

AGENTS WHO WANT TO BE THERE

A comparison of results between Fair Trade and traditional outsourcing on a key driver of good customer service in outsourcing relationships: **lower attrition.**

BPO Attrition Rates: What's The Real Score?

The BPO industry has long struggled to design and implement effective solutions to its attrition problem. Everything from workplace perks, to higher pay, to retention bonuses have been tried, but most have failed. As statistical data shows, people are still leaving their call center jobs at a higher rate compared to other industries, such as the retail and service industries.

While the industry has focused on what it can do for the agent inside the workplace, it has failed to recognize how focusing on the Agent's life outside the workplace could be the key to bringing down industry attrition rates to a more "normal" range.

Having completed an 18-month study of attrition rates, Fair Trade Outsourcing™ has clearly proven that its people-first philosophy is more effective than existing methods in pulling down the company's attrition rate. Its focus on basic needs, the Agent Journey, and the economic health of the household can have a significant impact on typical BPO attrition.

While not immune to some traditional lifestyle traits that affect attrition (like erratic schedules, see Table 1), this paper will discuss and show that FTO's whole Agent model is showing strong early evidence of being able to resolve the BPO industry's attrition problem.

Thinking About the Whole Agent

In January of 2018, two years after the founding of the company, Fair Trade Outsourcing, founder Mike Dershowitz relaunched and rededicated FTO to the idea of a true people-first BPO company. Inspired by the nearly 200-year-old [Fair Trade Movement](#), Fair Trade Outsourcing aims to benefit the interests of both producers (in this case, the Agent) and consumers.

More than 18 months later, our audited data now proves that FTO's suite of people innovations - what we simply call "The Fair Trade Agent" can reset the persistent expectations of high attrition to which BPO buyers have become accustomed. The bedrock of this ability to break these long-held assumptions is Fair Trade Outsourcing's approach to care for and promote progress in the Agent's life - inside and outside the walls of the delivery center.

Target Industries

The following industries are key targets for the Outsourcing Industry:

- **Banking, Finance, Accounting & Insurance**
- **Healthcare**
- **Telecom**
- **Consumer Products, eCommerce, Logistics**

What is BPO?

A BPO company - Business Process Outsourcing - is an outsourced business service provider, employing Agents who do work for clients under a service contract.



Agent Bill of Rights

1. AS LONG AS WE HAVE BUSINESS, YOU HAVE A JOB.
2. YOU WILL HAVE ACCESS TO PROGRAMS THAT WILL FUEL YOUR SUCCESS.
3. WE WILL NEVER DENY YOU JOB MOVEMENT OR ADVANCEMENT.
4. YOU WILL NEVER FEEL THREATENED AT WORK.
5. YOUR MANAGERS MUST LISTEN TO YOU, AND TREAT YOU FAIRLY.
6. YOU WILL NEVER BE SUBJECTED TO RACISM.
7. YOU DON'T HAVE TO HIDE WHERE OR WHO YOU ARE.
8. HEALTHCARE IS A HUMAN RIGHT.
9. YOU SHOULD BE WORKING WITH FRIENDS.
10. NEITHER MANAGEMENT NOR YOU SHALL VIOLATE THESE RIGHTS.

The Agent Bill of Rights (ABOR) is pledged by Fair Trade Outsourcing management to all agents to ensure a fair and safe work environment.

First, basic needs are addressed, which is consistent with the Fair Trade Movement in the production of agriculture or apparel. It starts with Income, which is benchmarked to the local economy, ensuring that no agent is living in poverty or is a member of the working poor.

Health care is given to the Agent and dependents, and is fully paid.

Transportation considerations are built into employment - agents are steered away from jobs when transportation challenges may make the required schedule unfeasible.

Finally, *fair work environment* is prized, and is enshrined in a foundational document - the Agent Bill of Rights (ABOR).

A Budget Tool helps the Agent to voluntarily measure their monthly cash flow in support of the eventual goal - creating a healthy household through capital ownership (also promoted by the company's interest-free micro lending programs).

Third, no poor person is an island, so no holistic system for the Agent would work well without understanding how the household of the Agent functions economically.

For over a year, quarterly impact surveys FTO has been conducting show that every month, our agents support, on average, six dependents, either fully or partially. In line with the principles of the Fair Trade movement, which seeks to return economic power to the producers of goods, it's vital to attack economic insecurity by promoting an economically healthy household.



Second, Agents are set on a path of personal growth from day one. Employees are regularly presented with a customized "My Journey."

This is a chart in the company's intranet where the Agent's personal progress is charted along several vectors.

The Agent Journey blends income data (a key marker of success) with the completion of capacity building programs (i.e., English proficiency), career movement, and advancement the Agent engages in.

