What do telemarketers and 1-800-number customer service employees have in common? Both groups do their work from call centers.

A call center is a central business location where telephone calls to and from a company’s customers are handled, usually with the assistance of an automated answering system. Call centers generally handle either inbound or outbound calls, but some centers handle both. Inbound call centers provide customer service or technical support functions while outbound call centers typically perform telemarketing activities.

A study entitled “Improving Call Center Performance Through Optimized Site Selection” yielded interesting findings about the call center industry. This information may prove useful to those responsible for call center site selection and the real estate professionals assisting them.

The research was conducted in 2001 by Dr. Jon Anton of Purdue University and John Chatterley of BenchmarkPortal, Inc., in conjunction with James Trobaugh and Mark Seeley of CB Richard Ellis’ Call Center Solutions Group. The researchers gathered proprietary performance information from thousands of call centers and merged the data with U.S. demographic data compiled by the Call Center Solutions Group.

Researchers began by conducting a survey of a random sample of call centers nationwide to determine regional differences in labor-related factors. Results revealed that much of the U.S. call center industry is facing a challenging labor market. A lack of applications for call center telephone agent positions, along with inadequate skills and a decreased work ethic among agents are major problems.

“Call center operators in saturated labor markets are finding it tougher each day to meet their staffing requirements,” says Trobaugh. Saturation was calculated by dividing the total number of call center jobs in the community by the total labor force. According to Trobaugh, at 2 percent saturation, “competitive pressures — including rising wage and turnover rates — begin to materialize.”

Survey’s Key Findings

More than 60 percent of all call center companies participating in the survey were having difficulty recruiting new staff. Only the Northwest reported having an adequate number of applicants for available jobs.

Fifty percent of call centers said agents did not meet their expectations in qualities such as work ethic, personal involvement and a responsible attitude. Only agents in the South, including Texas, and the Northeast met employer expectations.
About 40 percent of new agents required additional training in communication skills and computer literacy after being hired. Agents located in the Central United States required the most remedial training.

Annual employee turnover was greatest in the Northeast (31 percent) and lowest in the Central United States (22 percent). The South reported an average 26 percent turnover rate, about equal to the national average. Individual call centers reported turnover rates as high as 150 percent.

The current base starting salary for entry-level agents nationwide averaged $25,575 per year. The Northwest reported the highest starting salary at $36,000 while the South reported the lowest at $22,906.

Increased competition for labor was reported by 97 percent of survey respondents, with 37 percent of call centers reporting that competition was severe. As a result, about 63 percent of responding call centers had increased starting wages within the last 12 months or were considering doing so.

The heaviest competition for labor was in the Central United States, which has the highest concentration per capita of call centers in the country. The Central time zone is a big draw for center operators because it maximizes calling times to all U.S. time zones.

Location-Performance Connection

Both geographic and demographic factors were found to affect call center performance. The performance measure used took into account the quality of customer service and a call center’s efficiency or cost per call. Analysis revealed a number of statistically significant cause-and-effect relationships.

Household income has the strongest influence on call center performance. Call centers performed better overall when they were located in low-household-income areas. Population density within 20 miles of the call center was the second most influential factor. Centers were found to perform better in less-populated locations.

A third factor was quality of life. The lower the quality of life in an area, the more productive call centers proved to be.

Education levels by percent of population had the next greatest impact on call center performance. Specifically, call center locations with a high percentage of residents with bachelor’s degrees performed at a lower level than those with a smaller percentage of college graduates.

Call centers located in areas with many retail stores performed better than those in areas with few retail establishments. Because retail employees typically receive more customer service skills training than employees of other types of businesses, a heavy retail presence produces a better-trained pool of applicants for agent positions.

Turnover Rates

Analysis also revealed that call center turnover rates were significantly affected by geographic and demographic factors. Turnover rates were most affected by the average household income within 20 miles of the call center. Agents working in higher average income areas had more opportunity to secure...
better paying jobs, thus increasing turnover. Call centers located in areas with lower quality of life, fewer college graduates and higher unemployment rates had less turnover.

Not surprisingly, the analysis showed that individuals 18 to 24 years old tended to stay longer at call center positions. Agents between 35 and 54 had the highest turnover rate.

**Site Selection Considerations**

What do companies looking for a call center site need? First, they require a serviceable structure with abundant parking and the necessary telecommunications infrastructure.

According to the CB Richard Ellis Call Center Solutions Group, two factors should be considered when analyzing whether to construct new build-to-suit space or rehabilitate an existing structure. First, how much time is available before the call center must be up and running? The second consideration is occupancy costs.

The group determined that a 12-month construction schedule for build-to-suit space is realistic. Renovating a property into a working call center typically takes three months or more.

Besides the cost of new construction or renovation, additional occupancy costs include local economic impact costs. These are calculated by weighing taxes paid to local governments against any incentives received from the communities.

“While the underlying tax environment of a community will continue for years to come,” says Trobaugh, “incentives such as free land and tax credits will fade after the first three to five years.”

Follow-up research is planned to determine a city profile for call center success and to identify U.S. cities that best fit the ideal profile.

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Dr. Hunt (hhunt@recenter.tamu.edu) is an assistant research scientist with the Real Estate Center at Texas A&M University.

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