

THE ASCENT GROUP

CORPORATE BACKGROUND & EXPERIENCE

The Ascent Group, Inc. is a management-consulting firm that specializes in customer service operations and improvement, performance benchmarking, competitive benchmarking, work management, industry research and operational audits.

Ascent Group, Inc.

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Focus:

- Customer Service Operational Improvement
- Customer Service Innovation & Best Practice Discovery
- Customer Service Performance Measurement & Benchmarking
- Operational Audits

Business Type:

- Professional Services Firm
- Management Consulting & Publisher of Industry Research Journals
- No hardware, software or technology vendor affiliations
- Federal Employer ID Number: 58-1868004
- D.U.N.S. Number: 01-519-6512

Company Goal:

- Providing process-oriented data, information, and management consulting to help companies improve customer service performance and customer satisfaction, while reducing customer service cost.

Experience:

- Consulting since 1982
- 100+ Consulting projects, 1,250 consulting and research clients

Company Background:

- Incorporated in Georgia, 1989
- Offices in Athens, GA
- Certified Woman Business Enterprise, nationally through WBENC, and in the following states: California, Delaware, Georgia, Illinois, New Jersey, New York, North Carolina, Pennsylvania, and Virginia.

OVERVIEW OF THE FIRM

The Ascent Group, Inc. is a general management consulting firm, founded in 1989, devoted to customer service operational and performance improvement. With offices in Athens, Georgia, Ascent brings together talented individuals with both breadth and depth of industry experience and demonstrated consulting success. We are a small group of highly experienced consultants—all with more than 20 years of experience in the customer service operations industry. Our diverse functional experience allows us to offer perspective and skills tailored to the unique needs of our clients.

The Ascent Group is a Woman-Owned Business Enterprise (WBE) certified by WBENC and numerous other jurisdictions throughout the country. This helps our clients obtain the highest quality of management consulting services, while enhancing their commitment to meeting supplier diversity goals.

The Ascent Group's publications include:

- ***Call Center Strategies***
- ***Call Quality Improvement***
- ***Credit & Collections Practices***
- ***Achieving First Call Resolution***
- ***IVR Improvement Strategies***
- ***Reward & Recognition Program Profiles & Best Practices***
- ***Improving Front-line Recruitment & Hiring***
- ***Improving Front-line Training***
- ***Improving Front-line Performance***
- ***Billing & Payment Profiles & Best Practices***
- ***Meter Reading Profiles & Best Practices***
- ***Improving Field Services***



More information about The Ascent Group's benchmarking services and best practices research can be found on our website at www.ascentgroup.com.

Optimizing business processes with a focus on customer needs is a common goal in almost every industry. Research has shown that customer impressions of product and service providers are largely shaped from recent contacts with them. The customer experience has been changing at a rapidly increasing pace in all industries, largely driven by the rapid pace of technological innovation.

Understanding customer expectations is the first step in creating a customer-driven organization. We have developed, managed, and executed customer research projects. Expertise in customer research techniques allows us to offer this service to our clients, when required. It also lets us understand and effectively employ customer research as we work with clients to improve their service delivery processes.

The Ascent Group has a vast proprietary database of multi-industry benchmarking and best practice information and a program to continually update and expand the metrics and practices captured.

- We maintain an active customer service benchmarking practice and have access to many best-in-industry companies.
- We have benchmarked Customer Service performance across many industries for many years.
- We continually conduct benchmarking for clients and topical research to support our publications, and have for more than 20 years.
- We have an excellent reputation for benchmarking and best practice discovery, developed through our model and the sharing of results with participants.
- We have tested and refined this approach over the years, after many similar assignments.

The Ascent Group has extensive experience in performance benchmarking and operations improvement, specifically within the call center and customer service functions. We have conducted numerous benchmarking and best practice discovery projects over the years, including most recently, benchmarking studies of call quality and first contact resolution. Research to support our publication, *The Service Delivery Advantage*, further strengthens our knowledge of best practices and improvement potential. In addition, we offer benchmarking services to collect relevant benchmarking data and practices.

Our benchmarking and industry research publications have allowed us to maintain state-of-the-art knowledge bases that we are able to deploy in organizational benchmarking and process improvement projects. We have committed ourselves to providing the skills and services that help our clients understand the expectations of their customers and employees, help them understand their current level of customer

service performance, and help them realign business processes to fulfill these expectations using state-of-the-art techniques.

We have extensive experience in working across operational groups to develop business plans, implement performance management approaches, and streamline business processes to improve effectiveness. Our consultants have hands-on experience in organizational assessments and redesigning business processes. Our team also brings extensive experience implementing new technologies, new business systems and initiatives, and accompanying change management processes so that resulting processes are in alignment with strategic goals and have a much higher success rate.

The hallmark of our firm is that we bring highly experienced consultants to our client engagements. Despite the fact that our consultants' experience levels range between 20 and 35 years of experience, our professional fees are modest, by today's market standards. Our consultants focus on your project and actually do the hands-on work. Unlike traditional large firm project teams, you will not be assigned a team of junior consultants working under oversight of a few experts you rarely see.

