How to Tackle Customer Service & Inside Sales Staffing Woes

DDC

FPO Solutions

Overview

Good labor is hard to find, and it's only getting harder. The U.S. labor market keeps getting tighter as the post-pandemic economic rebound continues. Nationwide unemployment rates fell again in March, reaching 3.6%, according to the U.S. Bureau of Labor Statistics. At the same time, wages are on the rise. Average hourly earnings rose 0.4% in March, up 5.6% year-over-year, according to the BLS.

With unemployment rates sitting just above the 50-year low of 3.4%, it is no wonder that companies across the logistics industry are struggling to recruit and retain employees. While the infamous driver shortage garners plenty of attention throughout the industry, staffing shortages have affected customer service and inside sales positions as well.

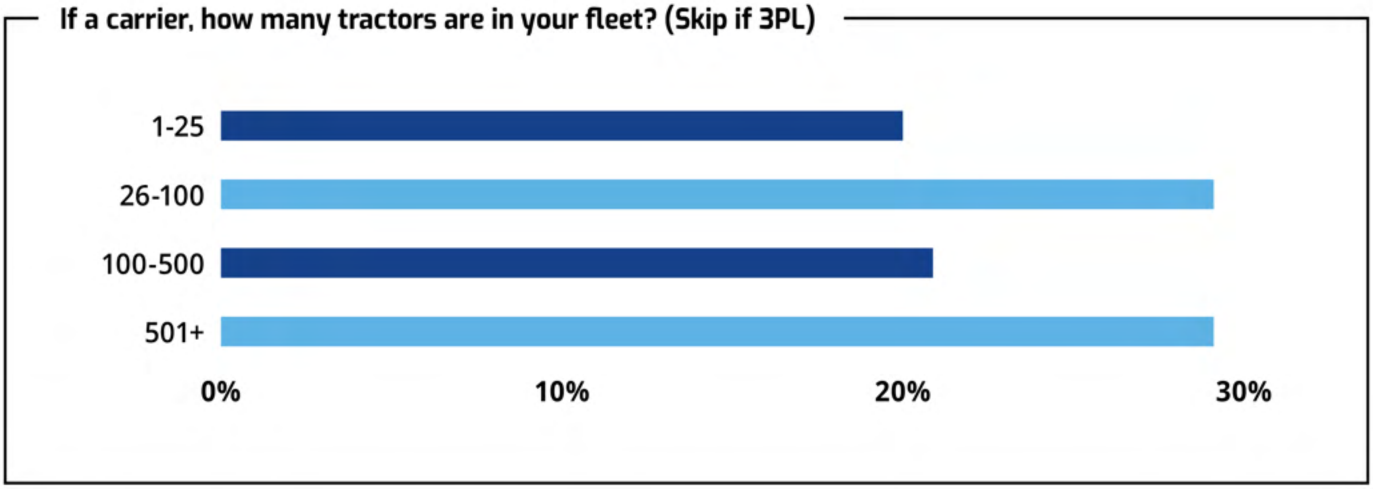
FreightWaves teamed up with **DDC FPO** to determine how labor shortages – particularly customer service and inside sales associate shortages – are impacting both carriers and third-party logistics providers.

DDC acts as a strategic partner for transportation and logistics companies across the globe, offering premium business process outsourcing solutions. The company – which currently serves 50% of top LTL carriers based on revenue – has made a name for itself with its data-driven approach.

