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BUSINESS LIFE: The jails where time is money

By Rhymer Rigby

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Most people give little thought to the physical location of call centres. If the person at the other end of the line sounds a bit like yourself, well, they are probably in the same country, albeit in the poorer regions. If their speech is more accented, then maybe they are somewhere near Hyderabad. But what would be the reaction if it was known that the call was coming from the local jail?

It is not beyond the realms of possibility. Perry Johnson, a Michigan-based training company, runs a successful business-to-business call centre - but it is not in India or Appalachia, it is in the ominously named Snake River Correction Institute in Oregon.

Nor is it the only employer of inside labour. In the UK, a number of businesses use inmates to manufacture products, from light fittings to window frames to football nets, while in Germany there is even a fashion label that uses the tailoring skills of the inmates at Berlin's Tegel prison, Europe's largest penitentiary.

But why do it at all? Why send work inside? For one thing, prison labour is relatively cheap. For another, it is useful if the company is in an area with negligible unemployment. Also, there is a social element - it is a good way for a business to get involved with the local community.

But for some companies - and this is very much a sign of the times - prison is a patriotic alternative to outsourcing business overseas. "A lot of companies want to keep jobs in the US and using correctional facilities is a way to do it," says Ronna Newton, a consultant who helped Perry Johnson set up the call centre. "India is still cheaper than prison, but this is a way to keep work here and provide a community service."

Perry Johnson is not worried about what those on the receiving end of calls may think about its jailhouse call centre. "If asked, people don't hide where they're calling from", says Ms Newton. Indeed, she says that the company is very pleased with the performance of its in-house workforce, adding that the call centre had the pick of Snake River's

inmates - 250 applied for 30 places.

At Dextra, a lighting company based in Dorset on England's south coast, the thinking was broadly similar - although the catalyst for looking inside was the chronic staff shortage it had been experiencing. The company's location in a rural and fairly affluent area means that getting staff has always been a problem, says Rupert Martin, the chief executive. Moreover, many of the positions he needed to fill were the kind of repetitive jobs that many workers in the UK currently have the luxury of being able to turn down: at the moment, some 20 per cent of his factory floor workers are foreign.

The arrangement began after the arrival of a new operations director four years ago. "He said: 'I think I've got the answer to your staffing problems - the local prison can do some of the sub-assembly,'" explains Mr Martin. "I thought he was off the wall, but I said: 'If you can make it work, I'll give it a go.'" Today, Dextra works with three prisons around the country: Guys Marsh in Dorset, Erlestoke in Wiltshire and Long Lartin in Worcestershire.

Like Perry Johnson, Mr Martin says that it was a case of ship the jobs abroad or send them to prison, "and I would rather have them at the prison down the road than in China".

And although he says that there is a social aspect to the use of prisoners, he insists that, first and foremost, the rationale is good business: "I suppose you draw a bit of satisfaction from the fact that some people are being helped towards a normal life - especially when you realise how many of them can't read or write or have never worked," he says. "But, at the end of the day, it's a working relationship."

Beaufort Secure Design is another business that makes extensive use of prison labour, not least because much of its output - secure windows and doors - is used in prisons. "We're supplying the prison service," explains Nigel Yates, the managing director. "So we're keen to employ prisoners. We wanted to put something back, so we got involved as part of the prisoner rehabilitation programme."

Beaufort's relationship is actually a little more complex and it works with the service on several levels. First of all, it uses labour in the prison workshops for the same kind of routine work that Dextra does. But it also takes prisoners on a day-release basis: "We've had six prisoners on release work for us since we started," says Mr Yates, "and right now, we've got four on our books." Beaufort also goes one step further, employing former prisoners on a full-time basis.

Of course, says Mr Yates, the company did have some reservations at first. When it came to employing people on day release, he had to talk the matter through with the regular staff, who said they would not be happy to work with certain categories of offender. But, he says, within a couple of weeks, "we found that they were really good workers and

mixed very well".

"The day-release prisoners", continues Mr Yates, "were really happy to be out of the cells and the money goes to supporting their families - so they're very well behaved. In fact they work very hard - and, of course, being on day release, they always show up on time."

Using day-release prisoners is different in another way too: it is more expensive. For when companies use labour inside prisons, they tend to pay the prison service a contract rate and it in turn pays the workers a nominal wage - usually enough to improve life on the inside, but not serious outside money. But with the day-release prisoners, says Mr Yates, "we pay them the same as everyone else".

Berlin's Tegel jail has probably the most entrepreneurial approach to prison labour. Inmates can be found busily stitching a clothing range whose unique selling point is that it is "made in jail". Indeed, the clothing range is proudly stamped with the word *Haftling* -German for prisoner.

"I got the idea in 2003 when I read that inmates in Tegel were producing products for the public in prison," says Stephen Bohle, Haefling's managing director. "I thought it was an unusual idea. So I visited and took a look at what they made." As it turned out, Mr Bohle was not much interested in the products - briefcases, shoes - that were produced for the public. "But we liked the authentic jailwear the prisoners made for themselves," he says.

After negotiating with the prison authorities, the company started a website in July 2003 and was quickly overwhelmed. With more than 4,000 orders in the first month, the prison tailors simply could not supply enough jailwear and the business had to shut down and reopen in December of that year. Things have since settled down, but the company still has sufficient demand - it sells the products to places as far away as Japan - to use several other German prisons.

Like the others, Mr Bohle cites a mixture of the desire to do something good for the local community, the low cost of labour and, uniquely here, the growing attraction of prison kit made by real prisoners. It would appear to be the case that the "Made In Jail" tag is more appealing to local consumers than "Made In China". For the first part of the series, go to www.ft.com/patriot

HARD LABOUR? THE VIEW FROM THE INSIDE Her Majesty's Prison Service, says Bill Davie, head of enterprise and supply, has some 300 prison workshops spread across the UK. This includes all the institutions from the high-security establishments to the so-called "category C" prisons such as the one in which author and disgraced peer Jeffrey Archer spent a period as a guest of Her Majesty. Facilities range from small outfits to sizeable factories. The prison service employs the equivalent of 10,000 full-time workers, although in practice this means

that many of the UK's 70,000 inmates do some part-time work along with education and rehabilitation. Much of the work is fairly routine. But, says Mr Davie: "We try to make it purposeful and we're trying to introduce schemes so that prisoners can gain qualifications." Businesses, he continues, often approach the prison service and many really do see it as an alternative to outsourcing. Contracts are the responsibility of governors: "We're very devolved - each governor has responsibility for the contracts their prison takes on. In a sense, we're like anyone else who takes on contract work. The difficulties and issues we face are those that any manufacturer would recognise."

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