India/Philippines.
- Increase in companies pulling off-shore outsourcing back to the USA.

- Home-shoring.
- On-shoring.
- Competing with the offshore agencies to keep jobs in America and at the same time, provide quality customer service.
- Bring centers back to the states.
- Delivering high quality support at even lower price points. This will be coupled with a need to keep outsourcing to a minimum or contained within the US borders.
- I think there will be a push to bring call center work back to the US. As the economy slows and there is an increased need for jobs at home.

Additional comments about virtual workforce

- I foresee contact center workforce totally virtual with only necessary meetings in rented brick and mortar facilities designed for that purpose only-medium end conference centers for client and company functions. This eliminates costs of commuting and related expenses (dry cleaning, gas, maintenance, insurance, parking, reduction in workforce loss through accidents in bad and good weather) and this creates an incentive for better trustworthy new hires with business background not associated with hourly workers. It breeds the best environment. It is a privilege and honor to work from home.
- No central office, completely virtual.
- Increased data and physical security requirements, with will dampen virtual agent service growth.

Miscellaneous

- Be smart and capitalize on the economic downfall by using it to your advantage. Our programs are a lot of Customer Service based programs which make that easy to do - but selling should be the same if you present it in a way that uses the economy to your benefit. Fact - of all the times to save money (any way possible) NOW is the time - show the prospect/client/customer just how to do that.
- Micro sourcing - cobbling together multiple mini sites to achieve a multi talented, multi lingual, follow the sun approach.
- Segmented shoring (selecting the best customers or most in danger of leaving customers to service in the best centers).
- Modular co-sourcing solutions which change dynamically as various economic conditions do.
- Tiered services for customers (i.e. pay-for-support services where the more the customer pays, the more services they receive).
- The next frontier is "smart" back-office services that reduce the need for live support.
- Converting calls centers from cost centers to profit centers.
- Selling the call centre value to executive teams who are making budget cuts. Continued focus on operational efficiency and culture and morale.

- Back office workforce management. Most call drivers are a result of company policies and procedures and in any business that has deferrable work (insurance claims, product fulfillment, etc...) with staff that does not interact with the customers; this is the greatest area of opportunity to reduce costs. Unfortunately, many companies have an inward facing out vs. an outward facing in approach to their business and their greatest opportunity is to improve other functional areas of the business that contribute significantly to the call volume.
- The elimination of any delays for quoting or re-designing a call center to meet day to day demands. It will be so competitive that account retention will surpass any cost saving or flex scheduling initiatives.
- Leveraging our global environment for a 'follow-the-sun' approach.
- First Nations - call centers on reserves - with the land settlements and the fact that the first nation population will be 50% of the total population by 2050. If you want a sustainable business, now is the time to form a partnership with a Minority Business Enterprise in the States and an Aboriginal Corporation in Canada.
- I would say an upsurge in sales applications and overall revenue producing as opposed to service and customer retention programs, as well as an uptick in back office outsourcing as companies increase layoffs of these jobs.
- Lower cost alternative to state of the art technology. A larger embrace of "freeware" and open source solutions.

Question 13:

What do you see as the biggest challenge for the call center industry over the next 24 months? (Check all that apply.)

Responses fall under "Other." Respondents are given the opportunity to check "staffing," "leadership," "compensation," "quality of service," "customer satisfaction," "employee satisfaction," and "operational costs." Respondents did not have a "not applicable" option.

Common Themes

Legislation and worker relationships

- Employee Free Choice Act.
- New labor law precedents set for duty to accommodate.
- Minimum wage increases.
- Preventing card check from passing congress.

Increasing revenue and the number of customers

- Business development.

- Growth and reverse migration.
- Revenue generation.
- Winning new business.
- Determination of call centers as key to customer retention.
- Customer retention.
- The ability to understand consumer experience behavior change is here and change is here now. Those who are not able to adapt and implement multi-directional change now will have very limited industry future ahead.
- Customer retention through improving the customer experience.
- I believe as the consumer dollar tightens it is now more important than ever for Companies to protect their customer base through high quality and customer satisfaction. Keeping your customers happy with your service has never been more important as consumers' wallets have become tighter.

Enduring financial hard times

- If the economy continues to decline, companies simply delete certain care services
- Surviving during this economic downturn while trying to maintain optimum service levels, optimum staffing and keeping costs down are the biggest challenges I see.
- From a staffing perspective there may a flood of talent becoming available from industries that have downsized.
- Because of the downturn in the economy, clients are going to reduce capacity both on the inbound and outbound side. 80% of the inbound calls are generated from new customers, old customers call very rarely. Given the above, with no customer additions happening at our customer end we may have reduced volumes to go forward. New Client & Customer Acquisition will be the challenge for most outsourcing companies.
- Maintaining stability in an unstable market.
- Client satisfaction - as their belts tighten.
- Unstable economic environment.
- Economic pressure will force clients to re-negotiate price points and the result will be a lower quality of service that results in customer churn. Companies will go out of business and there will be a flood of excess capacity domestically and abroad.
- BPO losing clients due to client financial problems.
- Clients willing to stick out the hard times ahead.