THE ASCENT GROUP'S CONSULTING APPROACH

The most successful companies are those that have been effective in translating strategic vision into actionable results throughout all levels of their organizations. They are the companies that have invested in their management infrastructure and who continually seek ways of improving. As we work with our clients to realize their vision, we have recognized factors that are common to successful engagements. These factors are integral to our consulting approach:

Management Perspective: When considering change options, impacts must be evaluated from the viewpoint of management and its strategic direction. The project team must look beyond short-term benefits to individual work groups. Without broad perspective, the temptation is often to pursue limited-scope improvements at the expense of long-term goals and objectives.

Functional Area Expertise: Part of our competitive advantage lies in our expertise in all areas of customer service operations. Our staff brings in-depth knowledge of industry strategy, management processes, operational requirements, and practices that drive the performance of industry leaders.

Implementation Emphasis: Successful implementation is the single most important measure of success. Recommendations that are not implemented are of no value to our clients. Our experience in implementing change in unique client settings provides the perspective that is essential for developing pragmatic recommendations and for providing implementation guidance.

Joint Effort: Joint client/consultant teams provide a far greater capability to promote change and capture improvements than either group alone. Consultants bring broad industry perspective, experience with alternative approaches, objectivity, and the ability to focus attention and resources on individual problems and issues. Client participants bring an understanding of current and past operations, as well as knowledge of communication channels and organizational sensitivities. Joint client/consultant teams enhance client understanding of underlying concepts and ownership in the results, which are essential for effective implementation and long-term success.

Diagnostic Assessments: To ensure that improvement efforts provide the highest return on investment, we often encourage beginning with a broad-based “diagnostic assessment.” The diagnostic is used to identify and assign priorities to the full range of improvement opportunities. Every organization has areas that contain more opportunities for improvement than other areas. The diagnostic, conducted during a brief period by a functional expert, identifies where the most significant improvement opportunities lie. The assessment contrasts client approaches with the broad spectrum of alternative approaches and experience at other companies. This allows senior management to direct subsequent in-depth efforts to areas that offer the greatest opportunity to enhance overall performance.

Tailored Approaches for Client Situation and Needs: We will not force fit “canned solutions” or impose improvement techniques that are inappropriate for the client’s environment. We take pride in our ability to mold and develop approaches for specific client needs and situations.

Customer Service Improvement: As industry works to become more customer-driven, we have structured ourselves to work at the leading edge of customer service innovation. Understanding customer expectations is the first step in creating a customer-driven organization. We have committed ourselves to providing the skills and services that help our clients understand the expectations of their customers, and to helping them realign their business processes to fulfill these expectations using state-of-the-art techniques.

Benchmarking Services: We understand benchmarking and have seen the effects of this powerful tool upon organizations that are interested in evolving from average performers into industry leaders. Our approach to benchmarking has been both innovative and pragmatic. Our benchmarking programs reflect the best that the industry has to offer, resulting in better insights and real value. Our depth of experience in developing and managing benchmarking programs includes a diverse array of engagements. We perform focused benchmarking studies directly for clients, as well as sponsoring a number of annually recurring programs.

RECENT ENGAGEMENTS AND CLIENT REFERENCES

The Ascent Group team members have completed numerous process improvement and customer service improvement assignments recently, and throughout their careers, often working together on many of these assignments. This section describes recent representative engagements, where our team members played key roles in major strategic and organizational reviews.

The Ascent Group continually conducts primary research of customer care best practices, process improvement, and performance benchmarking and maintains an extensive database of call center and customer care metrics and practices from companies in all industries.

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PROJECT NAME	CLIENT	BRIEF ENGAGEMENT DESCRIPTION
Customer Service Process Improvement	Philadelphia Gas Works	The Ascent Group is the co-source provider of operational audit services to the Internal Audit Group at PGW. During the last year we have completed major operational improvement audits in the areas of call center operational effectiveness, collections effectiveness related to non-pay shut offs, universal services program (low income bill subsidies) effectiveness, customer appointment program effectiveness, the effectiveness of the \$50 million energy efficiency program rollout, and the effectiveness of the landlord cooperation program. The operational assessments have identified more than two dozen recommended improvements that will both improve service and reduce costs.
Customer Experience Improvement	Fort Worth Water	The Ascent Group, partnering with Heights Consulting, is currently assisting the City of Fort Worth Water Customer Relations with a project to enhance existing customer contact quality measurement to better capture the customer experience and improve underlying business processes. The project will implement first contact resolution and customer experience measurement techniques, establish a baseline of performance, and develop a process for ongoing monitoring, analysis, and reporting.
Customer Service Diagnostic Assessment and Improvement Planning	Los Angeles Department of Water and Power	The Ascent Group recently completed a one-year effort that began with a high-level diagnostic assessment to determine how to improve business processes throughout the customer organization. The first phase was followed by development of a roadmap to address organizational strategy, executive staffing strategy, and

