

FEATURE

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Q&A WITH DENNIS DONOVAN,
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WHICH ROAD TO TAKE IN SITE SELECTION?

Each route has its twists and turns.



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WHICH ROAD TO TAKE IN SITE SELECTION?

EACH ROUTE HAS ITS TWISTS AND TURNS.

Contact centers help guide customers on their journeys, including the twists, turns, and obstacles they face. At the same time, centers are on their own journeys. Decisions about how and where to serve customers – with on-premise or remote agents, onshore, nearshore, or offshore, with BPOs, or shifting more contacts into AI-driven self-service – help shape their success.

Make the right turn and contact centers, and critically their organizations, will bolster their abilities to maintain and grow customer loyalty and revenues while stabilizing or lowering their costs.

But go down the wrong path and they risk turning away customers and losing sales while facing increased expenses, like from not being able to attract and keep quality staff.

DENNIS DONOVAN



In today's uncertain economy, with both rising customer expectations and corporate expenses, and disaster and social disruption risks that threaten employee safety and business continuity, contact centers cannot afford to make poor decisions.

For guidance on which road to follow, we had a virtual conversation with Dennis J. Donovan. He is a principal at Wadley Donovan Gutshaw Consulting (WDGC), a leading site selection firm founded in 1975 with a contact center location practice.

Q WHAT CHANGES ARE YOU SEEING IN THE DEMAND FOR AMERICAN CUSTOMER CONTACT EMPLOYEES?

A: Over the past several years, we have seen a significant shift in the demand for them. The drivers behind these changes are both economic and technological.

I would say one of the most notable trends is the growing pressure on labor pools due to higher turnover.

Contact center roles have always experienced elevated churn, but recent years have intensified the issue. Wage competition, shifts in employee expectations, and the rise of remote opportunities have expanded workers' options.

As a result, companies are competing more aggressively for talent, particularly in markets with already-tight labor conditions. This has reshaped where organizations can sustainably grow and which cities remain viable for long-term staffing strategies.

At the same time, AI-driven automation is changing the nature of the work rather than eliminating it outright. Routine inquiries and transactional tasks are increasingly handled by automated systems, but this has raised the bar for human agents.

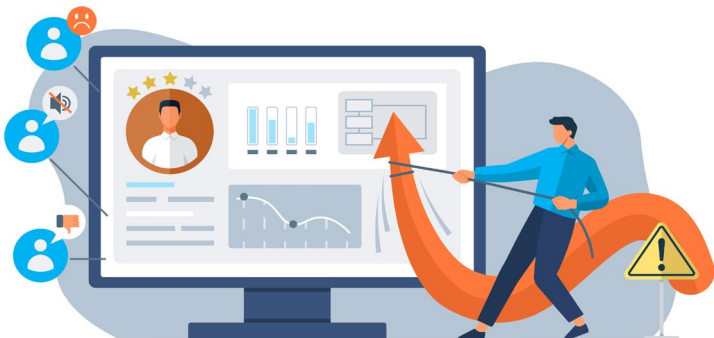
Today's U.S.-based customer contact employees must manage more complex interactions that technology cannot replicate. This shift has increased the demand for stronger problem solvers. As a result, we are seeing companies adjust their hiring profiles and training programs to keep pace.

We are also noticing a measurable movement to reshore customer contact jobs back to the U.S. Several factors are driving this trend:

- Rising overseas labor costs.
- Quality/consistency issues.
- Geopolitical uncertainty and the need for tighter data security.
- But above all, customer experience (CX) has become a brand differentiator.

On balance, demand for customer service agents is projected to decline by 5% over the next 10 years. WDCG believes this decline is underestimated by the Bureau of Labor Statistics (BLS). In our view, it might be closer by 10%.

The trend began in 2024 as AI was becoming more widespread. In 2023, according to the BLS, there were 2,859,000 customer service representatives employed in the U.S. Today the number stands at 2,753,000.



While there will be a downward trend in total employment, demand for agents will nonetheless be fairly robust. In large measure this is due to the relatively high turnover which has long plagued the industry.

Turnover in U.S. contact centers averages between 30%-45% from our read of industry data. Consequently, the industry employers will need to fill over 750,000 replacement positions annually.

From a site selection perspective, the top-rated factor for successful call center location will embrace human resources. That is the supply, quality, cost, and stability of qualified talent (especially to perform more complex tasks).



