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Call Centers In The Rec Room

"Homeshoring" takes off as moms and others provide an alternative to offshoring

Three years ago, when the offshoring debate was in full fury, the director of vendor relations at 1-800-FLOWERS.com ran a pilot project to see if the company should be taking advantage of the new labor arbitrage. Within weeks, the trial in India bombed. For the executive in charge, Lou Orsi, it was a reminder that customer service is as much about psychology as technology. Florists often double as condolence therapists, interior design coaches, and relationship strategists. "The folks were difficult to understand," says Orsi. "We were afraid that we would lose sales, and we couldn't risk that." The company also needed to pour on the labor during spikes like Valentine's Day. (When it came to answering customers' e-mails, though, the dazzling prose of the Indians -- many of them PhDs -- outshone that of the Americans, most of whom had gone only to high school. So Orsi left some of the e-mail jobs overseas).

The phone work stayed in the U.S. But not just in brick-and-mortar call centers. Instead, Orsi looked for another way to cut costs. He soon realized he could capitalize on a different and far less controversial option: sending the jobs to a U.S. outfit that specializes in a new trend called homeshoring.

More and more, companies are moving customer service jobs out of high-overhead call centers and into what is possibly the lowest-overhead place in the U.S.: workers' homes. The savings are about more than just real estate, toilet paper, and coffee supplies. JetBlue Airways (JBLU) is perhaps the most famous practitioner; all of its 1,400 reservation agents work from home. But they are employees. Most of the new homeshoring jobs are independent contractor positions offered by outsourcing companies. The agents are on the hook for their own health care, computer equipment, training -- even background checks.

Outsourced homeshoring jobs grew 20% last year, to 112,000 jobs, estimates tech-market researcher IDC, and will hit 330,000 by 2010. "Offshoring's underestimated sibling, homeshoring, is about to hit a growth spurt," says IDC analyst Stephen Loynd. Office Depot (ODP), McKesson (MCK), and J. Crew all use home agents. Homeshoring is less likely to risk

the accent fatigue, cultural disconnection, and customer rage that offshoring can inspire. That's not to mention the mounting security fears (once your private data -- credit-card and Social Security numbers, medical and brokerage records -- go overseas, they're beyond the reach of U.S. law).

LOYAL WORKFORCE

For a fraction of the cost, companies get superior labor. Home workers -- sometimes called cyberagents -- are being culled from a labor pool that, pre-broadband, was marooned from Big Business. The biggest group of home agents are educated, stay-at-home moms who were previously workforce MIAs because they lived in rural areas, couldn't afford child care, or were unable to contort their lives into mandatory, face-time schedules. More than 75% of home agents have some college, vs. 20% in call centers. Home-based agents are also far more experienced and radically more loyal.

Aside from mothers with young children, virtual call-center providers like Alpine Access, LiveOps, Willow, and Working Solutions are hiring other members of the hidden labor force: itinerant military spouses, seasoned retirees living half the year down South, computer-savvy, disabled veterans -- even corporate wives looking to go back to work. "I have a daughter at NYU. That's like \$40,000 a year," says LiveOps home agent Adrienne Byrne. She brings in about \$1,200 biweekly working 40 hours a week out of the 4,000-square-foot colonial in Brookfield, Conn., that she shares with her husband, an executive in international finance.

Homeshoring also provides a flexible, just-in-time workforce. Shifts can last as little as 15 minutes. Agents are paid only for the time spent on the phone -- a 21st-century piece-rate system. Technology lets companies monitor worker performance with the same precision as the machinery on their assembly lines. While a stateside call-center worker typically costs \$31 an hour, including overhead and training, home agents cost only \$21, says IDC. Home agents are also more productive. Willow CEO Angie Selden says the company's home agents make sales that are up to 25% higher than in call centers; their customer satisfaction rates are often 40% better.

Another factor powering the trend is the awareness that it can cost up to six times as much to replace a customer as to keep him, points out Washington (D.C.)-based Telework Coalition senior vice-president Jack Heacock. Thus offshoring is giving way to a new "multishore" or "rightshore" strategy: matching consumers to a workforce that best serves them.

The advantage for employees is an end to days where more time is spent commuting in a car than lounging on the living room couch -- or having only enough for a trip to McDonald's (MCD) after job-related expenses are paid. "I could get a job at the mall, but the \$8.50 an hour would all be taken up by day care and gas," says Crystal Gilot, a military spouse who works for Willow

from her home in Sierra Vista, Ariz., near Fort Huachuca. Her two kids are trained like soldiers not to utter a syllable when she's on the phone. She says that by taking calls for AAA roadside assistance and Office Depot, she can earn up to \$20.70, with incentives. But she usually averages \$15 an hour -- extra income that will be helpful when Gilot's husband leaves in six months for his second tour in Iraq.

Of course, there's a dark side. While home agents earn more than their brick-and-mortar counterparts (most earn \$10 to \$15 an hour without benefits vs. \$7 to \$9 with benefits in a call center), they are also going it alone in the workplace jungle. Critics say homeshoring is thrusting more jobs into the global discount-labor bazaar.

In a scenario that's becoming increasingly familiar, Working Solutions cyberagent Jacqueline Lesane has a slice of the good life, including her own Atlanta home with a pool. But she and her husband have no health insurance. For now, she's willing to make the trade-off: no benefits, but more flexibility and control.