

# Proactive Telephonic Customer Contact

## – issues and concerns, experience and suggestions

### A White Paper by Mark Palmucci

**Target:** Executives responsible for the corporate contact centers that are considering telephonic proactive customer contact for increasing sales, customer satisfaction or retention, enhancing customer relationships, or improving efficiencies.

**Scope:** Broad overview of items to consider when reviewing a plan to implement such an activity.

**Caveat:** As regulations and the business environment are constantly changing the information below is not intended and should not be used as a substitute for legal counsel or advice.

### INTRODUCTION

Implemented correctly, proactive customer outreach campaigns can have the effect of dramatically increasing revenues, client satisfaction, loyalty, and more often than not, decreasing operational costs.

In order to become more efficient, to increase customer satisfaction or to increase profits, many customer facing organizational departments have considered initiating proactive outbound customer contacts. Many organizations have found great success with such programs, while others have floundered. The factors that increase the success rate are most often: the situational environment in which the results are tied to and the amount of understanding in which a successful program is undertaken.

The spectrum of contact programs runs from purely informational, such as a notice of an upcoming event or to informing a customer that their utilities are down, to efforts that require some action on the part of the customer/prospect, such as efforts to increase sales or account receivable collection attempts.

This white paper attempts to shed light on some of the uncertainties faced when considering such a program.

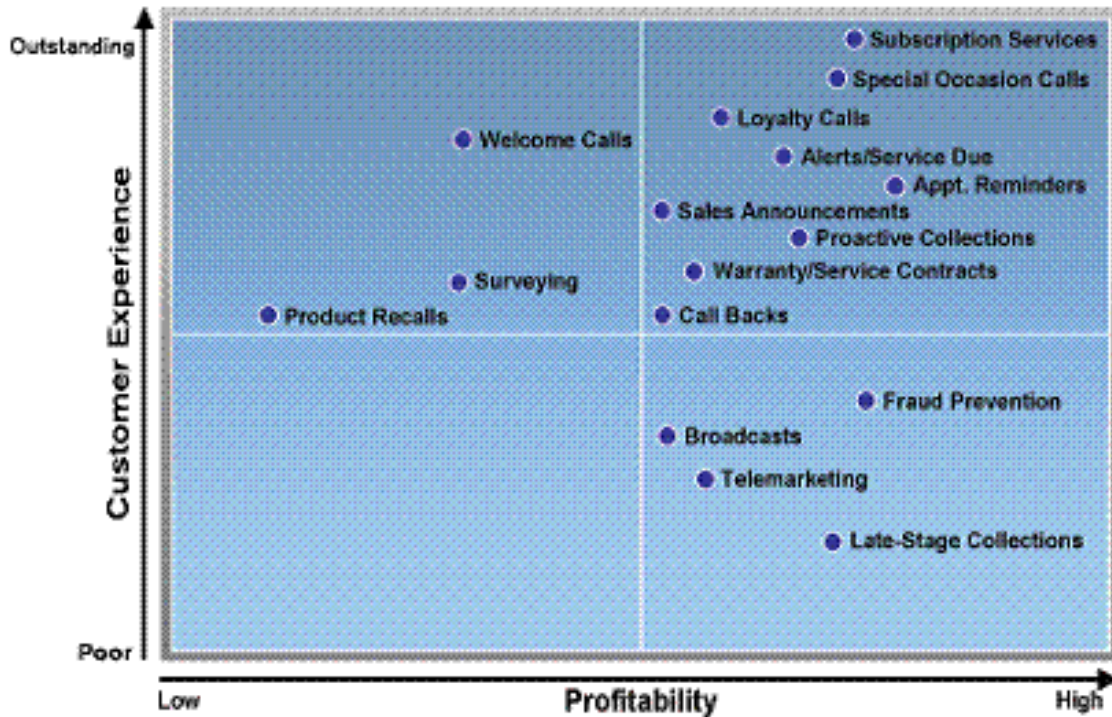
There are many activities, such as the ones listed below, that can be employed in an attempt to achieve the benefits of outbound contact:

<p>Special occasion calls          Alerts/services due          Warranty/service contracts          Appointment reminders          Other- birthday wishes, etc.</p> <p>Product notices          recalls,          announcements          other- marketing</p>	<p>Increase sales –          Up selling/Cross selling/add-on sales          Sales announcements          Account receivable Collection attempts          Loyalty calls          Surveys          Fraud Prevention          Other-such as activities that automate/anticipate regular business transactions.</p>
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Your reasons and results may vary, however, it is important to have a clear communicated understanding and expectation of what the successful program will accomplish.