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-- DENNIS DONOVAN

LABOR SUPPLY

Q ARE THERE CHANGES IN THE SUPPLY OF LABOR TO FILL CUSTOMER CONTACT POSITIONS?

A: Yes, we are seeing discernible changes in the supply of labor available for them.

One of the most impactful trends is the continued decline in labor force participation, especially among women who have historically played a central role in the customer contact workforce.

The post-COVID-19 pandemic environment introduced lasting challenges (e.g., childcare), which have made it more difficult for many women to return to or remain in traditional shift-based roles. Even remote positions can have rigid schedules and complex tasks.

We are also seeing other demographic and lifestyle shifts that affect labor availability:

- Younger workers are entering the workforce with different expectations around flexibility, career pathing, and work-life balance.
- Contact center roles, which are often perceived as stressful and transitional, struggle to compete with remote jobs in other sectors offering similar wages with less emotional demand.

These factors place additional pressure on companies to rethink scheduling, compensation, and overall work environment.

But something interesting is happening in the higher-skilled labor segment.

As automation absorbs more of the rote work, available customer contact roles are requiring stronger communications skills, higher technical acumen, and robust problem-solving abilities. Foundational skills must also be higher. This has a direct impact on both labor availability/cost and site selection.

Q SHOULD CONTACT CENTERS RECRUIT FROM LABOR POOLS THEY MAY HAVE OVERLOOKED IN THE PAST FOR THESE HIGHER-SKILLED WORKERS? EVEN IN THE FACE OF DIVERSITY, EQUITY, INCLUSION (DEI) PUSHBACK?

A: Contact centers need to tap *all* available labor pools. These include the marginalized (e.g., lower income on social assistance), second chancers (e.g., previously incarcerated), individuals with disabilities, and older workers approaching or at retirement age.

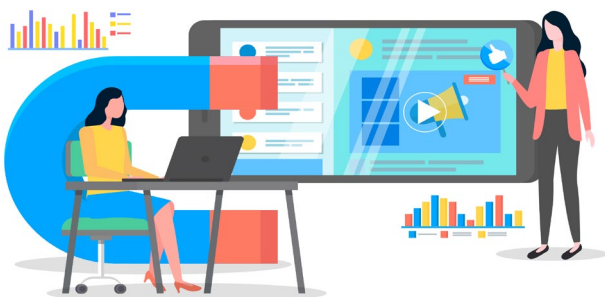
Given protracted labor shortages throughout the U.S., contact centers need to cast a wide net for staffing open positions with either full- or part-time workers. Pushback on DEI programs should essentially be considered irrelevant for staffing contact centers.

Q ARE CUSTOMER CONTACT ORGANIZATIONS BRINGING THEIR AGENTS BACK ON-PREMISE (I.E., RETURN TO OFFICE [RTO])? OR ARE THEY HAVING SECOND THOUGHTS AND KEEPING MANY OF THEM REMOTE?

A: We are definitely seeing a clear recalibration in how customer contact organizations approach RTO strategies. Many companies initially attempted full or partial RTO mandates, but the response from the workforce has prompted organizations to rethink those plans.

Right now, most customer contact employers are landing somewhere in the middle. They recognize the advantages of on-site operations, but they also understand that remote work has become an essential component of talent attraction and retention.

Organizations that are bringing agents back on-premise tend to do so for specific reasons: quality control, training consistency, security needs, and team culture development.



In these cases, companies are typically leaning toward hybrid models rather than a full return. Understandably, hybrid scheduling is more attractive for many workers.

Simultaneously, we are seeing a growing number of companies reconsider the strict “fully remote” approach. Some organizations experienced challenges early on with remote labor models and are now redesigning their remote strategies to be more structured.

However, I would say the biggest shift we are witnessing is *the rise of location-aware remote models.*

Many contact center employers are moving away from hiring anywhere in the country and are instead geofencing their remote labor pools within a defined radius: often two hours or less. This allows companies to maintain the benefits of remote work while having the option to collaborate in-person.

Looking at this holistically, I believe that a modest proportion of contact center employers will rely on a fully remote workforce irrespective of a specific location. An even smaller proportion will mandate being in the office five days a week.

The preponderance of employers will follow either a hybrid work model (typically two or three days in the office) or a location-based remote workforce (e.g., all employees residing within a responsible distance of a central office: that might also house other functions).



