

Home-sourcing Back to the U.S.A.: Is the Work-at-home agent model really working?

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The Challenge: Optimize Agent Staffing

Enterprises large and small have begun to treat their call centers as the strategic corporate asset that they really are—critical to corporate brand image, customer retention and growth. Because of this new attitude, finding a way to best optimize agent staffing and ‘stop the bleeding’ from soaring attrition rates has become a major concern for contact centers today. At the same time there is pressure to reduce overhead, cut real estate costs and trim operational expenses. Frost & Sullivan believes that this is the industry’s single biggest challenge by far –especially at the high end of the value chain. Like a moving target, it can be hard to spot and even harder to nail down. One of the ways that many contact centers attack the problem is by deploying their own home agent force or outsourcing home-based agents employed by service providers. What we’re seeing is the movement of call center agents away from brick-and-mortar facilities to the suburban home office. Most of us know this as the Work-at-home agent model, virtual agent staffing or more affectionately, as “home sourcing”.

The Real Deal

I spent many (delightful) years as a call center supervisor and fully understand the complexities involved in agent staffing and sales/service delivery. In addition, my wife is currently employed as a full-time home agent. Given this outlook, I have a unique first-hand opportunity to make operational observations and compare the traditional with the new to see if it really delivers on the promise.

Admittedly, the work-at-home agent model isn’t brand new. Nor does it get traction in every industry vertical, for a variety of reasons. However, this fast-growing phenomenon is finally getting the attention it deserves as a viable alternative to the traditional brick and mortar center staffing model. Estimates are that there are over 110,000 home-based agents in the U.S. This number is expected to grow three-fold within the next five years. Due largely to IP technology developments, incoming customer calls can now be routed anytime and anywhere on a large scale. The basic technical requisites for the home-agent are minimal—a Pentium-class PC, a reliable high-speed broadband connection and an analog phone line. Either the employer or outsourcing service provider supplies remote network connectivity and client applications. Critical to the mix is high-quality agent training, which can be “pushed” to the agent’s desktop via e-learning modules, thus eliminating the need for live instructors or training facilities. Hundreds of agents can be trained simultaneously.

Jet Blue Airways, for instance, employs close to 1,000 home agents to handle reservations and customer service. Other companies that are making the home agent model work include marquee names like Home Depot, Staples, General Electric and Proctor and Gamble.

One leading outsourcing provider, West Corporation, has built an industry-recognized home-agent model that been in-place for years. West boasts an agent community of over 10,000 contractors. Other providers include Alpine Access, Willow CSN, Working Solutions, VIP Desk and Intellicare. Willow CSN terms its workforce CyberAgent CSRs, highlighting their “around the clock” accessibility. Many companies, like 1-800 Flowers.com use a combination of in-house care representatives and outsourced home agents by partnering with these providers. In recent interviews with key market participants, it has become abundantly clear that established outsourcers and their clients are standing up and taking notice. Those outsourcers not employing a work-at-home model realize that they may be behind the curve and many are hurriedly conducting agent trials in several U.S. cities and abroad.

Driving Factors

There are both push and pull factors accelerating this movement. Demographically, the industry is facing a declining labor pool from which to fill large call centers. Nationwide, long commutes have become increasingly unpopular and, as gasoline prices top \$3.00 or more per gallon, significantly more expensive. Qualified workers who have a physical handicap or live in rural areas and small towns may find it prohibitive to commute at all. Family balance and a flexible work schedule are uppermost in the minds of many stay-at-home moms who are willing to sacrifice a lesser wage for important trade-offs. A trailing spouse who has re-located to a new city can cart their job with them, laptop in tow. Companies continually seek ways to lower their operational costs and shed expensive real estate holdings. Voice over Internet Protocol (VOIP) and web-based applications make the deployment of home agents no more difficult than placing them in traditional call centers. Workforce management technology and remote monitoring remove barriers to measuring productivity and adherence to key performance indicators (KPIs). Retirees and mature Baby Boomers with valuable sales and customer care experience often seek challenging part-time work to supplement pensions and retirement income. The cost of entry into the home agent world for a PC, broadband connection and analog phone line is relatively low. While average home-agent wages range from only \$8-\$15 per hour, additional pay-for-performance plans give high performers an additional incentive to be even more productive.

Backlash to Outsourcing?

Some may claim that the growth of home agents is a response to the political backlash to outsourcing. Media criticism of offshoring coupled with the public outcry against calls being handled in India or the Philippines remains strong in some sectors. While domestic home-based agents could answer such criticisms, Frost & Sullivan believes that the model, as outlined above, also makes for a very compelling business case because it is less expensive, more efficient and has demonstrated superior results. Surveys indicate that companies using the model are recording higher customer satisfaction scores and seeing greater efficiency gains.

Benefits to Companies

Research on the home-agent model yielded a number of benefits for contact centers:

- The model opens up a larger employee labor pool nationally, allowing for rigorous agent selection and thorough background checks
- A geographically-dispersed workforce, not restricted to large urban areas
- Transportation time is removed from the scheduling equation to allow for quick scaling
- Agent profiles show higher education levels with excellent service/sales skills. The result is better KPIs and higher levels of first call resolution
- Reduced training time in a self-paced mode offers consistent, certifiable modules that can be delivered with less cost right to the agent's desktop
- Firms can quickly scale up or down for seasonal volumes or disaster recovery
- Some clients have saved up to 30% or more on overhead and real estate
- The great majority of agents are native English speakers who are attuned to the nuances of American customer service and sales processes. Clients value these attributes, matching complex applications to delivery for high-value customers.
- Significantly lower turnover rates (10% vs. 35%+) against domestic all centers
- Greater scheduling flexibility for agents and increased employee satisfaction
- A seamless high quality customer experience offers greater retention rates and sales conversions

Limitations of the Work-at-Home model

Not all call center agents are well suited for home-based contact center work. Agent screening and selection is very, very important to ensure there is the right match of aptitude, attitude and technical skills with client needs. Disciplined and organized self-starters with good communications skills tend to be the most successful. For some, working alone and isolated from co-workers can lead to feelings of loneliness and seclusion. Additionally, home agents are required to have a quiet setting sans background noise, crying children or barking dogs.

In cases where the home agent is classified as a contractor, medical, dental and insurance benefits must be purchased privately. Interaction with call center managers and coaches can be problematic. While secure chat rooms are the preferred communication vehicles, misunderstandings and frustration can result from poorly worded communication and abbreviated messaging. Some companies cite the concern for greater security at the agent level, given the need for strict regulatory compliance with HIPAA and Sarbanes-Oxley. There may be a need for 24 x 7 monitoring and technical support. If electrical power to the home is interrupted by a storm, system access and communications crash until residential power is restored. This may result in hours of off-line time and loss of pay for the agent. In some cases supervisors do not establish and enforce a clearly understood and factually definable set of performance metrics. These well-educated agents tend to be competitive and need meaningful reward and recognition program structures—even if they are “virtual”.

Agent Model of the future?

To say that the home-agent structure will replace traditional brick-and-mortar centers, in the short-term, would certainly be a stretch. However, the adoption rate is growing rapidly. The power of the model lies in agent quality, flexibility and lower attrition—happier employees who stay with company longer. Clients recognize that high-quality interactions add significant value to the customer experience. While the home-agent model can be a stand-alone offering, it is often used as a part of a total solution – a complement to IVR self-service and brick-and-mortar agents. One service provider calls this “multi-shoring”—extending service quality while cutting costs. And aren't those the primary goals of every contact center?



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