Additionally, unforeseen benefits may include intangibles such as an increase in customer satisfaction and loyalty. Other benefits may include shorter product ship cycles, less shipping errors, or decreased personnel needs in other departments due to greater efficiencies “upstream” in the process.

**Common Uses, Expected Customer Value, and Associated Profitability.**



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**CHALLENGES TO SUCCESS**

Challenges to success are most often, organizational, personal, or situational and must be identified and considered. Examples may include the following:

**Business Challenges:**

Business systems- May lack the ability to identify, measure, and execute such a program. Often the proper technologies and soft systems will need to be put into place.

Business Rules- May not allow for enhancement, or rigid processes may be inflexible.

Progressive improvement- May not be a corporate value or valued.

Organizational- Activities are often inter-functional between departments, and, therefore, will need to be considered for impact on all affected areas.

Performance indicators- Will need to be identified, tracked and their effects will need to be determined relative to the environment and the results you are attempting to achieve.

Regulatory- Factors need to be considered and addressed. For example, insurance up selling may require the need for transfer to a Licensed agent. There also may be federal and state by state regulations to consider.

### **Situational Challenges:**

The Situation - dictates the need for, and/or degree in which a program will be effective.

Personnel, technical, or leadership - resources may not be available. There may not be enough expected benefit, or return on investment to implement such a program.

The need -for such a program may not affect the desired result. An extreme example of this would be a program to attempt to contact people whose phone was shut off or whose numbers had been disconnected.

### **Personal Challenges:**

Cultural- Personal reasons. Management may have personal reasons/biases for not considering a program. They may feel they are uncomfortable receiving proactive calls and rationalize everyone else would. However, consider how you feel when a credit card company calls you regarding your current activity. Many people feel that they are being made more secure. Consider the Doctor appointment reminder, which many consider a very positive customer service experience. A successful program needs to consider this important factor in an open minded way.

Experience- Lack of experience or fear that the methods are not understood or are too complex may be items to overcome. Examining other successful programs will provide support.

Training- often a successful program will require specific training of its delivery method. There are skills and methods specific to telephone calls and transactions that would improve the results. There is now a specific training industry targeting this special service. A few interviewees of this study indicated that this specific training added a great benefit to their programs.

### **ITEMS TO CONSIDER**

There is a certain negative stigma associated with using proactive calling methods. The solicitation call “during dinner hours” is the most referenced negative association. Others include an aversion to unsolicited sales pitches. Items to consider in implementing such a program include:

- Possible damage to fragile customer relationships
- Roles may become confused, such as having your customer service order representatives asking about past due invoices
- A possible increase in agent turnover due to additional skills required in proactive contact verse simple reactionary inbound calls
- Missed service or revenue goals.- based upon current customer contact center standards, key performance indicators, and service level agreements/expectations

### **RESEARCH FINDINGS - CONSIDERATIONS, CHALLENGES, OPPORTUNITIES**

Below are some areas that were brought out during my research that factored into the success or failure of a program.

#### **INTERNAL**

Politics – play a very active role in determining success. Most successful companies interviewed felt that the project had a greater chance of success if it had the ownership under an operational division, such as sales, or customer service vs. an administrative function such as marketing. Individuals’ personal emotional biases also played a very important role.