PROJECT NAME	CLIENT	BRIEF ENGAGEMENT DESCRIPTION
		performance improvement initiatives to guide the management team during the next five years.
Contact Center Technology Implementation	Greater Cincinnati Water Works	The Ascent Group, partnering with EMA, recently assisted Greater Cincinnati Water Works with the implementation of new call center technology, including VoIP unified communications, workforce management, quality management, IVR, chat, and post-call surveys. Provided business process and best practice expertise and assistance in configuration and deployment of the new technologies.
Customer Service Diagnostic Assessment and RFP Development Assistance	City of Hot Springs	The Ascent Group recently completed a diagnostic assessment for the City of Hot Springs Customer Service Department. The scope of the project included all customer service functions as well as focused on the application process, collection for non-payment, and bill presentment and payment services. The project identified internal process improvement opportunities that could be implemented to increase efficiencies and improve customer service within the City. Also assisted the City with the development of a Request for Proposal and the process to select third-party payment and billing services.
Improving First Contact Resolution	AT&T	The Ascent Group reviewed First Contact Resolution strategies for AT&T to identify best practices and techniques to measure and improve FCR. Also benchmarked AT&T's National Consumer Sales organization's performance against a panel of similar companies. Recommendations were presented to improve AT&T's first contact resolution performance as well as the internal processes supporting the achievement of first contact resolution.
Call Center Assessment & Consolidation	Motion Picture Industry Pension and Health Plans (MPIPHP)	The Ascent Group assisted the Motion Picture Industry Pension and Health Plans (MPIPHP) with the consolidation of three call centers into one. The MPIPHP are trust funds established by collective bargaining agreements between many of the unions and employers in the motion picture production industry. While multiple call centers were providing specialized services for plan members and providers, they were creating barriers and confusion for customers, leading to a high number of transferred calls, longer wait times, increased repeat calls, disjointed customer service, and caller dissatisfaction. Recommendations addressed requirements for merging the centers and practices to improve satisfaction, achieve higher first call resolution, and increase contact quality.

PROJECT NAME	CLIENT	BRIEF ENGAGEMENT DESCRIPTION
Call Center Assessment	Westar Energy	The Ascent Group, partnering with First Quartile Consulting, conducted a call center assessment for Westar Energy. The company was interesting in improving the responsiveness of its call center operation. Recommendations were presented to implement service level management, improve access to the call center, increase contact quality, and ultimately improve customer satisfaction.
Customer Care Diagnostic Review	OEConnection	The Ascent Group reviewed call center operations for OEConnection; a software company that provides hosted applications to help automobile dealers, parts managers, repair shops, and body shops find original equipment for automobile repair and maintenance. As part of the operational review and diagnostic, The Ascent Group helped OEConnection identify opportunities to improve the level of service provided to customers. Ms. Kozlosky also compared OEConnection's call center performance against an industry peer group to identify further opportunities. The processes and systems supporting service and tech support representatives were also reviewed to identify opportunities for improvement. Recommendations and benchmarking results were presented to senior management.
Customer Expectations Review and Business Process Realignment	Nashville Electric Service	The Ascent Group, partnering with Haddon Jackson Associates, worked with NES to help align customer service delivery processes with external customer expectations. The first phase of the study helped NES understand customer needs, expectations, and satisfaction through mail surveys, telephone surveys, and focus groups. At the same time, the team reviewed internal business processes and practices to identify strengths and weaknesses and highlight opportunities to better respond to customer service requests. The second phase of the study looked at opportunities to re-engineer customer service delivery processes and provided a road map for addressing these opportunities.
Customer Response System Conceptual Design	NSTAR Electric	The Ascent Group facilitated the development of an executive-level conceptual design of a customer-response system for NSTAR Electric. The project developed an integrated vision for responding to customer inquiries that optimizes the use of information systems and technology. The Ascent Group facilitated an inter-departmental team in the design of the response system, drawing together industry best practices, process-mapping findings, and technology expertise.

