

WHITE PAPER

The Call Center in the Recovering Economy:

Avoiding Yesterday's Myths Today



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Why should you carve out a stronger role for your call center in the recovering economy?

- **Revenue potential.** Over the past two years, 11% of bank customers who experienced a negative credit situation did so for the first time, according to a recent Deloitte survey. Undoubtedly many of those first-timers, once they recover from job loss, home value loss or other setbacks, represent good relationships. This will result in loyalty and future revenue to your organization if their call center experience is positive or a gift to your competitors if it was negative.
- **Legal exposure.** Last year debt collectors were hit with almost 13,000 lawsuits from consumers, between the Fair Debt Collection Practices Act, the Fair Credit Reporting Act and the Telephone Consumer Protection Act. Exposure like this places a premium on having empowered call center teams cultivated with a “customer comes first” attitude combined with a solid understanding of the legalities of outbound calling.
- **Cost.** Agent costs in a call center are significant second only to the actual operating expenses – 16% for collections, 21% for marketing acquisitions and 11% for customer service on average. Enabling your most costly resources to perform effectively and efficiently is nothing but good business, especially as these agents are often the only human “face” of your organization.
- **Efficiency.** The financial crisis demanded that call centers do more with less – be more productive with fewer people, garner more Promises-To-Pay with fewer contacts and focus on targets that are expected to convert while not wasting resources on others who will not. If that wasn’t enough, call centers are now being asked to introduce non-call channels into the outreach mix – email, text, direct mail, etc. – for accounts that don’t require a call to respond while improving the odds that each contact will yield revenue.

Lenders, regulators, customers – all see the world differently today than they did in 2007. For call centers to succeed in the new environment, they must avoid subscribing to three tempting myths.

Myth #1 – The more people we contact, the more we will convert.

There was a time when volume metrics were the best leading indicators of success for call centers. Whether the goal was to collect more payments on delinquent accounts or close more sales, their success generally correlated with call volume. Make more calls, call more often, keep agents busy on the phone, reach more people, get more Promises-To-Pay, sell more products. More, more, more. Volume was the best available surrogate metric for revenue.

But what if you could ascertain, with a high degree of success, which of those calls were to phone numbers that had not been verified? What if you could further detect which customers, by virtue of several revealing characteristics, were tapped out and unable to pay? What if you could carve out another segment of those customers who gave every sign of being the kind of customer who pays up whether they get a call or not? What if you could be confident, before calling, of the tell-tale signs of customers who would be highly unlikely to buy what your agents are selling? What if you could tell that another segment of customers responds mainly to online or mobile offers?

You wouldn't make a huge number of those calls, right? You wouldn't want your agents wasting time on wrong numbers. You wouldn't want them negotiating with customers who were never going to pay no matter what. You wouldn't want them bothering people who had every intention of paying regardless. You wouldn't want them facing rejections from people who were never good prospects in the first place. You wouldn't want them using the phone to reach people who prefer email or text.

That's the role of predictive analytics in the call center: To help management make their agents more productive by only talking to people who are the right people for that particular matter (e.g. can resolve an outstanding debt, can make a decision on a promotional offer, can respond to a customer survey, etc.). Predictive analytics leverage lower cost channels for accounts that will respond equally as well. They eliminate a huge number of "wrong contacts."

Some of the best call centers are seeing some unexpected results when first introducing predictive contact analytics into their operation -- Lower call volumes. Lower calls per agent. Lower penetration rates. And the really unexpected outcomes? *Higher revenue. More Promises-To-Pay. More promises kept. Larger payments. More sales.*

Two traditional metrics carefully monitored at outbound call centers are calls per agent and time on a call. A drop in one or a rise in the other has traditionally been cause for alarm. But it is not unusual for our clients to see calls per agent drop fairly significantly, yet sales per agent actually increase. If sales per agent are going up and productive calls take longer than unproductive calls, then who cares if time on call rises, too?

The truth: Typically, 35% of customers in a calling file are those whose payment activity will not be affected by a collections contact, including 25% who will end up paying whether they are contacted or not. Knowing who these customers are can reduce agent-based contact expense by more than 10% with no decline in contact performance, and those savings drop straight to the bottom line. Call volume and revenue may correlate, but the most important metric is whether your agents are talking to the right people.