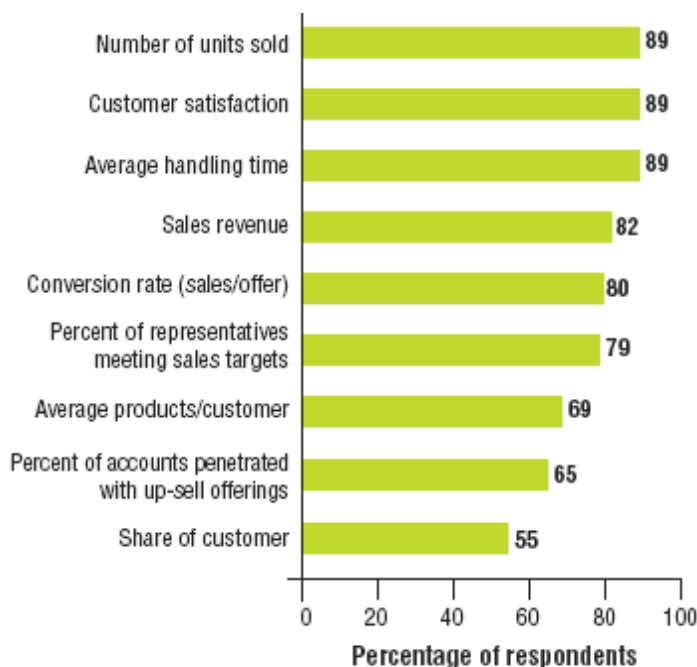
Expectations- must be based on realistic goals and, if possible, benchmarked from similar efforts. For example, to assume that the results and/or costs would be similar to

an e-mail campaign would not be accurate for an outbound telephonic campaign. Different channels involve different costs and varying degrees of results. Direct mail and email are used more often for relationship marketing rather than acquisition marketing. Also consider the Rule of 25 for sales programs; that is, an add-on sale should not increase overall sale by more than 25%. Research has shown that it is a mental ceiling for most consumers.

Target Segmentation - decision by data was often cited as critical to the success and measurement of the process. Most interviewees stressed that there could not be enough effort placed in this area and strongly recommended the use of statistical process control and predictive modeling in making determinations about the target market. Segmentation leads to personalization or, at least, the appearance of it. Segmentation is a level of sophistication. Competitive situations also play a role on the level of or need for segmentation. A simple test in determining if you have too many segments is to ask yourself, "Can a new segment justify the level of effort to support it? Does it have an incremental impact?" It is strongly suggested that you use a "test and learn" implementation method and always have a control group. There are slight differences in the B2B and B2C markets when it comes time to consider segmentation. One consideration is that B2B customers care more about the value proposition than the value of the brand which is more important for consumers. A software tool to help segment consumer driven data may be required based upon the abundance of data on consumers than on businesses.

Staff – different programs will require different skills and staffing levels. This area should be considered very closely and, most often, include the HR department to help understand the implications of such items as training and compensation. Frequently I am asked what metrics are used in measuring agent performance. Here are the results of a survey that focused on service and sales organizations on that topic.

**The Results of a Survey identifying the most often used Key Performance Indicator Metrics, from sales and service leaders with regard to proactive campaigns:**



*Note: Survey of 59 sales and service leaders from 57 leading companies across 20 industries.*

*Source: "Service-to-Sales Excellence: Developing Service Representatives into High-Sales Achievers." Best Practices LLP, May 2004.*

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## EXTERNAL

Regulatory Matters- are a primary concern when dealing with business to consumer transactions and attempts. Many organizations interviewed had it's legal department and/or outside legal expertise involved in creating and in maintaining their proactive programs. Failure to take this consideration seriously could result in massive fines, negative publicity, etc. The information provided below is simply a guideline based upon the regulatory environment as of November, 2007. You will find updated regulatory concerns discussed and outlined at the American Teleservices Association website. [www.ata.org](http://www.ata.org).

Business to Business Activities- there are no current federal regulations involving telephonic transactions between business to business relationships, other than those that involve all transactions of B2B relationships, such as fraud, etc. However, as of early 2008, there have been state actions taken with regard to solicitations of businesses, most often home based, that have listed their number on a state or national "Do Not Call" list . This new development may need to be considered when developing a B2B program.