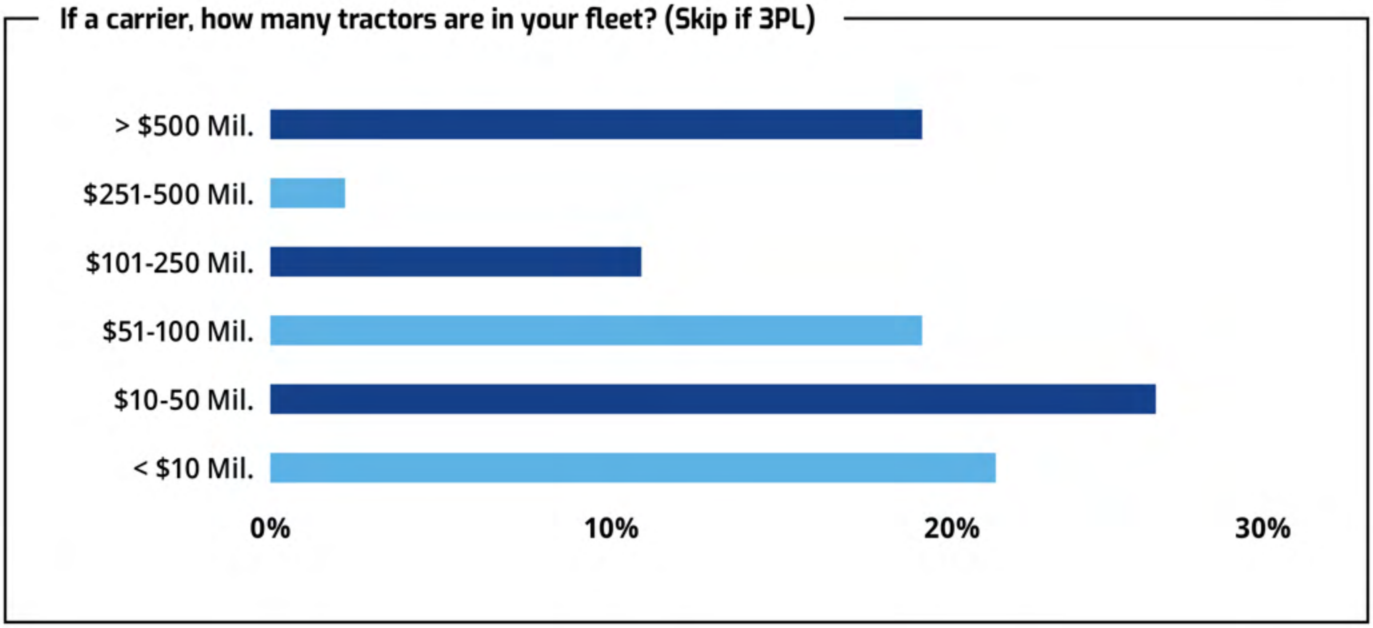
Survey results included a healthy split between the two, with 57% of respondents identifying as 3PLs and 47% identifying as carriers.

Which better describes your company?

Survey results include carriers of all different sizes, ranging from small fleets reporting 1-25 trucks to mega fleets including over 500 trucks. This spread helps ensure that survey results are true for the overall carrier community, not just small companies or large companies.



Similarly, surveyed 3PLs reported annual gross revenues ranging from less than $10 million to more than $500 million. While the majority of 3PL respondents reported revenues on the lower end of the spectrum, results also include a significant minority (18%) of large earners, reporting more than $500 million in annual gross revenue.



Survey results from a wide variety of logistics companies reveal that organizations across the industry are dealing with many of the same issues when it comes to labor shortages and staffing woes, with the majority of respondents feeling the effects of the tightening labor market.

Survey respondents reported handling a median of 850 shipments per day. Answers varied widely, however, with one respondent reporting 20,000 and another reporting over 100,000.

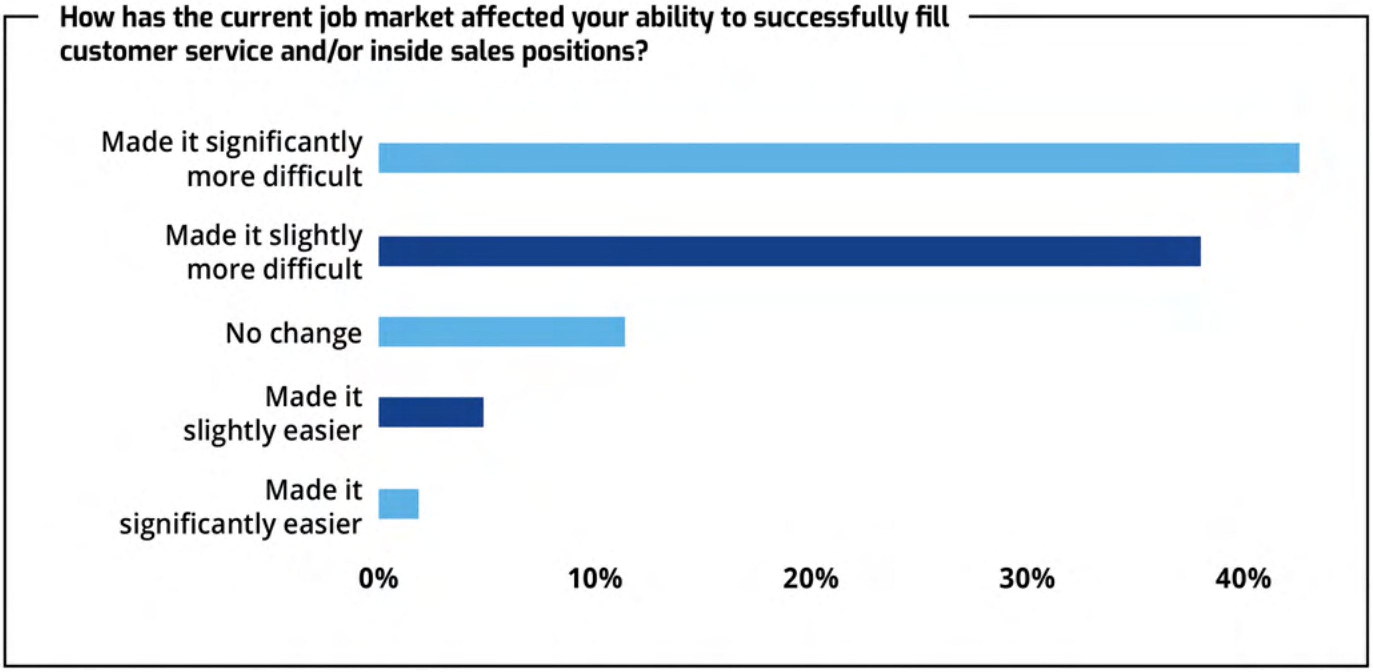
About how many shipments do you handle per day?