Myth #2 – The harder our agents work, the better our results.

Why is call center turnover so stubbornly high across the industry? Reasons abound, but one reason regularly cited is obvious: Call center employees quit when they hate their jobs. They hate their jobs when they are driven to work harder without being enabled to work smarter. Working with minimal idle time is demoralizing, even when it comes with serious financial incentives for increasing their output.

The good news – tedious and time-consuming work is unnecessary. Enlightened use of technology has rendered unproductive, time-consuming call center work as obsolete as the backyard bomb shelter.

For example, you are a collections agent, and you are supposed to call a delinquent customer. The reason you are calling is to talk to that person – that's why your job exists, right? If a conversation weren't in order, a past due notice in the mail would serve just as well. But you have only the skimpiest information at your fingertips – how much they owe, how late they are and contact information. Now, where is the basis for a conversation in that? How much intelligence, energy and empathy can you put into the conversation? How are you any better than a past-due notice?

Suppose your company had invested in technology that gave you a lot of information about the customer. From social media you are aware that the customer has moved back with her parents and has started a new job. From other account relationship data you know that the family has a large lucrative mortgage and is also current on a home equity loan. Now you're having a conversation. Now you have a basis for arriving at a Promise-To-Pay.

Multiply that small example by millions of bits of information that thoughtful call center managers can now assemble and either provide to their agents or use to segment their contact lists. Most are not as definitive as "customer has a new job," but combined they add up to an enormous advantage.

Today's technology can automate the tedious work, and predictive analytics help agents focus on the accounts that matter. That means combing a wide variety of information sources for fresh, accurate intelligence about customers and combining it all to create a deeper profile of the customer. Learning that a particular customer has recently been divorced is obviously important in understanding that customer's ability to pay back a loan or make another purchase.

Better technology also means using that information to better group customers into smaller segments for more focused outreach, putting contact management into the hands of the operations team. Grouping recently divorced customers who also just filed for unemployment creates an obvious call to immediate action for the call center agent. It creates an obvious call for *inaction* for the sales agent. Automated decisioning like that refines agents' focus and makes them better at their job.

The truth: Call center results skyrocket when management makes it possible for employees to work smarter *instead* of harder. In a recent call center study, improving customer experience with outbound outreach is the #1 goal for 2011. With the cost to service an account averaging 3% of the cost to acquire a new account, the crown jewel of outbound outreach is knowing the customer and providing great service.

Myth #3 – My dialer can do it all.

How would call centers have survived the last three years of staffing constraints, ballooning collection volumes and ever greater pressure to bring in sales revenue, if it weren't for the power of the dialer?

But no matter how powerful, dialers have limitations, and the financial crisis of the last two years exposed those limitations. Simply being able to keep agents busy, thanks to rapid dialing, can ultimately have diminishing returns.

In a dynamic world, call center campaigns need to be managed dynamically. They need to be able to respond on the spot to changing conditions, new information or fluctuating staffing levels.

Sometimes that means being able to shift accounts from the dialer when information indicates the customer has preferences for alternate contact channels. Perhaps the customer opened the account online or has asked for account alerts to be sent by text. Why take up a call center agent's time with a telephone call, or annoy the customer with a call that is unlikely to yield revenue? Better to shift that account to another form of outreach.

Sometimes that means being able to change campaigns quickly without disruption when new information indicates, such as suspending calls to Memphis area codes if Memphis is under water due to flooding.

It might mean shifting records from one group of agents to another in the middle of the day when contact rules or new data indicates that a change would be wise. It might mean moving an account to an email campaign after three call attempts have failed to result in a Right-Party-Contact. Suppose information comes in that indicates a delinquent customer has just been arrested. Here is an opportunity with a small window and probably one chance to get a Promise-To-Pay. No matter where that account is in the queue, leveraging dynamic campaign management means moving the account to a high priority queue and to a more experienced agent who is skilled in extracting Promises-To-Pay and comfortable holding the kind of conversation that yields results.

Dynamically managing accounts based on new informational triggers, policy mandates or resource availability can clearly deliver a better ROI than simply loading up both agents with more people to talk to.

The truth: Depending on the dialer alone can lead to manual campaign management that misses golden opportunities. The real-time integration of new information combined with dynamic campaign management gives call center managers greater control over their operations and greater ROI on their resources.

