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WHITEPAPER

Are Home Agent Candidates Better?


DID YOU KNOW?

If your organization has 1,000 agents with 50% attrition, your contact center is burning over \$200,000 in turnover related costs?


Introduction

Over the last several years, the home agent model has been adopted by many contact center organizations. More and more organizations are implementing a home agent model to either replace the traditional brick and mortar organization or compliment the brick and mortar organization. Many contact center leaders agree that the home agent model offers operational advantages compared to traditional brick and mortar models and even some off-shore locations. In fact, these organizations have documented the performance improvements that the home agent model delivers over the traditional brick and mortar model. Some contact center leaders link these operational gains to more talented candidates available in the home agent market than in the traditional brick and mortar market. But, are home agent candidates really better than traditional brick and mortar candidates?

In this whitepaper, FurstPerson will review common home agent labor models, operational benefits to the home agent model, and data comparing brick and mortar candidates to home agent candidates.



Does the home agent model attract better qualified job candidates than a brick and mortar model?



DID YOU KNOW?

FurstPerson's research suggests that most candidates consider a 30 minute drive time to be the longest commute time they will consider for working in a traditional brick and mortar center.

Home Agent Labor Models

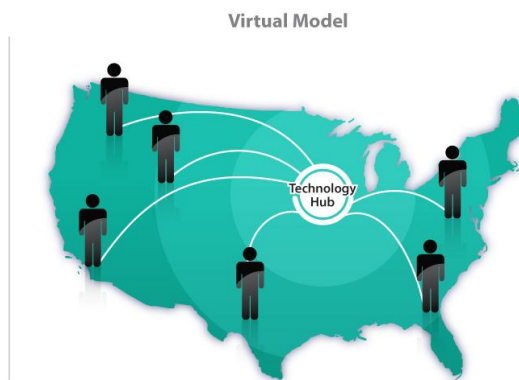
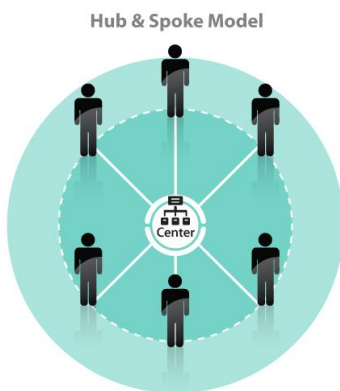
Traditional brick and mortar markets are constrained to a talent pool that is within a specific drive time from the center. Some contact center leaders have compared hiring in these markets to “fishing in the same dirty river day after day.”

FurstPerson’s research associated with site selection projects suggests that most candidates consider a 30 minute drive time to be the longest commute time they will consider for working in a traditional brick and mortar center.



Source: FurstPerson® Site Selection Survey Data 2007-2009.

In FurstPerson’s experience, two primary home agent models exist – a hub and spoke model and a true virtual home agent model. In the hub and spoke model, the contact center organization provides the work from home option to candidates or current employees who live within a specific drive time of the center. Typically the talent strategy behind these models is to promote current job incumbents into the home agent delivery channel based on performance – in other words, as a reward for performing well in the brick and mortar center. However, this model has the same labor pool constraints as the traditional brick and mortar model. For example, JetBlue and Whirlpool have hub and spoke models.



The second model employs true “virtual” home agents who live anywhere and may never physically be in contact with an actual brick and mortar center or management team. The entire hiring and production process is virtual with the home agent employees connecting to a technology hub or hubs. In this model, hiring managers can recruit across labor markets. Companies running virtual hiring models include 1-800-Flowers.com, Alpine Access, Arise, and West.

Home Agent Model Financial Benefits

Organizations can recognize substantial gains by adopting a home agent model. Jeff Gossman, President of JGC Solutions, Inc, suggests that the benefits are spread across multiple aspects of the cost model. While there is a certain level of investment required in new technology and people to manage the processes which are required to build and maintain a virtual workforce, this investment is offset by increased efficiencies and lower costs in certain areas of the business. For example, reduced costs for computer hardware, software licensing, furniture, and other facility costs can easily save 10% to 15% in selling, general, and administrative (SGA) costs.

Michele Rowan, President of Contact Center Strategies and formerly with Hilton Hotels, adds that reduced facility costs can save \$3,000 to \$10,000 per employee per annum. Rowan also suggests that lower starting wages can be 16% to 20% lower than brick and mortar wages. In addition, Rowan has found that home agent workforces can recognize substantial savings with reduced benefit costs because traditional brick and mortar benefits are not as large a need for home agent workers.