Recruiting Woes Abound

The transportation sector's unemployment rate remains higher than the nationwide unemployment rate, coming in at 5.1% in March. Still, this represents a 3.8% year-over-year drop, significantly steeper than the 2.4% drop seen in the greater economy. This drop can likely be attributed to strides made in driver hiring, as driving schools have started turning out graduates again after pandemic-related shutdowns and companies continue to funnel resources into solving the infamous driver shortage.

Carriers and 3PLs are feeling the squeeze. When asked how the current job market has affected their ability to successfully fill customer service and inside sales roles, 43% of respondents said the task has been made significantly more difficult. Another 37% of participants said this type of hiring is slightly more difficult.

A minority of respondents (12%) reported no change, while an even smaller group (8%) reported easier hiring.

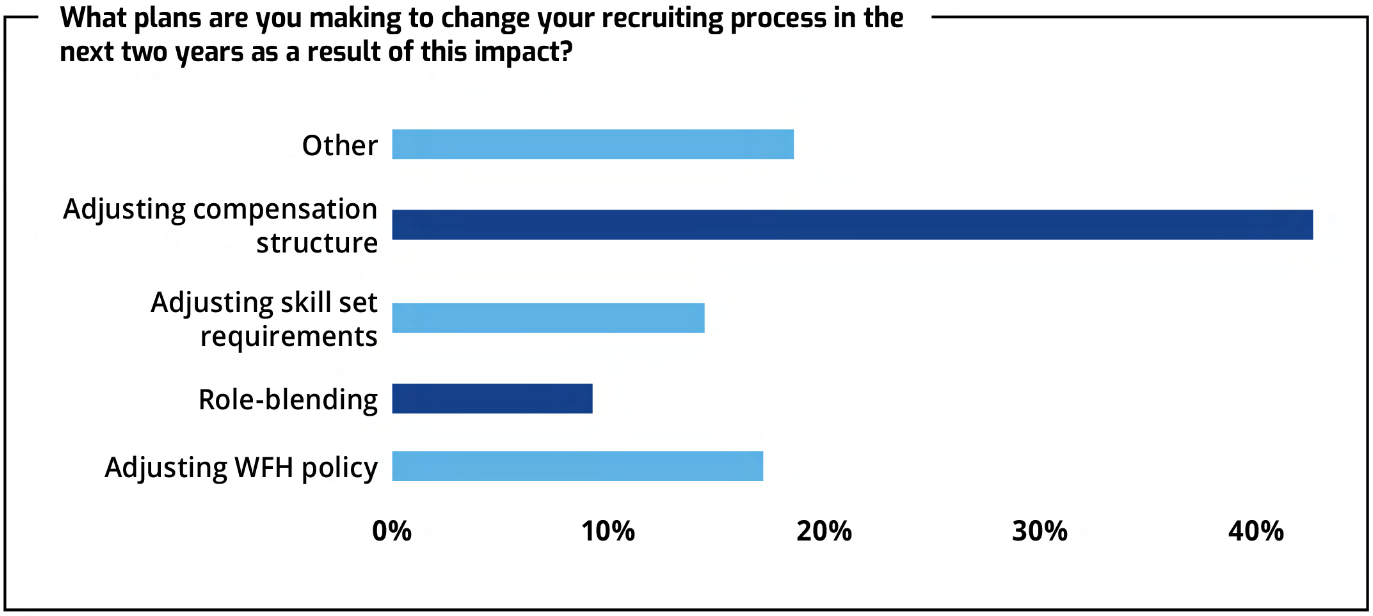


Companies are deploying a myriad of recruitment techniques in an attempt to combat these headwinds, with 43% of survey respondents taking a look at their compensation structure in a bid to win over potential employees. This seems to be the most common strategy by far, which makes sense considering the wage increases seen across all industries over the past year.