The Answer – Intelligent Decision Automation.

Intelligent decision automation is a critical component to debunking the myths of the past. Intelligent decision automation empowers organizations to maximize agent productivity by integrating the three pillars of:

- I. Advanced Contact Analytics
- II. Automated Decisioning
- III. Dynamic Campaign Management

Advanced Contact Analytics

Knowing whom to contact, and often more importantly, whom not to contact, is a critical step in maximizing collection operation and call center productivity and profitability. When organizations are trying to do more with the same number of people, or fewer, the last thing you want to do is have your agents contact people who are not likely to respond. This is a waste of your limited resources and restricts your ability to meet your goals.

The conventional wisdom used to be that the more people you contact, the more you will convert. In fact, ALI Solutions (“ALI”) has found a weak correlation between call volume and revenue generated or dollars collected. It’s no longer enough to simply have agents call as many contacts as possible. Advanced contact analytics help you know whom to contact, the best time to reach them, and through what channel, whether it be phone, email, text message, etc.

When it comes to making call center staff more productive, investing in contact analytics is one of the most important steps. If you can’t be confident that you are contacting customers with the potential to respond or pay, at the right time through their preferred communication channel, agent productivity plummets. Fortunately contact analytics are available to inform these contact decisions and increase the productivity results.

Automated Decisioning

Just as we had a myth about more people we contact, the more we will convert, there’s also a myth that the harder your agents work, the better your results will be. This is a myth because technology now allows agents to work smarter, which is much more valuable than working harder. Automated decisioning software provides agents with tools that bring intelligence and highly refined segmentation to the contact process. These tools also enable operations managers to control policy management for individual campaigns rather than being restricted by a centralized, one-size-fits all approach. Automated decisioning delivers only those records identified by the contact analytics as likely to respond to agents at the best time to reach them.

Automated decision software enables quick and effective development and deployment of customer-focused policies, strategies and actions. It extracts and fuses internal and external data, applies automated predictive analytics, makes decisions based on refined contact policies and executes those actions for optimal results. This enables organizations to easily deploy consistent, effective, customer decision management strategies within the call center.

Dynamic Campaign Management

Contact center strategies used to be a lot simpler. Large outbound calling campaigns were launched efficiently and there was capacity to answer in-bound calls. The world, however, is no longer that simple. The final myth to refute is that an auto dialer is all you need for successful campaign management. While a dialer is certainly necessary it is not sufficient for running consistent yet flexible outbound contact campaigns. When collection managers can control campaigns in real time, making intraday changes in the campaigns depending on workloads, goals, and responses, they can drive up productivity and results.

Today, people are more mobile, and have many more communication devices than they used to. With the added complexity of incorporating multiple contact channels, it is advantageous to efficiently schedule and manage campaigns in advance and from a single management platform. This provides consistency and helps organizations keep control over shifting work between campaigns and channels in real-time, based on ever-changing business demands and the outcome of prior contact efforts.

Using the Three Pillars to Your Advantage

Today's market requires collection and call center managers to be smarter about:

- **Who** you contact - and who not to
- **How** you contact - using the optimal channel based on cost and likelihood of response
- **When** you contact - at the right time, in the right sequence of channels, with the right number of contacts

ALI addresses this challenge by providing solutions for each of the three pillars of intelligent decision automation to measurably improve agent productivity. Contact analytics, optimal segmentation and advanced decisioning determine the best channel and treatment for each customer, enhancing overall campaign effectiveness. Analytic-based contact targeting campaigns increase the number of Right-Party-Contacts across all available channels and focus resources on those customers with a high propensity to pay. Centralized, automated call strategy management increases operational efficiency and ensures regulatory and corporate policy compliance.

About ALI Solutions

A leading provider of contact center solutions and the leading brand providing best-in-class analytics applications to the collections market. ALI's solutions empower business users to maximize agent productivity and optimize customer contacts through advanced contact analytics, automated decisioning and dynamic campaign management. Since 1992, many of the world's most successful companies throughout North America and the Asia Pacific region have chosen ALI because its solutions enable them to proactively communicate with their customers more effectively, thereby improving business performance and enhancing their customer relationships.

For more information, contact ALI Solutions at 512-328-8215 or visit www.ALIolutions.com.

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