REPRESENTATIVE CLIENTS & RESEARCH PARTNERS

Selection of Past Clients	Subscribers to Ascent Group Publications	Subscribers to Ascent Group Publications, cont'd
Aetna AGL Resources Alabama Power Ameren Ameritech American Water Works Association Research Foundation Arizona Public Service Arkansas Power & Light AT&T Austin Energy Baltimore Gas & Electric BC Hydro BellSouth Communications Boston Edison BPU Kansas City, Kansas Carolina Power & Light Central Power and Light City of Fort Worth, Texas City of Lakeland, Florida City of Denton, Texas Commonwealth Edison Consolidated Edison Delmarva Power & Light Denton Municipal Electric Detroit Edison El Paso Electric El Paso Natural Gas Elizabethtown Gas Empire District Electric Entergy Corporation Florida Power & Light Florida Power Corporation General Public Utilities Service Corporation	Public Sector Utilities Austin Energy BC Gas BC Hydro Bellevue, City of Burbank PUD City of Anaheim City of Palo Alto City of Plano City of Redding City Public Service Clark Public Utilities Colorado Springs Denver Water Jacksonville Electric Authority Lakeland Electric Las Vegas Valley Water District LCRA Long Island Power Authority LADWP Omaha Public Power District Sacramento County Utilities Seattle City Light Seattle Public Utilities SMUD Tacoma Public Utilities Tennessee Valley Authority Telecommunications AT&T Aliant BellSouth Communications Bell Canada GTE MobileNet	Investor Owned Utilities Alagasco Alliant Energy Ameren American Electric Power American Water Aquila Arizona Public Service ATCO Electric Baltimore Gas & Electric Bermuda Electric Light Co. China Light & Power Central Hudson Gas & Electric Central Maine Power Cinergy Citizens Gas & Coke Conectiv Power Delivery Consolidated Edison Consumers Gas Dominion Power DTE Energy Duke Power Eastern Electricity Entergy Exelon Energy First Energy Corporation Florida Power & Light Gaz Metropolitan Hawaiian Electric Hennepin County Dynergy Hydro Ottawa Hydro Quebec Indiana Gas Indianapolis Power & Light

Georgia Power	SBC Telecommunications	Keyspan Energy
Greater Cincinnati Water Works	Sprint	KG&E
Gulf States Utilities	Verizon	Laclede Gas
Houston Lighting & Power		LG&E
Illinois Power	Regulators & Trade Groups	Manitoba Hydro
Jacksonville Electric Authority	American Water Works Assn.	Midlands Electricity PLC
Jersey Central Power & Light	Illinois Commerce Commission	National Grid USA
Kansas City Power & Light	Missouri PSC	NiCOR
Louisiana Power & Light	National Rural Electric Cooperative	NJ American Water
Lower Colorado River Authority	San Francisco PUC	NJ Natural Gas
Macon Water Authority	Other Industries	Northeast Utilities
Metropolitan Edison	AAA National	Northern Electric
Mississippi Power & Light	Accenture	Northwestern Energy
Motion Picture Industry Pension & Health Plans	Airborne	Norweb
Nashville Electric Service	American Express	Nova Scotia Power
National Fuel Gas	America Online	NSTAR
National Rural Electric Cooperative Association	American Airlines	NUI City Gas of Florida
New Jersey Natural Gas	Bank of America	NYSEG
New Jersey BPU	Blue Cross Blue Shield	Oklahoma Gas & Electric
New York PSC	Boston Consulting Group	Ontario Hydro
New York Power Authority	Chase Bankcard Services	PacifiCorp
Niagara Mohawk	CheckFree Corp	PEPCO
Northeast Utilities	Choice Hotels	PG Energy
Northern States Power	CIGNA Corporation	PNM
Nova Scotia Power	Deloitte Touche Tohmatsu	Portland General
Nova Scotia Utility Board	Department of Defense	Progress Energy
OEConnections	Eastman Kodak Company	PSE&G
Oklahoma Gas & Electric	EDS	Puerto Rico Electric Power
Pacific Gas & Electric	Gannett	San Diego Gas & Electric
Pacific Power & Light	GMAC	SCANA Services, Inc
Pennsylvania Electric	Hewlett-Packard	ScottishPower Manweb
Pennsylvania Power & Light	Home Shopping Network	Sempra Energy International
PECO	IBM Corporation	Sierra Pacific
Pepco	Intel	Singapore Power
Philadelphia Gas Works	IRS	Southern California Edison
Providence Gas Company		Southern Company
PSI Energy		TECO Energy
		Tucson Electric Power

Public Service Electric & Gas	Lotus Development	TXU Corporation
Public Service of New Mexico	McKinsey & Company	Union Gas Ltd
Rochester Gas and Electric	Michelin North America	United Illuminating
Rochester Telephone	Microsoft Corporation	United Water
Sacramento Municipal Utility District	New York Times	Washington Gas
Seattle City Light	Oracle	We Energies
SBC	Perdue Consulting	Xcel Energy
Sierra Pacific Power	Philip Morris USA	
South Carolina Electric & Gas	Ryder Transportation Services	
Southern California Edison	Siemens Westinghouse	
Southern California Gas	Toyota Motor Sales	
South Jersey Gas	Wells Fargo Bank	
Southwestern Bell Telephone	Yellow Transportation	
Tampa Electric Company		
Texas Utilities		
Verizon		
Washington Gas Light		
Washington Metropolitan Area Transit Authority (WMATA)		
Wisconsin Electric Power		