Determining value

- How to balance cost vs. return - how to tie customer service interactions to bottom line (good or bad).
- Balance revenue with costs.
- To continue to show value for services.

Miscellaneous

- Global competition.
- Would like to see Call Center Management Certification.
- Executive sponsorship to make the right long-term decisions.
- Finding suitable offshore talent w/ English skills.
- Recreational activities.
- Stop outsourcing.
- Insufficient training to new dialer upgrades due to prohibitive red hat cost.
- Client marketing revenue.
- I can't say enough about the current lack of tenured midlevel leadership in the BPO industry right now.
- Off-shoring.
- HR - the right techniques used to identify the right personalities for the position.
- Managing impact of reduced marketing by financial services companies.
- Finding quality labor markets with low entry level wages and acquiring bilingual agents.
- Training, particularly with offshore call centers, remains a huge cost which has been justified with lower overall costs. But the break-even point is likely to make that a more challenging issue to justify going forward.
- I would like some information on a virtual call center agent if you or others have information in this regard.

Appendix B: Copy of Survey

Current State of the Call Center Industry – Survey Report

1. Survey Introduction

A number of members have been asking how the current state of the economy is affecting the call center industry in general. I have attached a short survey and I believe when the tabulated results are out, there will be significant interest in what the survey is telling us.

Your assistance is being asked to help me complete the survey responses and this should take no more than 10 minutes of your time. Your input can have significant value to us and would appreciate your perspectives.

Responses will be tabulated and the survey results will be returned to all participants that respond. All information will be kept confidential and the results are at no cost.

The goal is to provide you and your organization a current "pulse" of the industry and offer information that will be valuable for your current decision making efforts.

The survey will be shut down on Wednesday (11/26/08) and I plan on having the results back to you after the Thanksgiving holiday.

Please let me know if you have questions and thank you for the assistance.

Chad McDaniel
President
M.E.R. Inc. (McDaniel Executive Recruiters)
www.justcareers.com
866-991-3555

2. Participant

Survey participant information. Email is required in order to send survey results.

1. Please complete the following demographic questions.

Name:
Company:
Country:
Email Address:

3. Economic Matters

Describing the effect of the economy on the call center.

2. What level of negative impact is the current economic downturn having on your internal or outsourced call center operations?

	Significant Impact	4	3	2	No Impact
Impact	○	○	○	○	○

Page 1

Current State of the Call Center Industry – Survey Report

3. If you are seeing a negative impact with your current call center operations due to the economic downturn, what areas are being affected the most by either a cut back in expenditures or change modification from management? (Check all that apply.)

- [ ] Agent staffing / hiring
- [ ] Management staffing / hiring
- [ ] Compensation plans
- [ ] Training / quality
- [ ] Hardware / software acquisitions / upgrades
- [ ] NA - we are not seeing a negative impact
- [ ] Other (please specify)

4. Outsourcing

Effect of economic downturn on outsourcing.

4. Does your company currently conduct any call center outsourcing initiatives?

○ Yes ○ No

5. Outsourcing Effect Description

Describing the effect of the economic downturn on outsourcing.

5. What percent of your call center operation is outsourced? (Please enter number without the % sign.)

6. Do you feel with the current economic downturn your company will increase or decrease call center outsourcing initiatives?

○ Increase initiatives ○ Decrease initiatives

7. Has your company conducted any off-shore outsourcing in the last year?

○ Yes ○ No

6. Off-Shoring

Effect of economic downturn on off-shoring.

8. Has any off-shore program been pulled back on-shore because of the economic downturn?

○ Yes ○ No

7. New Initiatives

Description of new initiatives for the call center.

Page 2

Current State of the Call Center Industry – Survey Report

9. Does your company currently have a virtual (@home) agent program?

○ Yes ○ No

8. Work-at-Home Agent

Description of work-at-home agent program.

10. What percent of your agent workforce is work-at-home?

9. Future Work-at-Home Agent

Future plans for work-at-home agents.

11. Is your organization seriously considering implementing work-at-home agents within the next three years?

○ Yes ○ No

10. New Initiatives

Description of new call center initiatives.

12. What do you see as the next "new" initiatives for the call center industry outside of virtual agent services and outsourcing?

13. What do you see as the biggest challenge for the call center industry over the next 24 months? (Check all that apply.)

☐ Staffing ☐ Leadership / development / education ☐ Compensation ☐ Quality of service ☐ Customer satisfaction ☐ Employee satisfaction ☐ Operational costs

☐ Other (please specify)

Page 3