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## Downturn Now Hitting Contact Centers But Opportunities Remain

By [Brendan B. Read](#), Senior Contributing Editor

The deepening economic downturn, replete with the collapsing and fading auto, financial services, retail, and travel sectors are now starting to drag contact centers with them. With fewer people buying, and obtaining and using credit cards and loans there is less need for other people to handle accounts, cross-sell features like credit protection, enter orders, and take reservations.

King White, President of the [Site Selection Group](#) reports that some 200-450 contact center employees have recently been let go from five large closures, and many more are in the offing. There have also been two travel contact center closings.

“We believe that the layoffs will have just started on the contact centers,” predicts White. “The financial services sector is about to see the worst of it while travel is being impacted as well. On the other hand these downsizings should help take the labor cost and turnover pressure off existing contact centers in labor-saturated markets.”

Dampening wage demand may foster growth in two other contact center markets: outsourced teleservices and collections, also known as accounts receivable management (ARM). Susan Arledge, President/CEO of [Arledge Partners Real Estate Group](#), identified these areas in an e-mail she recently sent to several of her clients. The greatest anticipated needs are in the areas of bank card customer service and collections and automotive finance and bad debt collections.

She found that many of her firm’s end user clients have turned to outsourcing to reduce headcount and costs. Many of the end users in these industries are eliminating thousands of employees to rid their balance sheets of payroll obligations, as well as health and benefit obligations.

“However, this customer service work will have to be performed, so the end users will look to outsourcing as a means of servicing their customers,” Arledge points out.

While this trend presents excellent opportunities for teleservices and ARM firms, these companies will have to find property quickly to set up and take on this work, Arledge explains.

This necessitates, in many cases, a need for 'plug and play' locations where they can minimize capital outlay and be operational quickly. The positive news is that there are numerous contact center closures that have and will occur, but the good facilities in strong labor markets won't stay vacant for long.

In an effort to assist clients with locating cost competitive facilities, Arledge Partners maintains a proprietary database of available 'plug and play call centers'. This database contains former contact centers that have recently been vacated for reasons other than poorly performing labor markets. Her firm is currently tracking over 6 million square feet of these locations.

"There are many former contact center properties that had been operational or had been built but never occupied when corporate plans changed or client contracts fell through," says Arledge. "If the labor market is right, these buildings provide a great opportunity. If the former tenants have done their site selection work carefully, the communities were selected for the workforce and may be the same quality you are seeking. Often the switches and the wiring are already in place; the centers may still have workstations."

King White cautions about expecting too much demand in the short-term from outsourced customer care and collections. His firm foresees ARM growth when the economy recovers: when consumers have cash to pay off debts.

"There is increasing consumer debt but collections are down due to the economic condition of consumers: they don't have money to pay," White points out. "This is having an even greater impact on ARM firms as their revenues are going down and their access to operating capital is limited due to the credit crunch."

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