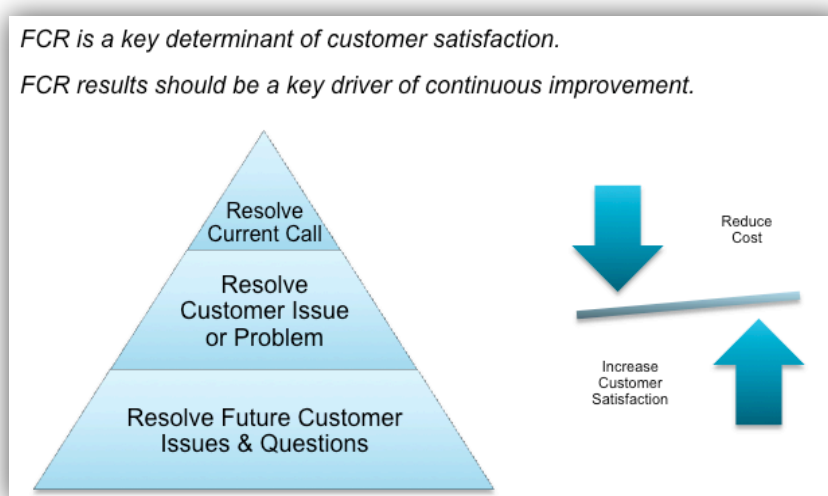
We have included *Characteristics of High-Performing Contact Centers*, a summary from one of our focused industry research reports, to provide additional insight.

CHARACTERISTICS OF HIGH-PERFORMING CONTACT CENTERS

Recent research conducted by the Ascent Group demonstrates that organizations which are achieving high customer satisfaction levels and high call center performance exhibit some common characteristics, among them high first call resolution (FCR) rate, an emphasis on call “quality”, the use of supporting technologies including interactive voice response (IVR), automated speech recognition (ASR) and computer-telephony integration (CTI), careful employee selection and development, and a focus on performance measurement. The latest trends in these areas are described below.

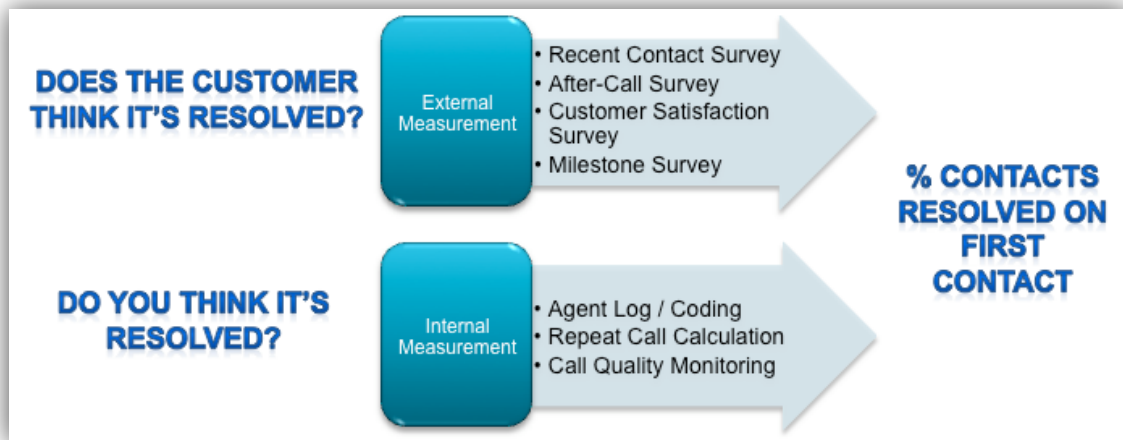
FIRST CALL RESOLUTION

First Call Resolution is perhaps the most powerful call center metric. A focus and improvement in FCR brings the best of both worlds—an improvement in efficiency and effectiveness. You don’t have to worry that you are sacrificing quality because you are reducing costs, or vice versa. When you improve FCR you’re improving quality, reducing costs, and improving customer satisfaction, all at the same time.



This realization has altered the focus of some leading contact centers by de-emphasizing “productivity” measures such as average speed of answer (ASA) and the number of calls handled each day by each CSR, in favor of an emphasis on FCR. This realization has implications for contact center organization, technology and indicates that expanding the contact center’s role to be more of a central clearing house for customer issues should be pursued. These aspects will be emphasized in our investigations if we are selected for this project.

Using FCR to drive improvement has also spurred technological improvements, both within contact centers (such as portals with access to operations and maintenance systems), and other systems such as real time AMR. These systems may not have been implemented just to improve FCR, but the realization that they can do so may help justify such systems.



FCR performance varies from industry to industry, as shown in the following table. FCR performance is tied closely to the type of calls being handled in the call center. Consumer products, manufacturing, and technical support call centers generally have lower FCR due to the nature of incoming calls (many of these calls require assistance from product research, parts, or other organizations groups for resolution). Utilities, at about 85%, have one of the highest FCR rates.

	Average FCR Rate	Average FCR Goal	Avg Years Measuring FCR
Consumer Products	98%	98%	10.0
Financial Services	76%	85%	4.6
Government			6.0
Insurance	83%	83%	2.7
Manufacturing	91%	88%	4.7
Outsourcing	66%	75%	4.5
Services	71%	71%	2.0
Tech Support	83%	83%	4.8
Telecom	81%	79%	4.9
Transportation	78%	85%	3.0
Utility	79%	82%	2.7

IMPROVING CALL QUALITY

Call quality monitoring is one of the most effective methods for improving the level of service you provide to your customers. Call quality monitoring refers to the process of listening to or observing an agent's phone conversations or other multi-media contacts with customers.