Home Agent Labor Pools and Candidate Quality

The financial incentives of the home agent model are proven. In addition, many contact center leaders believe that the real advantages to the home agent model come in superior available talent. But, are job candidates for home agent positions really better than job candidates for brick and mortar positions? In FurstPerson’s experience, many home agent organizations have demonstrated that they are able to attract a more mature candidate with longer work experience and other perceived benefits. However, these types of demographics do not predict job performance nearly as well as specific competencies in the areas of work ability, work skills, and work attitudes. In our analysis, we examine whether home agent candidates actually

score significantly “better” than brick and mortar candidates on assessments designed to measure those key competencies that relate to job success.

Based on FurstPerson’s review of brick and mortar candidate assessment scores compared to home agent candidate assessment scores, the differences between the two candidate pools are minor and not significant.

The chart to the right shows average scores for a work skills simulation that measures competencies like multi-tasking, computer ability, and accuracy with information. In addition, scores for two personality scales are compared across candidate pools.

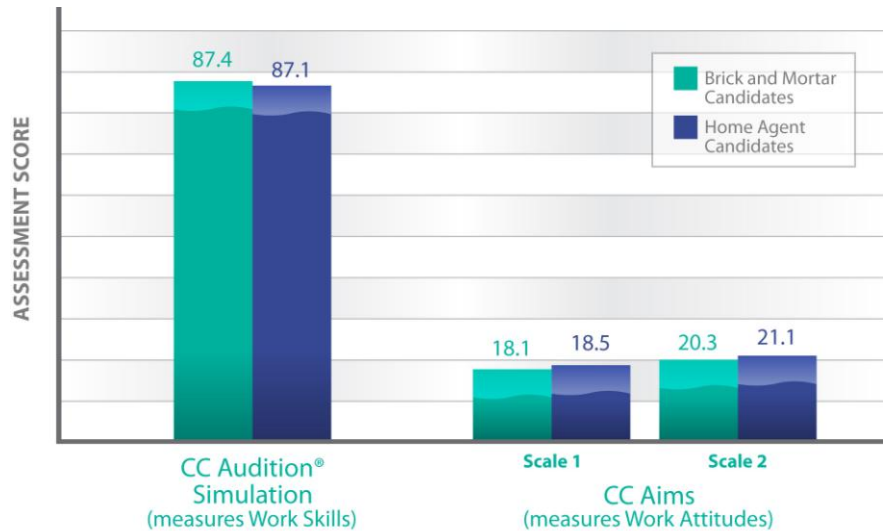
The results are almost identical for both candidate samples.

Note that unique competencies for home agent job success are not being measured in this analysis. FurstPerson’s goal was to understand the similarity between the brick and mortar candidate pool and the home agent talent pool across a large sample and common job related competencies.

Are home agent candidates better than brick and mortar candidates? FurstPerson’s study of the two candidate pools suggests that they are not. So then why do home agent models drive better performance results than brick and mortar models within the same organization? FurstPerson has documented details supporting performance gains of home agent programs compared to brick and mortar programs. In addition, many contact center leaders have performance data showing that home agents outperform brick and mortar candidates.

We believe that home agent models outperform brick and mortar models primarily because recruiters for home agent models have the ability to be

Brick & Mortar Candidates compared to Home Agent Candidates



Note: Brick and Mortar: N = 50,672 / Home Agent: N = 36,340
Scores have been converted for comparison purposes.

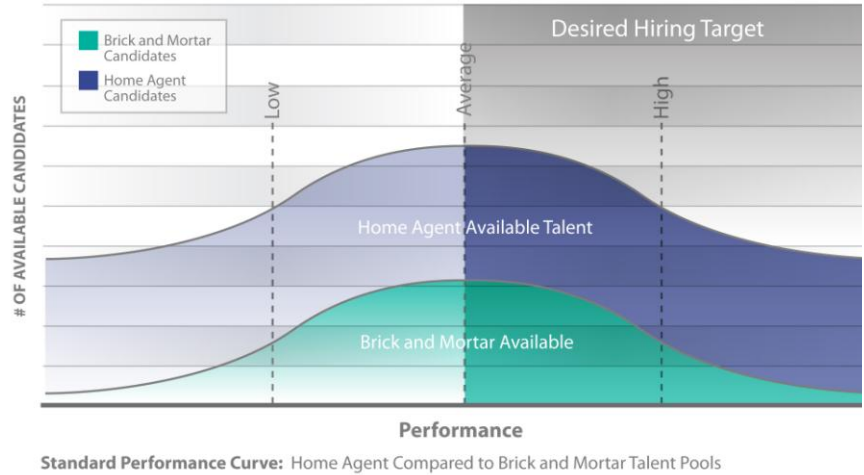
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significantly more selective in who they hire because they have access to a broader talent pool with more “high performers.”.

The chart to the right shows a standard bell curve with the brick and mortar labor pool and the home agent labor pool. Low performers occupy one end of the bell curve. High performers occupy the other end. The largest segment includes average performers that are grouped in the middle.