No Agent or Employee of any company can work productively if they are worried about what's going on at home. This includes understanding whether the household is in a negative or positive cash flow position every month (a negative position will spill over into the agent), and how many income earners vs. dependents the household has.

We also know that Agent's housing is key to their success, so we study the types of household materials used to build their homes. We know that a housing crisis is a contributing factor to calamity that may affect the family.

Many outsourcing centers are clustered in areas of the world with high weather volatility (worsened by coming climate change).

To address economic setbacks from natural disasters and medical emergencies, Fair Trade Outsourcing set up a calamity fund as its first impact program. It has provided funds for uncovered hospitalizations, rebuilding homes from fires and accidents, and paying for funerals when there's no money to do so.

The result of this whole system is what you would expect: a more dedicated employee who wants to be at work. Therefore, it's no surprise that, if they had to, they leave Fair Trade Outsourcing at levels far below what the rest of the industry experiences.

Methodology & Comparison

Attrition rates are so bad in the BPO industry that companies are forced to measure their attrition monthly rather than annually.

Because high attrition rates have become an accepted part of doing business for suppliers and buyers alike, most BPO service contracts simply build attrition into the economic terms of the contract, which formalizes its acceptance.

While the economic impact of high attrition is understood by everyone involved in the transaction between the BPO buyer and BPO supplier, the impact on the delivery of quality customer service has less so been studied. Nevertheless, most people in the industry are already aware of this truth: When the person occupying that seat in a contact center doesn't want to be there, the chances that they'll deliver a quality customer experience are slim.

Table 1 shows the attrition rates comparison of Fair Trade Outsourcing's recent 18-month attrition audit versus various public and non-public attrition data collected by the company.

Fair Trade Outsourcing's internal methodology was simple: count every person that left the company (whether for positive or negative reasons), and divide the number by the total

TABLE 1: COMPARISON OF MONTHLY ATTRITION RATES			
Fair Trade Outsourcing vs. Public Industry Sources vs. Verified Confidential Sources			
Monthly Attrition Rate (% , Ranked)		Time Period	Source
Fair Trade Outsourcing (stable schedule)	1.51 %	Jan 2018 - July 2019	Audited, internal company released
Fair Trade Outsourcing - consolidated	4.08 %	Jan 2018 - July 2019	Audited, internal company released
Call Center Association of the Philippines (CCAP)	4.16%	2015	8/14/16, Reported by Benedict Hernandez, CCAP President**
Fair Trade Outsourcing (variable schedule)	5.86 %	Jan 2018 - July 2019	Audited, internal company released
IT & Business Process Association of the Philippines (IBPAP)	18%	2012	4/3/12, Reported by CCAP Exec. Dir. Joselito Uligan in a public forum
Fortune® 25 Company, All PH Center average	10 %	2018 - July 2019	Confidentially reported
Top 10 BPO (name withheld), Iloilo Office	21.24 %	2018	Numbers released by a former workforce manager

** based on survey data not released publicly

number of Employees employed at the end of each month. Other companies frequently exclude those that leave the company for non-voluntary reasons, or who leave to pursue education or health reasons, but we've chosen to leave them in. If you're comparing Fair Trade results to another supplier, make sure to understand how they count.

About half of our workforce has a schedule that is released on Thursday for the following week, whereas the other half has a schedule that varies little from week to week.

The half with the variable work schedule has a highly seasonal, and unpredictable, workflow to their business. We coach agents on maintaining flexibility when they join this team, but burnout in variable scheduled work is a challenge all vendors have, as the Agent's life is frequently disrupted by the change in schedule.

Therefore, in studying the quality of our own environment, and in understanding Fair Trade's impact on attrition rates, it was necessary to report

- 1) a consolidated attrition rate for the company,
- 2) a rate for the variable schedule team, and
- 3) a rate for the remainder of Agents on a fixed schedule.

Since schedule variability has such a high impact on attrition, it was important to use it to form a basis of comparison to understand the core question: Does the Fair Trade Methodology produce a superior result in Attrition, compared to non-Fair Trade, and how much different is it? So, if you are evaluating attrition yourself, make sure to correctly judge the schedule.

The two largest industry associations in the Philippines - the Contact Center Association of the Philippines ([CCAP](#)) and the IT and Business Process Association of the Philippines ([IBPAP](#)) - have conducted attrition surveys of member firms sporadically in the last 15 years.

Were we to infer a "standard" attrition rate that BPO buyers and suppliers could expect, the published results from the IBAP and CCAP would be the place to start.

However, the results have been mixed and rarely discussed publicly. Therefore, we have only 2 periods of data to use in the comparison, and find it highly suspect (see section, Why the Disparity, below) at that, since it relates to published statement by association officials, and not official reports.

