



The Cost-effective Solution to Contact Center Agent Attrition

Contact Center Diversification: The Cost-effective Solution to Contact Center Agent Attrition

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Contact Center **Diversification**

Contents

- 1 Introduction
- 2 Causes of Agent Attrition
- 3 The True Cost of Agent Attrition
- 4 Outsource Diversification as a Cost-effective Solution
 - Scalable Staffing During Busy Seasons
 - o Offshore vs. Nearshore Outsourcing
- 5 Conclusion
- 6 Sources

Contact Center Diversification

Agent attrition has always been a burden on a company's bottom line. But there is a solution: diversification through the use of dedicated outsourced providers.



Introduction

Attrition has always been a burden on a company's bottom line. When turnover runs rampant in the contact center, institutional knowledge is lost, productivity drops, the quality of service decreases, and employee engagement and morale go down.

The impact also has a snowball effect resulting in high call abandon rates, customer dissatisfaction, and lost revenue.

Many in the industry consider attrition a necessary evil and throw up their hands, thinking nothing can be done to curb the high turnover rates and offset the accompanying fallout.

But something can be done!

In this white paper, we take an in-depth look at the problem of agent attrition and propose an innovative, costeffective solution.

CAUSES OF ATTRITION

We consistently hear from contact center professionals that attrition in 2019 is higher than ever, and many new-hire classes intended to accommodate seasonal ramps fall short of recruiting goals.

The Usual Suspects

The list of causes includes the usual suspects — non-challenging or repetitive work, few career-growth opportunities, lack of recognition, excessive pressure to meet KPIs, and job dissatisfaction. But those have always been causal factors and fail to explain why attrition is such a hot topic among contact center executives today.

Low U.S. Unemployment

The historically low U.S. unemployment rate, currently 3.5 percent¹ is having a detrimental effect on employee retention, especially among low wage, entry-level positions like those found in contact centers. In those cases, turnover rates spike as competition for labor increases. In the U.S., as recently as August 2019, over 3.5 million employees quit their jobs, with lower skill positions driving that number.²



UNEMPLOYMENT RATE

3.5%

EMPLOYEES LEAVING JOBS

QUIT LOW-SKILL JOBS

The reason is that a tight labor market provides fewer choices for employers while increasing opportunities for workers. Employees have a broader range of potential new employers to choose from, and the companies they leave behind are faced with a diminished range of replacement candidates as well as the need to invest more time and effort to identify successful recruits.

Rising Minimum Wage

Another issue affecting U.S.-based contact centers is the rising minimum wage. Twelve dollars per hour is now the going rate in many places with other states gradually increasing to as high as \$15 per hour within the next few years.³

The general rule (for U.S. work) is to take the raw wage to the employee and double it to get a fully loaded cost: \$12 per hour now becomes \$24. Low unemployment rates put even more pressure on businesses to raise wages to retain employees.

Market Saturation

Market saturation rates are another factor that can significantly impact the performance and profitability of call centers due to employee attrition, wage inflation, and competition for labor. According to Site Selection Group⁴, many otherwise desirable cities in the U.S. have reached or exceeded a healthy saturation rate.

The impact of market saturation has not only resulted in the loss of talent and the cost of replacement but also a wage war escalation with average wages reaching \$14-\$18 per hour. This has instant impact on an organization's bottom line as labor costs account for 70 to 80 percent of a contact center's operational costs.⁵



RISING MINIMUM WAGE

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\$12 per hour

Take the raw wage and double it to get the fully-loaded cost. \$12 becomes \$24.

MARKET SATURATION



Many U.S. cities have reached market saturation.

70-80%

Labor costs percentage of operational costs.

THE TRUE COST OF AGENT ATTRITION

The cost of agent attrition is, in a word, expensive, and involves direct and indirect costs, both of which affect the bottom line.

Contact center industry professionals know that contact center turnover is expensive. The United States Bureau of Labor Statistics recently posted the following national averages: workers aged 20-24 stay with an organization only 1.1 years (compared to 1.5 years just 15 years ago), and workers aged 25-34 stay 2.7 years (compared to over three years in the 1980s).6

Research conducted by Quality Assurance & Training Connection (QATC) found that the average annual turnover rate for agents in U.S. contact centers is 40 percent⁷, more than double the average for all occupations — and some sectors show attrition rates in the triple digits.⁸

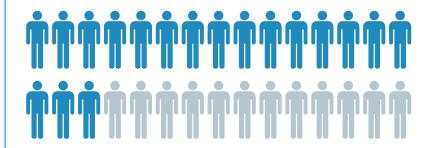
The average cost to replace an agent in to TalentKeepers.⁹ When you multiply that by the high numbers of agents who leave their jobs within the first two years, the costs become astronomical.

Direct vs. Indirect Costs

We all know the direct costs of replacing highlyperforming agents, but what is harder to factor are the indirect costs, which are equally important.

Think also of the effect on the customer. What is the difference, for example, in customer experience from a customer talking to a veteran agent as opposed to one that has just left nesting? There is a difference, but it's not always easy to estimate.

Average turnover rate for U.S. contact center agents



Average cost to replace an agent

\$8,780

Indirect Costs

- Lost productivity
- Loss of expert knowledge
- Financial value of time to find and hire replacement employees
- Negative impact on colleagues and customers

Outsource Diversification as a Cost-effective Solution

One solution to the problem of agent attrition gaining wider acceptance is diversification through outsourcing to a dedicated contact center.