The height of the graph represents the quantity of available job candidates (not to scale). Because home agent models have more potential top performers available, hiring managers can be more selective during the hiring process.

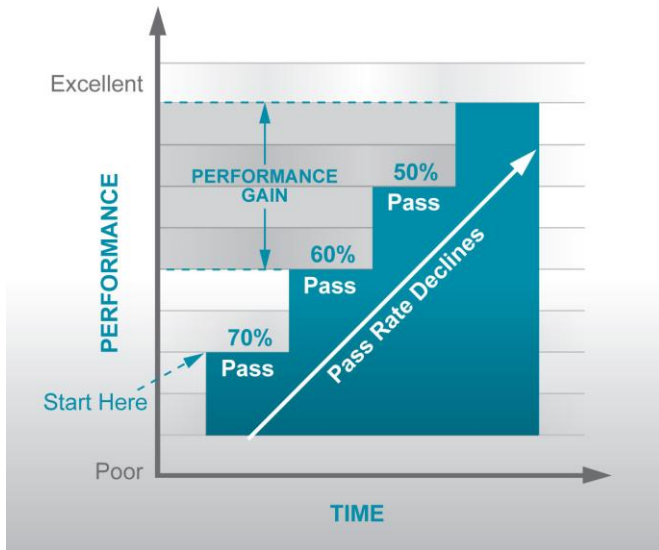
Home Agent Labor Pool Compared to Brick/Mortar Labor Pool



A traditional brick and mortar selection ratio might be 3 candidates for every 1 hire. A best practice brick and mortar model might be 10 candidates for every 1 hire. But, most home agent models run 15 candidates for every 1 hire. The net result is that home agent recruiters are able to hire towards the right hand side of the performance curve in the chart above.

The key to being successfully selective while managing the larger candidate pool in the home agent model is to implement the following:

- A job analysis that defines what successful performance looks like for your agents.
- A hiring model that has been validated against performance in your agent role(s).
- An automated pre-hire process that allows you to objectively qualify job candidates against your validated hiring model quickly and easily.



- Establishing a higher pass/fail “bar” that allows you to screen out a higher percentage of candidates compared to the brick and mortar model. The chart to the left illustrates that as the pass rate decreases, contact center hiring managers will eliminate potential poor to average performers from consideration. Since the home agent model generally provides 3 to 10 times more candidates than the brick and mortar model, hiring managers can afford to be 3 to 10 times more selective.

Summary and Conclusions

The home agent model is an exciting opportunity for contact center organizations to gain significant operating leverage with reduced costs and better performance. A common view is that home agent candidates are better qualified than brick and mortar candidates. However, FurstPerson research comparing brick and mortar candidates to home agent candidates across several competency-based scales shows that both talent pools are almost identical in test performance.

However, home agent models don’t have to worry about “fishing in the same dirty river day after day” because a well executed home agent model will drive three to ten times more candidates than the traditional brick and mortar model. As a result, hiring managers can be more selective.

The high volume of work at home candidates requires an automated, predictive hiring solution that qualifies job candidates against your validated hiring process quickly and easily.

References

Jeff Gossman, President JGC Solutions, Inc. and Senior Associate at J. Galvin and Associates. Jeff has operating experience with MCI, StarTek, and DISH. Jeff.Gossman@jgac.us. 303-386-6900.

Michele Rowan is President of Customer Contact Strategies, LLC and former Global VP of Performance Management for Hilton Hotels Corporation. See www.gohome.us.com for more information.

About FurstPerson

What we do:

- Develop and operate web-based pre-hire, employee selection assessments that help contact centre organisations hire and develop the right employees.

Our experience:

- Thirteen years of research and implementation experience working with all major call types including customer care, sales, collections, win back, and technical support.
- Implemented our solutions in over 250 labor markets in the United States, Canada, UK, the Philippines, and Latin America.
- Significant industry experience in telecommunications, insurance, outsourcing, financial services, retail, travel, and business services industries.
- Home agent hiring since 2002.
- Average client is a multi-site, multi-call type organization with complex hiring workflow models and job profiles.
- Developed award-winning assessments featuring interactive simulations.

Differentiators:

- Predictive assessments with demonstrated bottom line results ranging from:
 - Improved new hire performance (up to 40%)
 - Reduced turnover (up to 70%)
 - ROI – \$1 invested yields \$10 to \$20 in return
 - Lower recruiting expense
- Hiring solutions based on empirical research supported by ongoing job and validation analysis.
- Customized solutions leveraging our extensive contact centre hiring expertise and industry leading assessment solutions.

To learn more about FurstPerson, please visit our website at www.furstperson.com or email us at info@furstperson.com or call us at 888-626-3412.



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