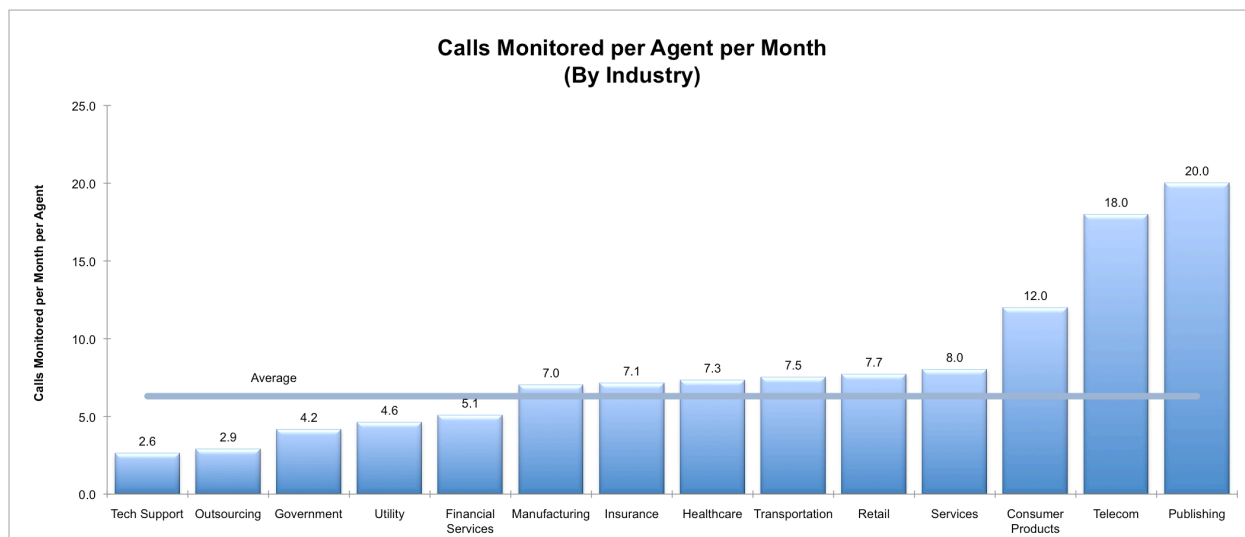
While companies can measure customer satisfaction through customer focus groups, customer contact follow-up telephone surveys, and written satisfaction surveys, the results are often not timely enough or detailed enough to help individual agents understand their impact or contribution. A call monitoring session on the other hand, if done correctly, can instantly deliver a wealth of customer information, gauge individual agent performance and reveal a lot about your business processes and policies. Not only can it improve the customer experience, it can also improve overall call center performance, reduce callbacks, focus training efforts, identify process improvement opportunities, and facilitate employee development.

Our research shows that best performers:

1. **Emphasize the Customer Experience.** Call quality monitoring must be reflective of customer value and expectations—it must truly measure the customer experience. Measuring the customer experience is the primary purpose of a call quality monitoring process. Do you know what your customers' expect? If you don't then find out through customer research—interviews, focus groups, expectations surveys, or even calibration sessions—take the time and spend the money to understand how customers' want to be served. Keep in mind that expectations vary from segment to segment and that expectations change over time. Calibrating your call quality program with customer expectations is an ongoing effort.
2. **Identify the Right Behaviors.** If call quality is intended to measure the customer experience, make sure your evaluation measures represent your customers' expectations, not what you think is important to your customers. This is one of the biggest mistakes made. Measuring call quality through call monitoring is a labor-intensive process; it's also high risk, in terms of human factors. Call monitoring is a key determinant of stress in call centers—especially if it's perceived as being inaccurate, untimely, too frequent, or too intense. So in other words, if you're not truly measuring what customers' value then you might just be wasting your time (and money) and placing your agents under undue stress.
3. **Enforce Desired Behaviors:** Routinely communicate performance expectations and results—Do as much as possible to relay performance expectations to employees. The more an employee understands about the job, the work environment, performance expectations, and culture, the better they will be able to achieve or exceed standard. Revise new employee training content so the appropriate performance expectations are conveyed from the start. Communicate performance routinely and look for ways to make your performance results more accessible to employees and supervisors, through daily reporting, performance dashboards, or DIY reporting. Recognize the right behaviors and communicate such that the employee's behavior becomes a model within the work group. Sharing information on expected behaviors and rewards will establish trust. Employees will be able to understand what they need to do to be similarly recognized. Reward these behaviors so other employees are inclined to follow suit. Rewards are a better reinforcement of learning and risk-taking than punishment is for failure.
4. **Monitor, evaluate, and discuss results with CSRs.** Call quality monitoring is all about changing behavior. Studies have shown there is little correlation between employee tenure and quality scores. Behavior varies based on employee skill level, experiences, and motivation. The goal is to help employees achieve a level of “unconscious competence” in their customer interactions through training, measurement, feedback, and rewards. Nearly all participants are including monitoring performance as a component in the annual review process. This practice emphasizes the importance of

good monitoring performance to employees. Incorporate Call Quality Results into Employee Compensation and Incentive Plans. Include agent call quality performance as a component in the annual review process—as a basis for compensation and rewards. As with any measure, be careful to balance with other measures to make sure all around good performance is delivered and service isn't compromised in the pursuit of the best measure. Make sure your evaluation criteria are flexible enough that agents can make the right decisions for each caller.

