



# The 2021 State of Contact Center Vendor Management



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As we shift into 2021, things are starting to settle down, and we now have a better picture of the lasting effects of the pandemic on business models and performance stability. So now, what should be the top priorities of focus for vendor management teams?

2020 served up the most unusual situation for vendor managers and their outsourced partners. We dusted off business continuity plans we never imagined needing and experienced a drastic unplanned shift to work-from-home (WFH) staffing models. While this presented technology and connectivity hurdles, we also realized that our training and employee engagement would be strained by some of the hardest challenges in this new norm.

Despite these challenges, vendor managers and outsourced partners were resilient and worked well together to minimize the operational impact and recover quickly. Global employment uncertainty, coupled with the convenience of WFH, drove a reduction in employee attrition. In the 4th quarter, we saw a drastic shift to a new set of priorities, with vendor managers accepting this “new normal” and the pace at which they would revisit their outsourcing models and partnerships.

In our recent CXMB Series 2020 Corporate Edition report, we saw that improving customer experience continues to be a top priority. Reducing cost was a close second priority and one that grew the most compared to previous years. In addition to those priorities, top brands shared that 70% of them never had their outsourced staff in WFH models before the pandemic. Yet, as of the end of the year, they have over 50% of their staff still working from home, and over 60% of those brands don't expect to revert to pre-COVID-19 staffing models once the pandemic is behind us.

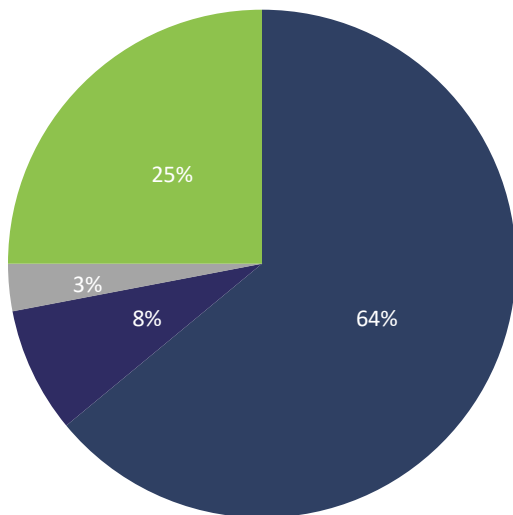
## Do you have outsourced contact center WFH employees?



● Yes ● No

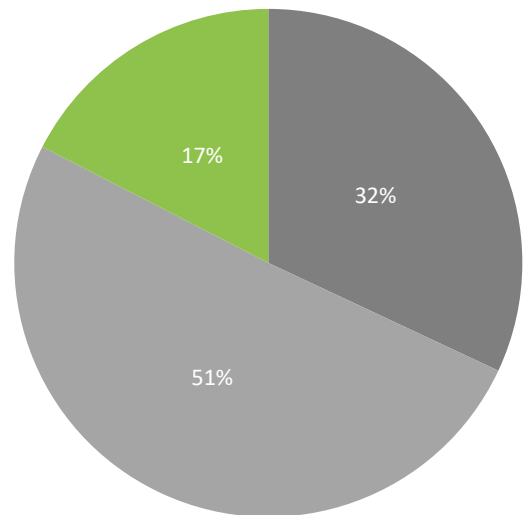


**What percentage of your outsourced contact center workforce was WFH prior to the pandemic?**



■ None    ■ 1% to 10%    ■ 11% to 50%  
■ More than 50%    ■ Don't know

**What percentage of your outsourced contact center workforce is currently WFH?**



■ None    ■ 1% to 10%    ■ 11% to 50%  
■ More than 50%    ■ Don't know

## What was the top priority of your company's leadership regarding customer experience (CX) management over the past 12 months?



With more than half of the brands stating that the pandemic adversely impacted their outsourcers' ability to meet their organization's strategic goals, we want to share more details about where the new priorities are being placed. This year, we are experiencing a significant shift to focus on cost savings and sourcing as the biggest priorities.



## Requirements, Contracts and Sourcing

It's fair to say that we always thought about the need for business continuity plans but now have a greater appreciation for their necessity. This past year highlighted gaps in business continuity requirements and outsourcing relationships that most organizations are revisiting and now prioritizing. Along with this, we have seen a huge effort to redesign requirements and contracts to cover WFH models, especially with most organizations expecting to continue in this model going forward. This brings about new technology and connectivity requirements to ensure it minimizes operational disruption yet accomplishes security standards.