Additionally, the U.S. inflation rate continues to surge, reaching 8.5% in March. Significant wage increases are necessary in order to simply keep pace with inflation, something many companies across various industries have been unable to do.

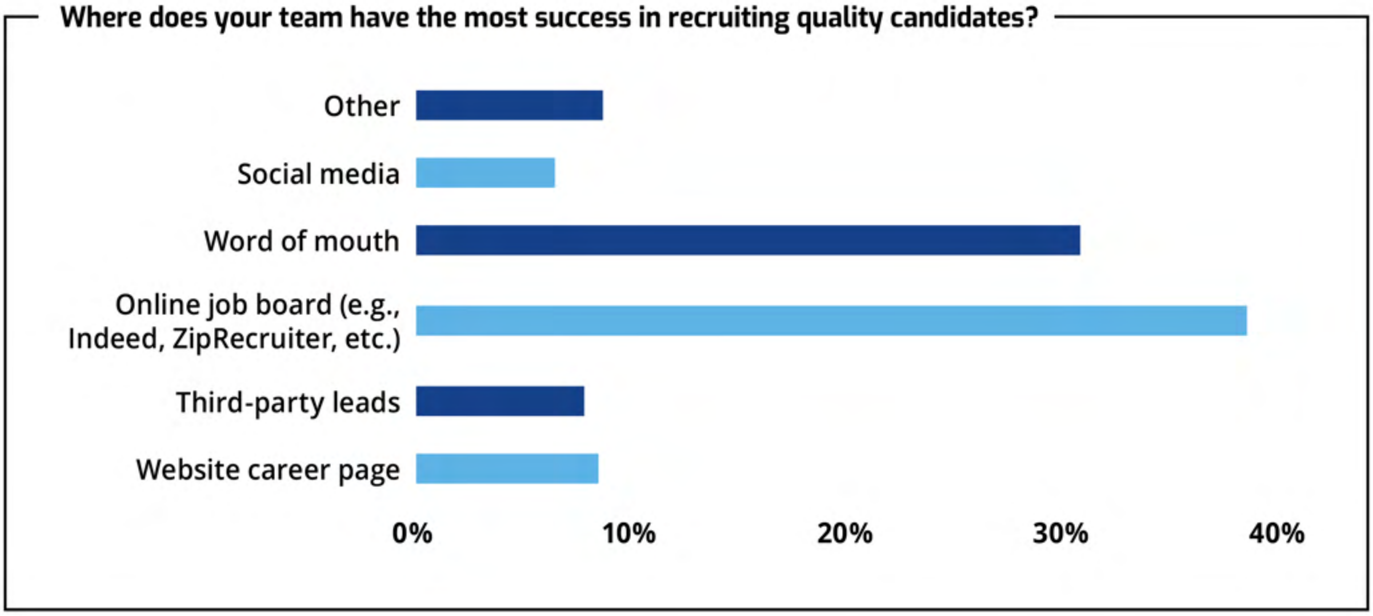
A smaller but still significant percentage of respondents are undertaking efforts such as adjusting skill set requirements, loosening up work-from-home policies and role blending.

These efforts make sense. In a tight labor market, logistics companies are not only competing with their peers for talent; they are also competing with companies across different industries that employ workers with similar skill sets. This is especially true when it comes to customer service and inside sales associates, as their particular skills are needed across virtually every industry.



As recruiting becomes more difficult, many companies are finding that online job boards offer the highest chances of success when it comes to attracting quality candidates. About 39% of survey respondents said these boards – including big names like Indeed and ZipRecuiter – were their most successful recruiting platforms. In 2022, people live most of their lives online. Job searching is no exception.

While online job boards pulled ahead of the pack, classic word of mouth also appears to play a significant role in recruiting for many companies. This answer came in a close second, with 32% of respondents noting that word of mouth was their most successful recruiting method. In a job market where candidates have plenty of options to choose from, it makes sense that the companies with the best reputations would have the first pick of candidates.



It is clear that both carriers and 3PLs are having a difficult time navigating the current labor market. The large majority of survey respondents noted that their companies were having a harder time recruiting customer service and inside sales talent than they were before the labor market tightened. When companies do find successful candidates, they also tend to come at a higher price thanks to a combination of market conditions and sky-high inflation.