5. **Monitor the call monitors routinely to build consistency, confidence, and monitoring skills.** One sure way to improve monitoring skills and bolster confidence is to monitor the individuals responsible for call monitoring—listen to the calls they evaluate, compare evaluations, and coach. This technique instills accountability and offers the opportunity for continual improvement.
6. **Prepare Your Coaches.** Time and experience as a representative does not necessarily develop coaching skills—employees must be trained. Customer service leaders take the time to develop and implement a proper training program to ensure that supervisors, trainers, managers, and QA personnel are equipped to provide constructive feedback and developmental guidance. Customer service leaders take the time to develop and implement a proper training program to ensure that supervisors, trainers, managers, and QA personnel are equipped to provide constructive feedback and developmental guidance. Develop and evaluate coaching performance, including performance measures to track team progress and performance and hold coaches and supervisors accountable for their team's improvement.
7. **Let employees develop a better understanding and respect for call monitoring by experiencing the monitoring process first-hand.** Be sure to educate agents on the monitoring processes—especially how calibration sessions develop consistency and how monitors are held accountable for the evaluations they render. The measures and the measurement process must be meaningful to employees so they are encouraged to change their behaviors. Consider rotating seasoned representatives into a monitoring role to cross-train and provide first-hand experience with the process. Include representatives and supervisors in calibration sessions to further educate them on the process. Track and promote the successes you've achieved as a result of your monitoring efforts.
8. **Calibration is essential to ensure consistency and build confidence in call monitoring results.** The best way to gain consensus on a call is to design the proper review criteria and then test it over and over. Systems facilitate this process by streamlining the selection, capture, and presentation of calls and data. Group discussions comparing results help to focus and clarify the not so easy task of judging performance, they also build confidence and consistency. Calibrate until all members conform to standard.

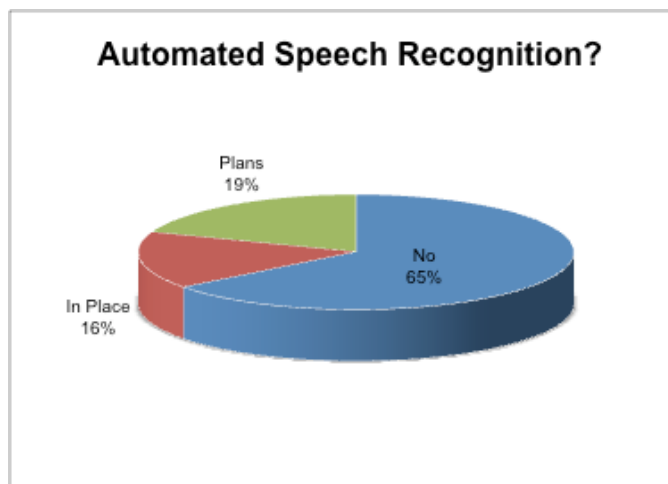


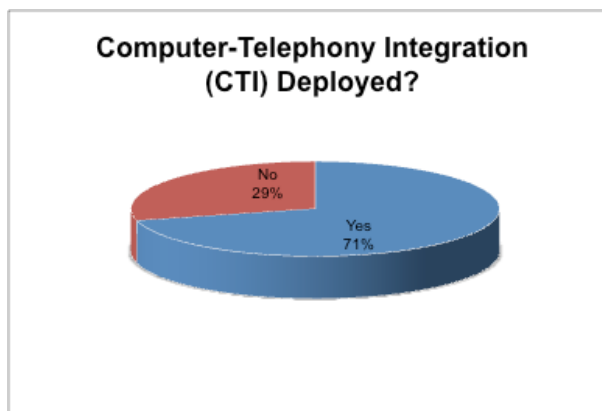
TECHNOLOGY

Major relevant call center technologies include interactive voice response (IVR), automated speech recognition (ASR) and computer-telephony integration (CTI). Our research shows that the use of such technologies is already widespread, as shown in the charts on the following page. We'll profile each benchmarking participant to better understand how specific technologies are impacting overall performance.

IVR Integrated Voice Response (IVR) is the most widely used call center technology worldwide, after the switch or Automatic Call Distributor (ACD). IVR is a telecommunications technology that accepts a combination of voice and telephone touch-tone keypad input and provides appropriate responses in the form of voice, fax, callback, e-mail and perhaps other media. IVR technology has evolved from DTMF (Dial Tone Multi-Frequency, or touch-tone) to ASR (Automated Speech Recognition) in recent years with the maturity of voice recognition engines.

