9 Actions for Winning Through a Recession
A 2022-2023 Playbook for Customer Service Leaders
Gartner research showed that only a very small number of companies broke away from the pack during the Great Recession (end-2007 to mid-2009) and sustained their performance for the subsequent decade.

As the threat of another downturn looms, it’s timely to revisit lessons learned — in particular, that outperformers win because of the decisive actions they take at the beginning of contractionary periods.

Outperformers:

• Commit before the downturn to the differentiating elements of their strategy to position themselves to power through uncertain times, not simply respond to them.

• Effectively balance top- and bottom-line growth across business conditions. Focusing only on cost-cutting has historically come at the expense of top-line growth.

Unique headwinds further complicate today’s operating environment, but the differentiating decisions clearly hinge on digital.

Among CEOs, 94% want to maintain or accelerate the already intense pace of digital transformation sparked by the pandemic, and 70% of CFOs expect digital technology to get more funding.

The imperative for organizations is placing the right digital bets at the right cost.

---

**Winners Break Away in the Turns**

Earnings before taxes, interest, depreciation and amortization (EBITDA), 2003-2017

- **Post-turn winners**
- **Average control peers**

---

n = 60 (30 Post-turn winners* and 30 control peers)

*30 companies from the Fortune 1000 that had 1) consistent year-over-year revenue and margin improvement and long-term growth that exceeded their industry peers in the 20 years from 1994-2014, and 2) sustained that outperformance through 2017 (the last year for which full-year data was available at the time of the analysis).
Navigating This Recession Will Be Much More Difficult Given the Triple Squeeze

The Triple Squeeze
3 compounding pressures that most executives have likely never experienced

1. Persistent high inflation
   69% of CFOs still believe nonlabor input costs will rise significantly.

2. Scarce, expensive talent
   47% of CFOs find it difficult to find and hire enterprise talent.
   50% of CFOs still see a significant wave of workforce resignations.

3. Global supply challenges
   48% of CFOs believe supply chain volatility and shortages will last beyond 2022.
What Failure Sounds Like During This Recession

What we hope you don’t have to tell the board in 2024:

“**We cut costs too far** and could not keep pace with demand when it returned.”

“**Our costs kept increasing with inflation;** now our margins are unattractive to investors.”

“**We continued to spend aggressively on digital,** but we did not capture the value like competitors.”

“**Higher product pricing led to permanently losing market share.**”

“**Competitors out-innovated us** with digital products and services.”

“**Other companies secured great digital talent at a discount.**”
Goal: Make the Right Trade-Offs to Improve Profitability While Funding Faster Digital Acceleration

CFO Plans for Digital Technology Spend (July 2022)
Percentage of CFOs and finance leaders, cross-industry, $50M – $100B in revenue

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>69%</td>
</tr>
<tr>
<td>Maintain</td>
<td>28%</td>
</tr>
<tr>
<td>Decrease</td>
<td>3%</td>
</tr>
</tbody>
</table>

“I’m telling my teams to fund digital acceleration by finding savings and inefficiencies.”

“Our business leaders will need to live in an environment of trade-offs, which we haven’t had to do for a while.”

n = 154 CFOs and finance leaders
Q: Q8 from CFO Recession Planning Poll: Which spend categories do you plan to decrease/maintain/increase for the next 12 months?
Top Customer Service and Support Questions We’re Tackling for Clients

1. How do we continue to meet increasing customer demand given rising labor costs?
2. Should we consider offshoring or outsourcing to reduce labor costs?
3. How do we make the case for technology investments when spending is under greater scrutiny?
4. What cost avoidance or cost reduction requests should I anticipate from our CFO and how do we prepare?
5. How do we elevate the role of customer service so that it is not viewed as a cost center?
Nine Actions to Play Offense Into Recession

1. Create a prioritized list of the trade-offs you will make in your budget, with a story about why.

2. Accelerate movement to the cloud, while paying attention to shifting pricing strategies from software providers as prices rise.

3. Radically challenge workflows and processes to make them faster, simpler and more agile for the long term.

4. Fundamentally rethink the way your company leverages humans (locations, hours, part- vs. full-time, in-house vs. outsource).

5. Clarify your employee value proposition (EVP) so you are positioned to attract and retain the right digital talent.

6. Aggressively source key digital talent that will shake loose and help accelerate your digital plans.

7. Develop a future vision of the customer and employee to accelerate the right digital investments for 2025.

8. Invest in predictive and autonomous digital projects that will make the organization faster and leaner.

9. Narrow the metrics you use to measure and manage digital initiatives to the few that align to outcomes.
Gartner’s Customer Service and Support Playbook for Navigating Recession

Sample research, benchmarks and other resources for winning in this period. Let us help you plan your unique step-by-step path.

Step 1: Benchmark cost and efficiency
Customer Service Operations & Digital Efficiency Benchmark
Inquiry with a Gartner Expert

Step 2: Find cost savings
Toolkit: Transform Your Service Organization for Cost Efficiency
Gartner Customer Service and Support Score

Step 3: Evaluate outsourcing options and partnerships
BuySmart™ for Customer Service BPO
Toolkit: Developing and Evaluating a Customer Service BPO RFP

Step 4: Migrate volume to digital and self-service channels
Top 10 Quick Wins to Improve Digital and Self-Service Effectiveness
Inquiry with a Gartner Expert
Learn from Experts and Peers at Gartner Events

Step 5: Improve, automate, or eliminate inefficient processes
4 Steps to Automation Success in Customer Service
Inquiry with a Gartner Expert
Talk to a Peer on Gartner Peer Insights

Step 6: Contribute to top-line growth by creating customer value
Gartner Value Enhancement Score (VES)
Inquiry with a Gartner Expert
Learn Best Practices from Peer Case Studies

Step 1:
- Benchmark cost and efficiency
- Customer Service Operations & Digital Efficiency Benchmark
- Inquiry with a Gartner Expert

Step 2:
- Find cost savings
- Toolkit: Transform Your Service Organization for Cost Efficiency
- Gartner Customer Service and Support Score

Step 3:
- Evaluate outsourcing options and partnerships
- BuySmart™ for Customer Service BPO
- Toolkit: Developing and Evaluating a Customer Service BPO RFP

Step 4:
- Migrate volume to digital and self-service channels
- Top 10 Quick Wins to Improve Digital and Self-Service Effectiveness
- Inquiry with a Gartner Expert
- Learn from Experts and Peers at Gartner Events

Step 5:
- Improve, automate, or eliminate inefficient processes
- 4 Steps to Automation Success in Customer Service
- Inquiry with a Gartner Expert
- Talk to a Peer on Gartner Peer Insights

Step 6:
- Contribute to top-line growth by creating customer value
- Gartner Value Enhancement Score (VES)
- Inquiry with a Gartner Expert
- Learn Best Practices from Peer Case Studies

Step 1: Benchmark cost and efficiency
Step 2: Find cost savings
Step 3: Evaluate outsourcing options and partnerships
Step 4: Migrate volume to digital and self-service channels
Step 5: Improve, automate, or eliminate inefficient processes
Step 6: Contribute to top-line growth by creating customer value
Connect With Us

Get actionable, objective insight to deliver on your mission-critical priorities. Our expert guidance and tools enable faster, smarter decisions and stronger performance. Contact us to become a client:

**U.S.:** 1 855 811 7593  
**International:** +44 (0) 3330 607 044

Learn more about Gartner  
gartner.com  
Stay connected to the latest insights  
[LinkedIn]  [Twitter]  [YouTube]