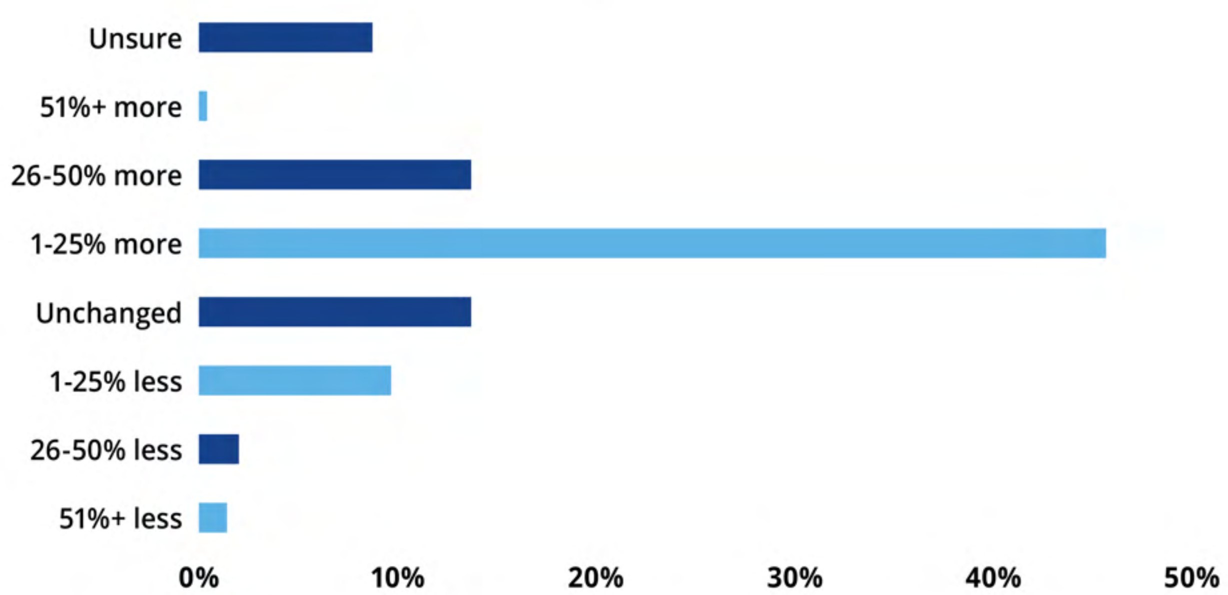
Talent Comes at Higher Price

When asked to estimate the cost of fully loaded, single customer service or inside sales agent in 2022, survey respondents provided a variety of answers that mostly fell into the middle class salary range. After eliminating significant outliers, the median price came in at $60,000. The mean came in higher at $66,171. One-third of respondents, however, answered salary ranges over $70,000, the highest being "$100,000+"

While these numbers put most customer service and inside sales personnel on the lower end of a true middle class salary scale, the majority of respondents are spending more to attract and retain these employees than they were two years ago.

Over 45% of carrier and 3PL survey participants said they are spending up to 25% more per customer service or inside sales employee than they were in 2020. Close to 15% of respondents said they are spending a somewhat surprising 26-50% more, and another 15% said their cost per employee remained unchanged.

How much has that cost changed in the last two years, if at all?



It is a worker's market, so it makes sense that companies have found themselves spending more money to get employees in the door and keep them there. This trend is likely to continue, at least in the short term. Companies offering the most competitive salaries and benefits packages are likely to come out on top regardless of the state of the market, but this will be especially true as people simultaneously grapple with the impacts of surging inflation rates and become more aware of the value of their labor in a strained market.

Carriers and 3PLs seem to be aware of this, as the majority of survey respondents (51%) expect to see approximately the same rate of change over the next two years when it comes to the cost of bringing on customer service and inside sales associates. Additionally, over 20% of respondents expect to see costs climb even higher in that time frame.

A significant minority of survey participants – nearly 30% – were more optimistic on cost changing, expecting the rate of change to be lower between 2022 and 2024 than it was between 2020 and 2022. This outcome is possible if the labor market loosens up, inflation rates decrease and/or salary increases reach a natural peak. If conditions continue to progress in much the same way as they have over the past two years, however, significant slowdowns in the rate of cost change seem unlikely.

