



WHITEPAPER

**Recruitment and Retention:
Winning the Staffing Wars in
the *Game of Gigs***

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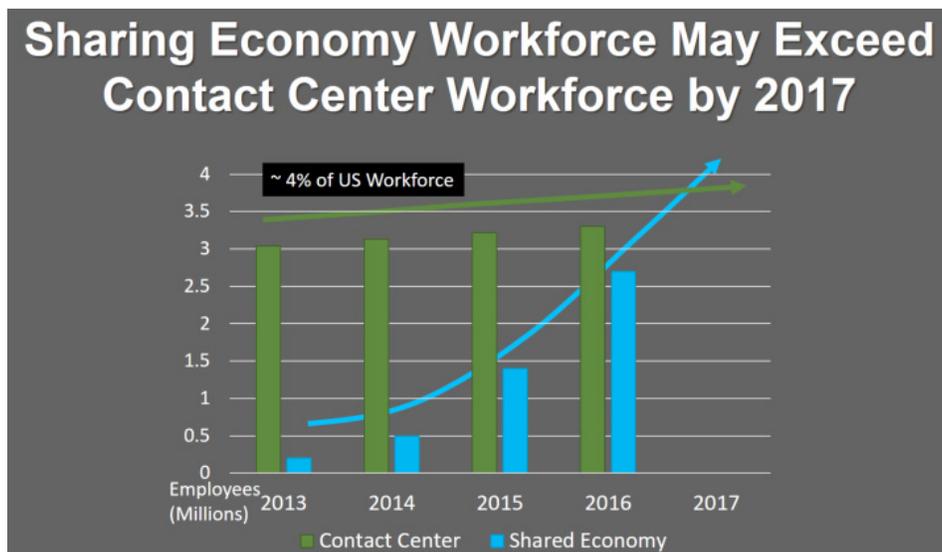
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Executive Summary

In the age of the “gig” or *sharing* economy, employers of hourly workers must find ways attract and retain a committed, productive workforce. Contact centers are dependent on hourly wage earners, and, since 2015, the majority of these workers have been Millennials, a generation with attitudes about work that are decidedly different from past generations. Millennials are more likely to leave a company after only a short employment period than were their predecessors, and flexibility in their work lives is more important to them than most other benefits. “Gig” companies like Uber and TaskRabbit offer highly flexible work schedules and are increasingly attracting Millennial workers as a result. In order to recruit and retain enough of the talented customer service representatives necessary to delivering a quality customer experience, contact centers are forced to compete against these “gig” competitors. With functionality that enables them to offer broad-range schedule-change flexibility to both current employees and potential hires, sophisticated technology now on the market is a tool via which contact centers can meet the competition and win the “staffing wars.”

Introduction

In the brave new “gig” world of flexible employment, lower-wage hourly employees have a far greater array of choices than they did in the distant past before 2009. What happened in 2009? The company Uber, “poster child” for the “gig” economy, was founded in San Francisco. Uber, and other “gig” companies like TaskRabbit and Lyft have upended traditional, structured employment paradigms for hourly wage earners and enabled them to organize their work life and work hours as they see fit. Retail, fast food, waiting tables, and customer service – these were among the primary pre-“gig”-economy work options available to hourly employees.* Contact centers – the delivery mechanism for customer service – have long been major recruiters of the lower-wage workers needed to handle customer phone calls, and now, additional communication channels, and are projected to continue expanding until 2024.ⁱ Despite growth forecasts, the contact center industry employment outlook is in danger of being eclipsed by that of the new “gig” (or sharing) industry. (See Figure 1. belowⁱⁱ)



The migration of employees to the new economy stems from the Millennial Generation’s work preferences. Unlike previous generations, the majority of Millennials value work-life balance more than any other factor besides salary.ⁱⁱⁱ Because they became the largest group within the workforce in 2015, and will be half of the entire workforce by 2020, Millennials’ employment

* (Since the advent of the Internet, high-wage hourly employment opportunities have become common through online venues like Elance, Upwork and ScriptLance, but require a high level of skill and are therefore not germane to this paper.)

expectations must be factored into the strategic planning process of every enterprise wishing to recruit and retain an engaged and productive workforce.^{iv} This is especially true of contact centers, where 70% of employees are now Millennials, and which rely on hourly employees to deliver their product.^v

The Millennial Working Perspective

As noted above, Millennials value work-life balance. That means they do not live to work. Many Baby Boomers, with their “notoriously hard-charging work ethic” and live-to-work ethos are having trouble relinquishing the reins and retiring^{vi}, an approach Millennials find difficult to comprehend.* Also known as Gen Y, Millennials, according to an entrepreneur who is himself one of them and who has managed others, “don’t value 20th century workplace rules” and that includes “rigid office hours.” He asks, “Does your company have rules and policies ‘just because’?”^{vii} Contact center management will protest that “just because” does not apply to their industry, that the rules and policies in place are essential to running in an efficient, cost-effective operation that delivers the best possible customer experience. While this argument was perhaps indisputable at one time, the technologies now on the market render it moot on the topic of employee work-life balance. Mobile applications enabling employees to manage their personal lives are generally available, and there is a growing expectation that companies should be able to offer their employees similar capabilities to manage their work lives. Providing genuinely personalized, self-directed work flexibility is a benefit contact centers can offer to help retain their existing workforce and to improve hiring success rates in the recruiting process.