Retail, Business to Consumer- Generally, the consumer contact events in the upper range of the consumer experience category (see Experience/Profitability chart above) also have less regulatory baggage associated with them and less risk. The federal and state regulators are interested in providing consumer relief from unwanted telephone solicitations. However, federal and state telemarketing and Do Not Call (DNC) rules provide for several categories of exemptions that may apply. The most commonly used exemption to DNC rules is the Established Business Relationship (EBR) and express consent or written permission. However, neither the teleservices industry nor the regulators do an adequate job of educating consumers about EBR exemptions. This results in consumer complaints and resulting regulator investigations about perfectly legal calls.

### **A brief overview is provided:**

Customer Contacts For Transactional or Informational Calls - Calls to customers that provide a service, information or attempt to complete a transaction are generally not regulated. This means that consumers may be called even if their telephone number is listed on the national or a state DNC registry. However, these types of calls have been abused by telemarketers in the past and are therefore subject to close scrutiny. For instance, calling consumers to conduct a "survey" about their sleeping habits so that the "perfect bed" can be offered is not a survey for the purposes of exemptions from DNC rules. It is important to note that informational or service calls may be subject to DNC rules if they are part of a "program of solicitation". Informational or transactional calls include:

- a. Product recalls
- b. Surveys
- c. Welcome calls
- d. Appointment reminders
- e. Fraud prevention

Customer Contacts Based On "Existing Business Relationship" (EBR) Exemptions- Calling customers with whom your business has an established business relationship (EBR), may exempt the call from federal and state DNC prohibitions. However, this area of DNC compliance is very complex due largely to the fact that more restrictive state specific rules are not preempted by federal rules. This can introduce high levels of complexity and risk to unwary companies.

For instance, twelve states do not exempt calls from their DNC requirements based upon a consumer's inquiry about your products or services. Three states do not exempt calls to consumers based upon a transaction (purchase, payment etc), while nine other states do not allow the full 18 month exemption period as the FTC and FCC rules.

Customer Contacts with Express Written Permission- Calling customers who have provided their express consent or written permission to be called is not only the lowest risk approach

but also exponentially increases consumer contact capabilities nationwide. Customers will want to see the “value added” when they provide express consent. Customers who have provided express consent are also much more likely to respond positively and much less likely to complain to regulators. Having a solid program to collect consumer consent expands the dwindling calling universe.

In order to obtain express written permission or express consent, the language whereby the Consumer grants express written permission must be clear and conspicuous to a reasonable Consumer, and must include, at a minimum:

- 1) language indicating that the Consumer is giving consent to be contacted via telephone;
- 2) language indicating that the Consumer understands that the consent applies even if the Consumer’s number is on any state and/or federal DNC list;
- 3) the telephone number(s) to be dialed to contact the Consumer; and
- 4) the Consumer’s signature.

Note that the term “signature” is broadly defined. Electronic signature (using UCC § 1-201(37) as a guide) may also be acceptable. However, the use of pre-checked boxes should be avoided. Consumers should take an affirmative action (i.e. checking a box, clicking a submit button) in order to affirm consent.

Marketers should seek to obtain consent wherever they have contact with consumers such as web interfaces, direct mail campaigns, inbound calls, e-mail campaigns etc.

## **SUMMARY**

When done with foresight and in an educated manner, outbound campaigns can have a very positive effect on your organization. Creating a program that is effective is a matter of understanding the internal and external factors, issues and considerations. Additional information on these matters can be found by contacting the various associations that support such efforts. Two such well respected associations are the American Teleservices Association and the Customer Relationship Management Association.

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Mark Palmucci is a seasoned sales executive with more than 22 years of experience in the Contact Center arena. Having successfully, implemented, managed and sold software and financial services to the CRM, BPO, Call center, healthcare, and A/R management markets, his broad based experience regarding contact centers have given him an overall insight to needs-identification, operational efficiencies, and strategy development in this market. Mr. Palmucci received a bachelor’s degree in business pre-law and international business from Bowling Green State University, and an MBA from Mercer University’s Stetson School of Business and Economics. He can be reached at [mpalmucci01@comcast.net](mailto:mpalmucci01@comcast.net).