THE BPO OPTION

Taking the business process outsourcing (BPO) highway has long been a popular route for contact centers, instead of setting up on-premise facilities or managing remote workers.

So, we asked Dennis Donovan, “*Will contact center organizations increase or decrease their use of BPOs?*”

“Companies with contact center operations will rely to a greater extent on outsourcing over the foreseeable future,” says Dennis. “The call center outsourcing market is expected to grow by almost 7.5% per annum from 2025 to 2030 (according to Morder Intelligence).”

The rationale for greater reliance on BPOs includes technology integration (AI and automation), cost reduction, scalability, global reach, and enhanced customer acceptance (e.g., BPOs can offer specialized skills, data driven performance, and innovation).

“But in choosing BPOs, contact centers will display a preference for U.S.-based agents and not an overreliance on automated customer response systems,” says Dennis.

“Regarding the latter a survey by Data for Progress revealed that 70% of customers were dissatisfied with automated voice systems. Also, there is pending national legislation titled ‘Keep Call Centers in America Act’ to address both offshoring and overreliance on AI.”

Bottom line: *Remote work options, in some form, will be key for recruiting/retaining a qualified labor force for contact centers.*

NATURAL DISASTERS, SOCIAL DISRUPTION

Q NATURAL DISASTERS APPEAR TO BE BECOMING INCREASINGLY COMMON AND SEVERE. HOW IS THIS IMPACTING LOCATING ON-PREMISE AGENTS, USING REMOTE AGENTS?

A: Natural disasters are reshaping how organizations think about where—and how—they deploy their customer contact workforces.

In recent years, we have seen hurricanes, wildfires, flooding, and extreme heat events disrupt entire regions, sometimes for weeks at a time. It is a frightening reality that can happen to any company, particularly those that rely heavily on on-premise operations.

“NATURAL DISASTERS ARE RE-SHAPING HOW ORGANIZATIONS THINK ABOUT WHERE—AND HOW—THEY DEPLOY THEIR CUSTOMER CONTACT WORKFORCES.”

Concerns around declining weather forecast quality are also creating new challenges for organizations that rely on accurate climate data for business continuity and site selection.

Historically, companies have depended on increasingly precise forecasting models to anticipate risks, prepare facilities, and safeguard operations. If those forecasts become less reliable, the margin for error widens.

From a business continuity and disaster recovery (BCDR) standpoint, reduced forecast accuracy means that contact centers may have less lead time to prepare.

Power outages, evacuation orders, or infrastructure failures could arrive sooner than anticipated, making rapid response protocols more critical than ever.

This uncertainty also influences on-premise contact center location strategies.

In the past, long-term climate projections helped identify markets with lower risk profiles. But if those projections become less dependable, companies must focus more heavily on observable historical patterns, infrastructure resilience, and the adaptability of local utilities and emergency services.

Even as environmental risks become harder to predict, customer contact organizations are being pushed toward more resilient workforce and operational models.

If medium- and long-term weather forecasting becomes less accurate, companies can compensate by strengthening structural resilience through smarter site selection, robust BCDR plans, and workforce models that can flex quickly during unexpected disruption.

Q SOCIAL DISRUPTION, E.G., CRIME, DRUG USE, CHRONIC HOMELESSNESS, HAS AFFECTED MANY LARGER AND SMALLER METROS. WILL THIS HAVE A DISCERNIBLE IMPACT ON CONTACT CENTERS LOCATING IN THESE AREAS?

A: These social-related challenges tend to be localized in a metro area. In siting a new contact center, it will be imperative to select a submarket that is removed from the primary concentration of these social ills.

If there are no submarkets that will shield a new contact center from these problems, then that metro area will be rejected as a location for their operations.

ON-PREMISE CENTER DESIGN, LOCATION

Q ARE THERE CHANGES IN WHERE AND HOW ON-PREMISE CONTACT CENTERS ARE BEING LOCATED? FACILITIES AND PROPERTIES CHOSEN? DESIGN, INCLUDING FURNITURE AND AMENITIES?

A: Without a doubt, on-premise contact centers are being located, designed, and integrated within broader corporate footprints.

One of the most obvious changes is a stronger emphasis on market stability and long-term workforce sustainability. Companies are no longer selecting sites based solely on labor cost advantages.