HR Struggles in a Millennial World

Gallup tells us that Millennials are the generation “least engaged” and most likely to “switch jobs.”^{viii} With their numbers growing rapidly as a percentage of the workforce (globally, they balloon to 75% of it by 2025^x), the Millennial penchant for quitting jobs is an expensive and stress-inducing challenge for companies in every industry. For contact centers, it is not hyperbolic to label it an existential threat. Contact center turnover numbers have long been high

* Interestingly, one analyst of the Millennial generation suggests it is not work-life balance Millennials are demanding, but simply life. “They believe in life, not work-life balance,” she writes. “They want to talk about designing a life. That life includes their family and friends, it includes their hobbies and pastimes and it includes their business.” Apparently, there should be little distinction between the personal and business worlds. This may sound extreme to earlier generations, but to the Millennial, it seems normal and reasonable. The question is, how can employers meet these expectations and demands to a degree great enough to retain and recruit Millennial workers?

and continue to hover around 35%, depending on the industry vertical.* That percentage will only increase as the Millennial population in the workforce continues to expand. This means contact center HR departments will be facing immense pressure to find effective ways to retain current employees and to recruit new ones who will demonstrate long-term commitment to the job. Volumes have been written on the subject of reducing turnover, much of it useful, meaningful content full of suggestions about how to achieve that elusive goal. As good as these prescriptions often are, they have, demonstrably, had limited impact. Turnover rates remain high and as they go higher, HR management may not be able to hire new employees fast enough to replace the ones they lose. Time to think outside the box, get creative, and explore new options.

What Causes Turnover?

Common sense would indicate that wages on the low end of the scale represent a major factor in contact center turnover, and they indeed do, though other factors can influence an employee's (agent's) decision to quit, equally, or even more. Addressing these can dramatically impact turnover rates. Health insurance, for example, is a concern for many and providing it can reduce turnover by a factor of 10.^x Work-from-Home options can reduce turnover by 65%.^{xi} The latter falls under the rubric *flexibility*. Working from home eases working conditions for agents with childcare, transportation, or other personal issues. In other words, it offers agents a substantial measure of flexibility, an enormously important benefit to the Millennial workforce. "...[A] large majority of employees—88% of low-wage employees and 87% of higher-wage employees—report that having the flexibility they need to manage work and personal or family life would be "extremely" or "very" important if they were looking for a new job," notes a 2011 report from the Families and Work Institute.^{xii} Flexibility is so important to contact center employees that a larger percentage of them cited "No flexible work environment" as a significant reason for leaving their job than "Low pay."^{xiii} Clearly, the quest for workplace flexibility is a driving force in employee turnover.

How Much Do Current Contact Center Employees Value Flexibility?

Having established that flexibility is particularly important to contact center agents, the question

* In 2014, industries with the highest turnover rates were Hospitality (20.2%), Banking & Finance (13.3%), Healthcare (13%), Insurance (11.2%). All but Hospitality are heavy users of contact centers as service vehicles. <http://www.compensationforce.com/2015/03/2014-turnover-rates-by-industry.html>

becomes, *how* important? Is it important enough to make sacrifices in another area important to them – i.e., in hourly wage? The Society of Workforce Planning Professionals (SWPP) is an organization focused on contact center workforce management. In a recent SWPP member survey,* over one-third of companies thought their current agents would be willing to take a pay cut in exchange for schedule- change flexibility averaging around \$60/month.^{xiv} A third of *current agents* is a large percentage, but given the majority Millennial employee population in contact centers and the number of Millennials who consider scheduling flexibility more important than pay, it is not surprising. The value of flexibility to contact center employees is unquestionably high.

How Much Do Potential Contact Center Recruits Value Flexibility?

The WorkFlex-SWPP survey also asked respondents about using schedule-change flexibility as a recruiting tool, specifically, if they thought potential hires would rather receive a starting wage rate of \$13.75 per hour along with schedule-change flexibility, or a higher starting hourly wage rate. More than a third said potential recruits would rather have the flexibility with a starting wage of \$13.75, again consistent with Millennial demographics, and preferences. To entice them with higher wages rather than schedule-change flexibility, respondents said it would take on average an 11.5% wage increase equivalent to an incremental cost per agent of \$250.00 per month.