Another significant focus has been revisiting our approaches to training, coaching and motivating employees in outsourced environments. Previously, brands placed considerable emphasis on building a brand culture in outsourced partner operations that is difficult to replicate in virtual environments. While brands feel the most pain with virtual staff inclusion, we have seen some vendors adjust much better than others in this area. This prompts many organizations to rethink who their providers are, particularly if they are negatively impacting performance objectives.

### The 2021 State of Vendor Management Priorities:

1. Rapid acceleration of revising outsourcing requirements, contracts and reevaluating supplier capabilities and footprint that best serve this new normal
2. Realization of a new cost structure and the impact on our previous structured pricing components
3. Optimizing virtual management and supplier business planning



Variation in supplier performance recovery this past year has created a steady rise in initiating sourcing events to evaluate new partners who can demonstrate better effectiveness in managing this virtual environment. Another area of immediate focus has been site reintroduction and ongoing health and safety preparedness of certain partners and geographies approaching it differently.

The combination of defining new requirements, renegotiating existing agreements and initiating new sourcing events will continue to be a major theme for the remainder of 2021 and is likely keeping outsourced partners' commercial departments very busy.

## **Cost and Pricing**

With lower attrition resulting from employment uncertainty and WFH convenience, we have seen retention levels rise significantly. Depending on pricing models, this is either greatly benefiting buyers or suppliers in different ways. In most cases, this expense reduction for suppliers has provided greater profitability, and buyers are now looking to share in that savings from previous assumptions.

Alongside the attrition impact, vendor partners have saved a lot of money on facility management and transportation in some areas. These expense categories previously could have accounted for nearly 10% of their operational cost, and while not all expenses have gone away, we saw many suppliers' profitability rise in 2020.

With attrition on the decline and cost of living decreases in most contact center-centric markets, it makes for an interesting situation when it comes time to renegotiate. Certainly, this has been a more opportune situation for brands that haven't experienced a decrease in volume, but most brands are working to better understand this with their partners. This has become a major theme in 2021, along with reevaluating pricing models and overall cost implications for this emerging brand priority of reducing costs for the calendar year.



## Virtual Management

Vendor managers accustomed to performing periodic site visits and reviews have had to rely heavily on virtual management. While stress during uncertain times has impacted us as professionals, our relationships with outsourced partners have somewhat strengthened based on the "we're all in this together" approach to managing a crisis. However, in the last quarter of 2020, we witnessed an amplified focus on business planning and performance improvement expectations from vendor managers, notably for those vendors that have been slow in becoming proactive.

What was once easy to observe during a site visit has been difficult to qualify in virtual reviews. Verification of vendor policies and procedures have been difficult to evaluate this past year, so vendor managers are becoming stricter about demanding sufficient plans and evidence of progress to those plans. This hasn't been easy for suppliers either. Still, it supports the notion that some have been more successful than others, likely because of their leadership's focus on having well-defined plans, processes and measurement systems for all levels of their organization.

High-performing organizations are much like high-performing vendor management teams. Having well-defined operating standards can be resilient even with unexpected changes. The reality of this situation has been observed for years — vendor management teams that had previously relied on performance management systems more, are falling prey to a well-coordinated vendor site host.



At COPC Inc., we work with many large global organizations with significant contact center outsourcing operations. Our goal is to ensure the global community of vendor managers is best prepared to have performing operations and healthy outsourcing partner relationships. As we share these early themes, we will continue to provide venues to access valuable insights about where our industry is heading and how you can learn from best practices through our Vendor Management Practice. We started the year with the release of the global CXMB Series 2020 Corporate Edition and have planned a webinar with leading brands to share their experiences directly with you.

If you and your organization are interested in a private session to review your priorities and challenges, we are happy to connect, learn and share areas where we can assist. We have seen a significant increase in requests for contract reviews, sourcing support and performance improvement services within our Vendor Management practice and would be interested in exploring if those services are relevant to your 2021 objectives.

### **About COPC Inc.**

COPC Inc. provides consulting, training, certification, benchmarking and research for operations that support the customer experience. The company created the COPC Standards, a collection of performance management systems for customer experience operations, customer experience management, vendor management and procurement. Founded in 1996, COPC Inc. began by helping call centers improve their performance. Today, the company is an innovative global leader that empowers organizations to optimize operations for the delivery of a superior service journey. COPC Inc. is headquartered in Winter Park, FL, U.S. and with operations in Europe, Middle East, Africa, Asia Pacific, Latin America, India and Japan. [www.copc.com](http://www.copc.com).