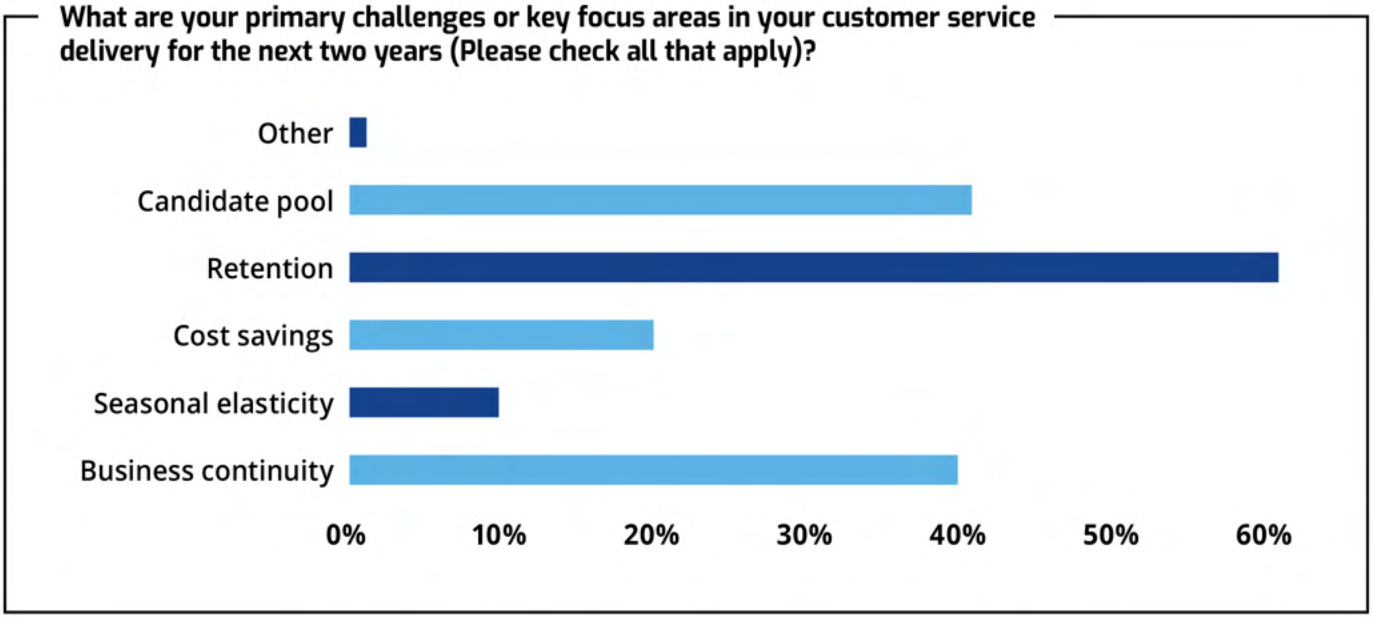
Do you expect the same rate of change over the next two years?

Carriers and 3PLs understand that the challenge doesn't stop once they get employees in the door. A full 61% of survey respondents identified retention as a key focus area for their companies over the next two years. With a quickly diminishing labor pool and recruiting costs increasing at a steady clip, organizations realize that they cannot afford to lose – and replace – existing quality workers.

As companies focus on retention efforts, they will likely find themselves relying on many of the same strategies they are deploying to aid in their recruiting efforts, including salary increases and increased workplace flexibility.

Keeping in line with known recruiting struggles, 43% of respondents identified an inadequate candidate pool as a primary challenge for their business over the next two years. Additionally, 40% recognized business continuity as a concern.

Carriers and 3PLs seem to be devoting less energy to other challenges, including cost savings and seasonal elasticity. This is likely because companies need to be adequately staffed in order to achieve either of those goals, making them secondary to ever present recruiting and retention concerns.