Instead of filling your internal contact centers — an increasingly more difficult proposition to labor arbitrage based on the reasons listed above — diversification gives you a "pressure release valve" in a risk-free geography with an outsourcing partner that has shown demonstrated success.

Scalable Staffing During Busy Seasons

Diversification-based outsourcing relieves the burden of staffing during busy seasons when recruiting new agents ramps up.

A retail organization that needs to hire 100 full-time customer service employees to staff the busy holiday season but finds that competition in the job market makes it untenable, runs a considerable risk: Customer satisfaction score decrease, AHT goes up, as do response times and abandonment rates. Quality and service levels are adversely affected, as well.

Diversifying by adding an outsourcing partner or two allows the retailer to scale up or down more quickly and offload some of the hiring responsibilities. It's almost like guaranteed staff for their business. One client of ours, in Canada, follows that path: Rather than risk their business during the busy season trying to staff all the jobs themselves, they outsource to two partners. The client routes the call volume proportionally among the three centers and delivers consistently from a staffing perspective.

Offshore vs. Nearshore Outsourcing

When it comes to outsourcing as part of a diversification plan, the issue of whether to offshore to countries such as the Philippines and India or stay closer to home by choosing a nearshore destination comes into question.

Key Advantages of Nearshore Locations

According to Site Selection Group¹⁰, nearshore outsourcing to the Caribbean or Latin America presents an attractive alternative for U.S. and Canadian-based companies, for several reasons:

- · Labor costs are lower
- English-speaking skills can be excellent
- Employee skill sets can be good
- Proximity to the U.S. and Canada is desirable

Benefits of Locating in an Unsaturated Market

Companies wishing to locate to a less competitive, unsaturated market receive a two-fold benefit: one for prospective employees and one for the companies themselves.

Less saturation means fewer opportunities for contact center work exist. When a company comes in and offers that, it can be attractive. It also allows companies to create a market in terms of wages. Instead of locating in a place where the market is already defined, the company can set the rate.

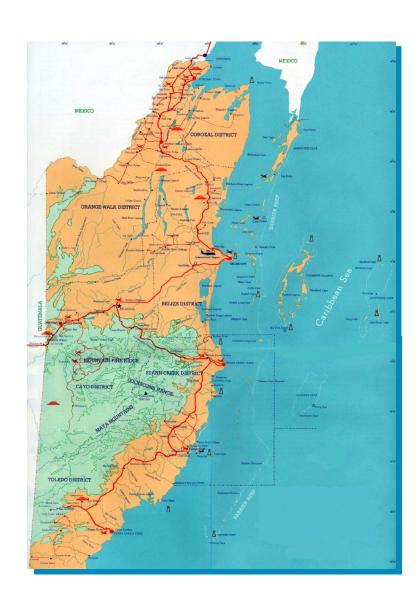
Belize, where Transparent BPO's contact centers are located, fares better regarding market saturation because the English and bilingual populations are much higher compared to the total workforce.

Belize City, the location of most of the contact centers in the country, has reached around five to seven percent saturation. Other areas are less so.

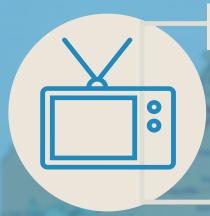
Belize also offers even more benefits aside from a low saturation rate:

- English is the official language. Belizeans are native English speakers;
- The country is heavily influenced by U.S. media, trends, and customs. Agents can go off-script with ease;
- Belize is within two to four hours of key U.S. cities by air, and more airlines offer direct flights;

- Belizeans consider contact center jobs to be growth opportunities, which means less turnover;
- Unlike some other Latin and Central American countries, Belize enjoys a very stable government, society, and business environment where the BPO industry is respected and promoted.



Advantages of Outsourcing to Belize



GREATER CULTURAL AFFINITY

Belize is heavily influenced by U.S. media, trends, and customs. Agents can go offscript with ease.

ENGLISH-SPEAKING SKILL

English is the official language; Belizeans are native Englishspeakers.



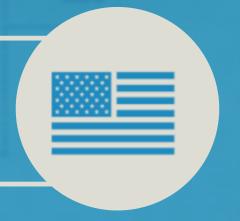


HIGHER EMPLOYEE SKILL SETS

A handful of cities can perform higher-end activities, such as software development and shared service functions.

PROXIMITY TO THE U.S.

Belize is within 2-4 hours of key U.S. cities by air, and more airlines offer direct flights.



Conclusion

Agent attrition is a critical problem among U.S. contact centers due to low unemployment rates, higher wages, and market saturation in several key locations.

The costs associated with recruiting, hiring, training, and onboarding new agents plus the indirect costs, such as lost productivity and the financial value of the time needed to replace an employee can eat away at a company's bottom line.

One solution...

Outsource part of your contact center needs to an offshore or nearshore provider. The costs are low, English-speaking and technical skills can be high, and, when choosing a nearshore location, proximity to the U.S. is desirable.

Transparent BPO

If your company is experiencing high turnover or having difficulties recruiting due to low unemployment, consider outsourcing as part of a diversification plan. And when you do, look at Belize and Transparent BPO.

We offer flexible, customizable, brandboosting nearshore contact center outsourcing solutions for mid-size and enterprise companies in the U.S. and Canada. We create the right mix of value and quality to fit your business needs.

Contact Us

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