The Secret Recruitment and Retention Weapon: Automated Schedule-Change Technology

The value of schedule-change capability to the contact center workforce is evident and offering the schedule-change benefit to both existing employees and to potential recruits is rapidly becoming a marketplace differentiator for organizations seeking to hire and retain the best possible talent. If positions are available in multiple contact centers, the one recruiting with schedule-change flexibility included in the job description as a benefit will prove an attractive option. Not only is the benefit an effective “enticement,” it represents a cost savings for the enterprise as turnover declines and new recruits come on board accepting a lower wage than they would otherwise expect.

* The survey was sponsored by WorkFlex Solutions.

Today, sophisticated technology exists that makes schedule-change self-management not only possible, but easily achievable, and it exists in a package that meets the demands of the high-tech-savvy Millennial workers who now predominate in contact centers. Millennial-friendly schedule-change technology must deliver easy-to-use, rich features that turn schedule management into an at-my-fingertips, instant-answers prospect. (Pew Research tells us that the clear majority of Millennials use smartphones^{xv} – a manifestation of their techy, *instant-everything* profile.)

The Secret Weapon Should Come with Standard Features

The ideal schedule-change application currently available in the marketplace offers users a broad array of capabilities that enable real-time control of their work schedule. To enable such a high level of employee self-management, specific application capabilities should be standard:

- Ability of users to access their schedule via native mobile app at any time and from any location
- Ability to set communication preferences (How do employees wish to be contacted – via email, SMS, voice call, social media?)
- Ability to predefine time preferences for extra-hour or time-off opportunities

Schedule-change options should include:

- > Ability to see the contact center's schedule with pre-approved extra-hours and time-off hours displayed for the employee to consider and select, if desired
- > Ability of agents to swap hours with themselves (e.g., take two hours off on one day and make them up on another day)
- > Ability of agents to trade hours with another employee easily and quickly
- > Ability of agents to see pre-approved work activity they are certified to perform and to change to in order to reduce burnout (Can they choose to work a different contact channel, for example, email or chat instead of the phone?)
- > Ability of agents to receive immediate confirmation of selected schedule changes

The entire schedule-change process should be automated and free from manager input, leaving agents with maximum control over their schedule. Technologies that are not fully automated and consistently require review and approval from workforce management do not meet the criteria of genuine schedule-change automation.

The Secret Weapon Helps Companies Prepare with Cost Savings When “Winter Is Coming”*

For decades, the business case for workforce management technology investment has been centered around two primary business drivers – reducing administrative overhead by automating forecasting and scheduling processes, and improving agent utilization by automating intraday management processes. Since the cost of turnover is the second highest contact center expense (after total payroll), however, companies would be well-served to shift their business-case thinking towards the impact workforce management technologies can have on improving recruiting and retaining success. Fortunately, the cost of implementing these is anything but prohibitive. The schedule-change technology on the market today sells within a price range that enables enterprises to deploy it and save money at the same time. If, as respondents to the SWPP survey suggest, current contact center agents would be willing to take, on average, a \$60.00 per month pay cut in exchange for schedule-change capability, and the cost per agent to license the technology were, for example, \$15.00 to \$20.00, the savings would amount to \$40.00 to \$45.00 per agent per month. The savings, as the survey results indicate, increase when applied to recruits. Without schedule-change flexibility, agent recruits would require about \$250.00 in additional pay per month. Particularly for larger enterprises, these figures amount to substantial annual savings. When a potential “winter” of employee scarcity looms, schedule-change technology is a preparatory measure organizations can take to secure committed talent.

Conclusion

The combination of the Millennial mindset and a rapidly growing “gig” economy is creating the perfect storm of hiring and retention challenges for contact centers worldwide. To compete effectively against high-flexibility employment options in the “gig” arena, contact centers must themselves adopt technology that facilitates comparable flexibility for agents. Schedule-change technology has evolved to the point of not only meeting agent work-life balance expectations, but also substantially benefiting the enterprise bottom line with greater agent retention, greater ability to recruit new agents, and improved performance via optimized net staffing. To win in the “staffing wars,”

* For those unfamiliar with “Game of Thrones,” the title of this paper and the mention of approaching winter are references to the thus named television series.

contact centers have only to offer flexibility comparable to their primary employment competitors.

Endnotes

- ⁱ <http://www.bls.gov/ooh/office-and-administrative-support/customer-service-representatives.htm>
- ⁱⁱ This graph is a compilation of data from the Wall Street Journal and a number of additional sources.
- ⁱⁱⁱ <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/gx-millennials-how-to-earn-millennials-loyalty.html#report>
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About WorkFlex Solutions

WorkFlex Solutions, LLC is the industry leader in intelligent empowerment solutions for contact center agents, supervisors and workforce administrators. Our award-winning Intelligent Intraday Automation® technology maximizes scheduling flexibility, optimizes intraday performance and reduces administrative overhead. Designed to integrate easily with Workforce Management (WFM) and Automated Call Distribution (ACD) systems, WorkFlex enables clients to leverage their existing enterprise investments, and quickly generate a positive ROI. WorkFlex SaaS deployments span multiple industry sectors including financial services, communications, healthcare, automotive, cable/sat and government. For more information, visit workflexsolutions.com

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