Given the persistence of the attrition problem in the industry globally, data on true attrition rates, unless companies are willing to publish it, is hard to come by. Besides what the industry publishes, the only additional source of comparison data is from former employees of non-Fair BPO suppliers. Two additional sources of data were provided by those with insider knowledge, but these sources wish to remain anonymous.

These two additional data sets are at the bottom of Table 1. As you can see, the results are quite different from what is reported by first, the industry associations, and then, from the attrition rates produced by Fair Trade Outsourcing. While the 10% rate reported by a contractor to a major US Telco matches what we have anecdotally heard, the 21% rate reported inside a Top 10 BPO (a mortgage service account) was higher than anything we've seen or what has been anecdotally reported.

As evidenced in the table, even when Fair Trade Outsourcing is presented with challenges, such as a highly variable schedule, our attrition rate still matches or beats what industry associations, and non-Fair BPOs experience, making the choice for BPO buyers concerned with attrition and its impact on customer service much more approachable with Fair Trade Outsourcing.

Types of Work

Fair Trade Outsourcing completes four types of work within companies:

- **Customer Engagement** (phone, email, chat, text)
- **Data entry & acquisition**
- **Back office** (any business process flow that needs human intervention & judgment)
- **Help Desk & Tech Support**

Published vs. Internal Attrition Rates: Why the Disparity?

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Drafts of this white paper shown to various industry insiders have been greeted with surprise at the rates published by the IT-BPAP and the CCAP. When internal attrition numbers are evaluated by BPO buyers of their BPO suppliers (when they can get them - some contracts prohibit it), the numbers usually track to 10% per month, and this has been the accepted “norm” within the industry. This means that in non-Fair BPO centers, the workforce turns over more than once a year.

However, this doesn’t explain the CCAP reporting nearly half the 10% number known to industry insiders. CCAP presidents are surely industry insiders, so why would they allow their association to report num-bers they may know to be false?

The answer lies in the methodology. The CCAP distributes yearly surveys to its members. These surveys are voluntary - in both participation and the response to survey questions. This means there is no independent audit oversight of the reporting of these numbers. Without independent oversight, and given the accepted 10% attrition rate that acknowledged by industry insiders means that the credibility of the reports must be called into question.

Why would the CCAP in particular lie about what they know to be true? Wouldn't it harm their

credibility if it became known? The answer lies in the provisions of the service contracts between larger BPO suppliers and BPO buyers.

Specifically, these contracts contain two strong rights. First, the buyer has audit rights over the supplier’s operations. Second, there’s strong confidentiality protection for the buyers and suppliers alike. This means that even if buyers are given true attrition numbers, they are barred from sharing them with industry associations, their peers, or the press, and can only use them to make internal decisions vis-a-vis their relationship with the supplier.

This leaves this world in an incentive-vacuum relative to the true attrition picture. There is no motivation by the industry associations to release true information, and the suppliers are not fearful of under-reporting attrition to the industry associ-ation, because the real attrition rates will never be released to anyone but their clients - and then only upon request and for internal use.

Conclusion: Fair Trade Can Solve the Attrition Problem

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The concept of Fair Trade applied to the BPO industry, and a focus on the whole agent (both inside and outside the walls of the service center), are giving the BPO industry its first real opportunity in years to radically reduce high monthly attrition rates, to potentially end being an accepted part of doing business.

Most people in the industry intuitively know what is true - that if the person in the seat doesn’t want to be there, the chances that they’ll deliver a quality customer experience are slim. High attrition is a strong signal that Agents don’t want to be doing their jobs.

The industry has long struggled to design and implement effective solutions to this problem. Everything from workplace perks, to higher pay, to retention bonuses have been tried, but most have failed, as the available data shows. With the

Fair Trade model, if the industry were to focus on what it can do for the agent outside the workplace, they may discover that what happens inside the workplace could be the key to bringing the industry attrition rates that are more “normal.”

About Fair Trade Outsourcing

Fair Trade Outsourcing™ completes four types of work within organizations, namely customer engagement, data entry and acquisition, help desk and tech support, and back-office support. Our balanced and holistic approach to managing an offshore delivery center creates a positive work environment for our agents. Thus, we produce outperforming results for our clients, namely increased productivity, higher level of work ownership, and lower absenteeism and attrition rates.

Ultimately, we seek to reduce global poverty and economic insecurity by creating sustainable middle-class employment. We are using the power of the free market for the greater good, eventually growing a new generation of capital owners from wage earners. At the core of our business model is the genuine desire to see our agents build their capacity, achieve financial freedom, and effect change in the lives of their loved ones and in the communities where they live and work.

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