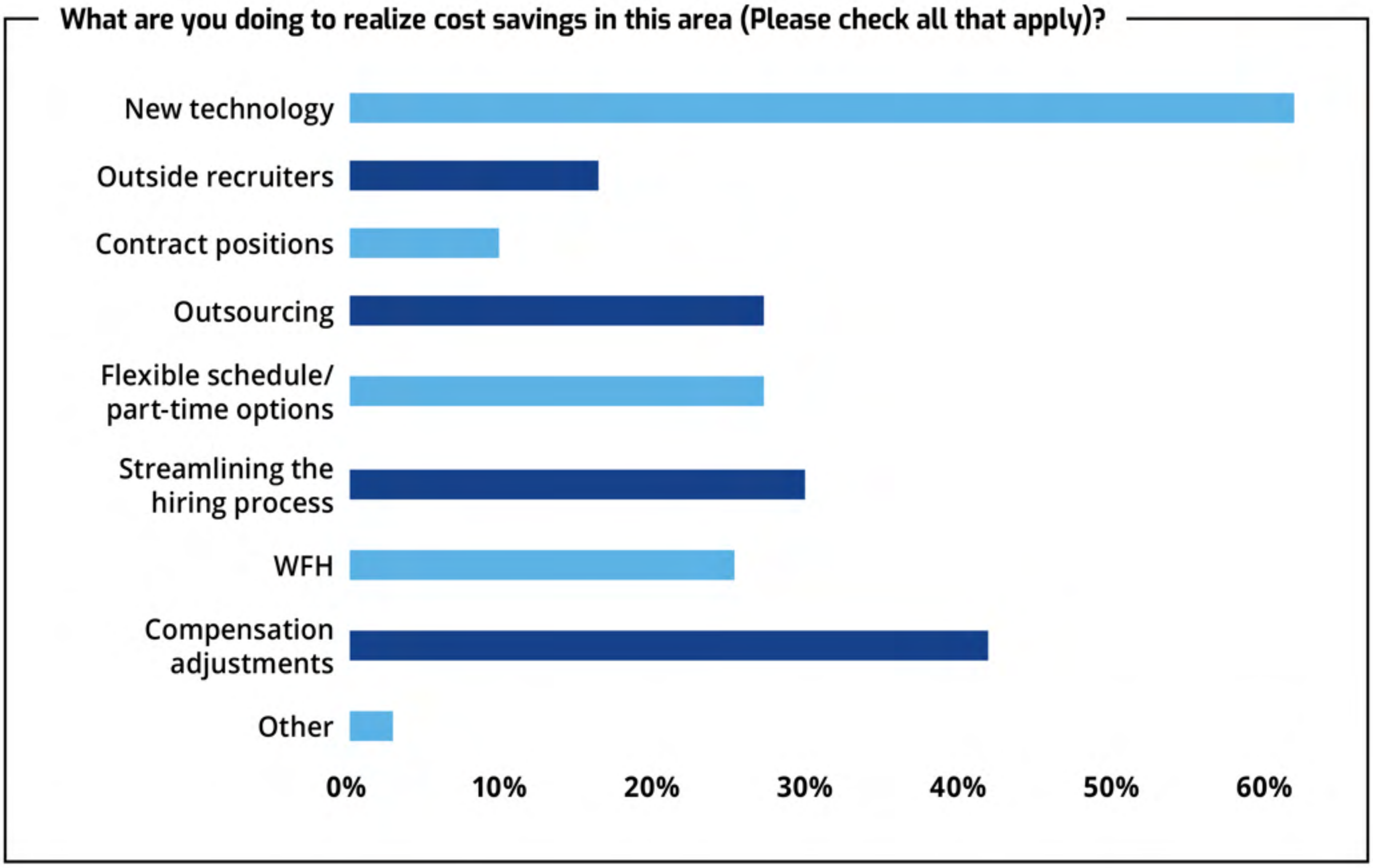


Companies Look to Automation

As recruiting and retention get more expensive, carriers and 3PLs are considering a variety of different cost saving strategies in order to reduce the impact of those shifts on their bottom lines. Far and away, the most popular cost saving route is implementing new technologies, with 62% of respondents saying they are using some form of new tech to realize cost savings.

Over the past two years, technology has been a money saver for companies across the supply chain in all different areas, not just recruiting and retention. It makes sense, then, that companies are quick to adopt technology to help in this area after seeing the bottom line benefits associated with tech implementation in other areas of their businesses.

Other cost saving strategies – including compensation adjustments, streamlining the hiring process, outsourcing and flexible scheduling – also garnered a significant amount of attention from carriers and 3PLs. Many companies are relying on a combination of these factors, as well as new technology, to cushion the blow of growing costs.