The Tier 2 and Tier 3 metro areas (1 million-3.9 million, 300,000-999,000 million population respectively; Tier 1 is over 4 million) are becoming preferred destinations for American contact centers. Desirable location attributes include:

- Favorable demographics.
- Depth of employment in customer-facing occupations.
- Presence (but not an overconcentration) of customer service employment.
- Starting and median salaries in line or less than national average.
- Moderate household income levels.
- Sizable pool of white collar underemployed.
- Presence of bilingual or multilingual skills.
- Available office space close to where targeted skillsets reside.
- Reliable electric power, state of the art fiber connections, and lower exposure to natural disaster risks.

Companies also seek to maximize customer coverage by locating facilities across time zones. Additionally, a strategy to be considered would involve establishing a hub office in a Tier 2 or 3 metro and then having one or more satellite offices within a reasonable distance (possibly up to two hours).

Both the hub and satellites could be hybrid. This strategy would minimize business disruption and allow for tapping into smaller labor markets, bringing supply/cost advantages.

Design expectations are evolving as well. Because the work has become more intricate, and because employee expectations have shifted, companies are investing more intentionally in their physical environments.

Ergonomic furniture, wellness and quiet rooms, collaborative breakout areas, and natural light are now common design priorities, along with amenities that support employee wellbeing.

Overall, the traditional blueprint for contact center locations is being reimaged. Organizations are selecting markets more strategically, choosing facilities that align with broader corporate needs, and designing spaces that better support employee engagement and productivity.



Instead of focusing solely on wages or population size, organizations should evaluate markets based on workforce stability, infrastructure reliability, climate resilience, and the presence of a diverse labor pool capable of supporting increasingly complex customer interactions.

Equally important is designing an employee value proposition that aligns with the expectations of today's workforce.

Flexibility remains a defining priority. However, that does not necessarily mean going fully remote. Markets that support hybrid or location-aware models tend to produce more reliable applicant pipelines and better retention outcomes.

Facility decisions also play a large role in talent attraction. Modern contact centers benefit from environments that support wellbeing, collaboration, and training. In addition, selecting office sites that will minimize commute times is important.

We encourage organizations to think in terms of distributed resilience. Whether through multi-site footprints, a blend of remote and on-premise staffing, or geographically diverse hiring pools, reducing dependence on a single labor market or climate zone is essential.

Lastly, as customer service agents will be handling more complex tasks, companies need to re-examine the following:

- New-hire selection criteria.
- Onboarding process.
- Compensation levels (at or above market for comparable skills is advisable).
- Flexibility for work/family balance, in time-off policies.
- Fringe benefits to include childcare assistance (e.g., dependent care flexible spending accounts), career mobility potential, excellent health insurance, wellness programs.
- Attractive office space with on-site or nearby amenities.

Ultimately, the organizations that will be most successful are those willing to rethink traditional site selection criteria, prioritize employee experience, and build flexible workforce strategies designed for a more dynamic and uncertain operating environment.



Brendan Read is Editor of Contact Center Pipeline. He has been covering and working in customer service and sales and for contact center companies for most of his career. Brendan has edited and written for leading industry publications and has been an industry analyst. He also has authored and co-authored books on contact center design, customer support, and working from home. Brendan can be reached at brendan@contactcenterpipeline.com.

"... THE ORGANIZATIONS THAT WILL BE MOST SUCCESSFUL ARE THOSE WILLING TO RETHINK TRADITIONAL SITE SELECTION CRITERIA, PRIORITIZE EMPLOYEE EXPERIENCE, AND BUILD FLEXIBLE WORKFORCE STRATEGIES..."

Q WHAT ARE YOUR RECOMMENDATIONS FOR CONTACT CENTER DECISION-MAKERS WHO ARE SEEKING TO OPTIMIZE WHERE AND HOW TO LOCATE TO FIND AND RETAIN QUALITY LOYAL EMPLOYEES?

A: For contact center decision-makers, I would say optimizing where and how to locate operations has never been more critical: or more complex.

As today's agents are being required to handle more complex customer inquiries, they will need to possess superior foundational skills.

In addition, it could be important for potential new hires to have direct experience in the type of customers comprising the bulk of a contact center's market (e.g., health care, financial services, insurance, consumer products, manufacturing, etc.).

What will be key is selecting labor markets allowing for a deep pool of qualified applicants at an affordable cost level, balancing labor availability, long-term sustainability, and operational resilience while designing an employee experience that attracts and retains the right talent.

My first recommendation is to broaden the lens through which location decisions are made.

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