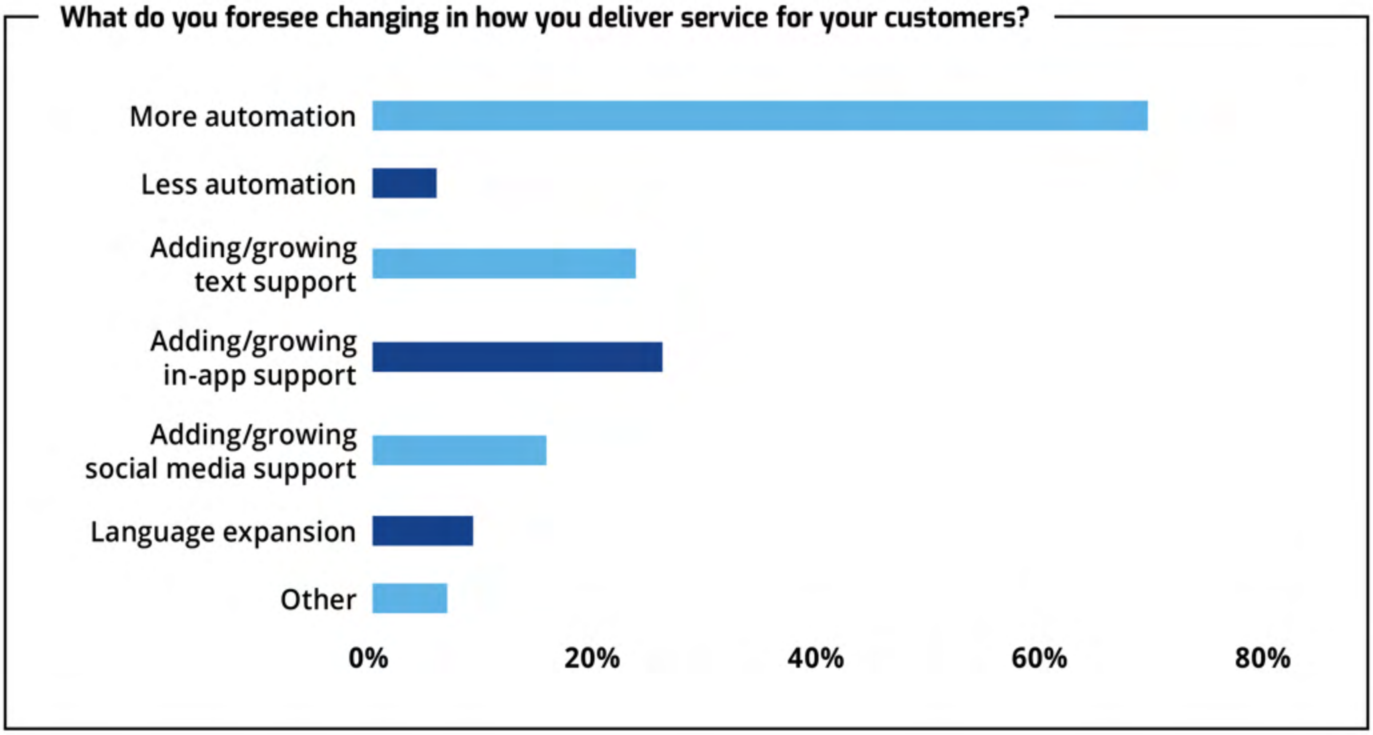


When FreightWaves asked carriers and 3PLs what changes they foresee in how they deliver customer service and inside sales, technology continued to be a strong theme. Automation in the way of the future, and over 71% of respondents plan to embrace more automation in the foreseeable future.

This trend toward automation is expected. Companies across the industry are becoming more comfortable with technology in general, and automation is known for its increased efficiency and cost saving benefits. As companies begin to implement these changes, bringing on strategic partners to help them navigate any new challenges that arise will prove more important than ever.

Carriers and 3PLs should be scoping out potential strategic partners while considering their next technological moves.

Between 25-30% of respondents also said they plan to add or grow either text support or in-app support as a way to deliver better service to their customers. Often, these types of support services rely on modern technologies like AI, at least in part. This could offer a pathway for companies to save money by decreasing the amount of human support needed for customer interactions while simultaneously boosting customer satisfaction rating by allowing customers to avoid time-consuming phone calls.



Overall, there is a clear trend toward utilizing modern technologies to solve modern problems. As consumers – and business partners across all industries – continue to become more technologically savvy, the logistics industry is following suit and reaping the rewards. This is a significant step for an industry that was once characterized backward and tech-averse.

Automation and other high-tech solutions, however, are not poised to solve all industry ills. While certain predictive and repetitive tasks lend themselves to automation, it's still critical to employ dedicated, talented customer service and inside sales team members to support customer needs.

Although technology helps, this problem will not resolve itself through automation alone. Hiring team members or partnering with operations partners will still be critical to delivering high-quality service. This is where solutions like outsourcing also come in handy, offering companies a way to increase their efficiency while simultaneously saving time and money.

Conclusion

Unemployment rates are hovering near historic lows, and the U.S. labor market is only getting tighter every month. Carriers and 3PLs alike are feeling the effects of this strained market, pushing them to funnel significant amounts of time and money into their recruiting and retention strategies. This is especially true when it comes to winning customer service and inside sales employees, as these workers are in high demand across several different industries. These roles are critical to the bottom lines of virtually every business in every segment of the economy, giving these folks plenty of options to choose from when considering their next career moves. Logistics companies should keep this in mind when recruiting for these roles.

Logistics companies are warming up to technology to help them navigate these headwinds. This is aligned with a greater industry trend of embracing modern technological solutions to solve modern problems. While the industry was headed in this direction long before the coronavirus pandemic swept the globe in early 2020, COVID-related headwinds have almost certainly sped up the rate of technology adoption across virtually all industries.

Still, technology cannot serve as a full-fledged replacement for people. This realization should push shippers to consider simultaneously embracing other money-saving solutions – including outsourcing services provided by companies like DDC – alongside tech adoption.

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