Automated Speech Recognition (ASR) is slowly gaining in popularity, as our survey results confirm. ASR facilitates communication between man and the machine by letting callers speak, often naturally, commands and menu options, rather than pushing touch-tone buttons on the telephone keypad. Recognized speech is then digitally converted so it can be processed by the IVR and other associated systems. Correctly designed speech recognition IVR applications offer a more personal, pleasant, and efficient customer experience—a more human interface.





CTI refers to the integration of computers with phone systems to better handle calls. For example, while a call is in the queue, the computer retrieves customer account information and provides it to the CSR's screen as soon as the customer's call is answered. Both ASR and CTI offer tremendous opportunities to streamline conversations and reduce operating costs, by making call handling more efficient and in some cases eliminating human involvement in a call.

Our research shows that:

1. **IVR implementations must be reflective of customers' values and expectations.** It is critical that you understand and incorporate your customers' needs and expectations into your IVR applications. Customer research through phone and mail surveys or focus groups can confirm fundamental needs and expectations. Further testing of IVR prototypes and subsequent enhancements can ensure that customer needs are met.
2. **Speech Recognition can dramatically improve IVR utilization, however, its implementation requires a different approach than touch-tone.** Speech recognition adds another dimension to IVR design. The benefits of voice recognition-driven applications are enticing—higher usage, shorter call lengths, natural conversation interaction, and increased customer satisfaction. Sixteen percent of our participants have implemented some form of voice recognition in their IVR application. However, adding voice is not a simple enhancement. You just don't take a touch-tone application and convert it to speech. Voice recognition systems present the ability to create a conversational IVR application—this is vastly different from a simple “press 1” application. Our panel reported a steep learning curve. Many have found that offering both speech and touch-tone concurrently has helped ease the transition.
3. **Accept IVR Payments.** Electronic payments are becoming more commonplace. Fifty-eight percent of our panel offers self-service “pay by phone”. Accepting and processing payments through the IVR offers significant time and cost savings. Another study by the Ascent Group revealed a growing trend towards the acceptance of credit card and debit card payments through all channels, especially for consumers.
4. **Train Agents to Promote IVR Services.** By far one of the most successful, and probably least expensive, educational efforts a company can undertake is to encourage call center agents to suggest that callers access and complete transactions within the IVR. When appropriate, agents can inform callers that the transaction just completed with the agent could have been completed, without a wait, through the IVR.

“Best in class” companies recognize that call center agents have a vested interest in helping customers learn how and when to use the IVR. As more callers are encouraged to use IVR applications, more time will be available to deliver truly exceptional customer service to other callers. All too often we hear of companies whose call center agents sympathize with caller complaints of how complicated or difficult the IVR is to operate. In some cases, the agent is encouraging the caller to bypass the IVR completely. This usually occurs when companies haven't taken the time to adequately train agents on the use of the IVR. The new technology has been implemented with the expectation that it will reduce call volumes and maybe even call center staffing. Agents, unless told otherwise, will naturally feel threatened. This anxiety will make it easier to side with unhappy callers and in some cases even bad-mouth the IVR. Companies should ensure

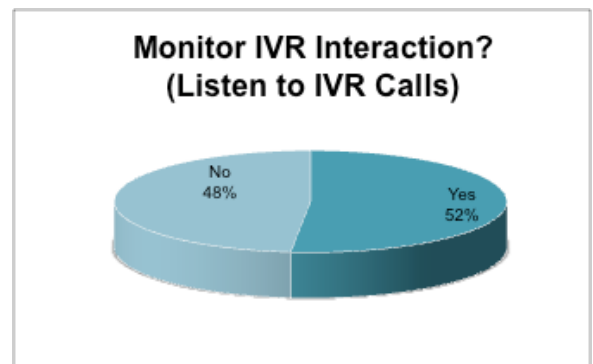
that call center agents are IVR proponents. Call center agents need to be educated on IVR usage even more so than customers, especially if you expect them to recommend and encourage usage.

5. **Target Your Research and Promotional Campaigns at those Callers who Voluntarily Opt-Out or Frequently Talk with Agents.** Few companies promote IVR features through targeted campaigns. Even fewer, offer customers incentives to use IVR services. Talk to these customers to better understand why they are opting out. This research might yield insight that will improve the design of your system or increase its functionality. Try a combination of agent promotion and a targeted mail or email campaign. Agents can point out the instances when it makes sense to use the IVR while the targeted campaign can reinforce the benefits. Customize the system, through dynamic menu options, if possible, to cater to these segments.
6. **Measure and Track IVR Performance.** Build your IVR application so that it's easy to dissect each application and track call flow, errors, voluntary and involuntary opt-outs and opt-out points, hang-ups, and success rates. Make sure that you can track the caller's outcome—measure performance from the customer's perspective—how it impacted what he or she was trying to accomplish.

Few companies test IVR operational performance—use a service or application to monitor and test IVR system reliability and operational performance. These applications conduct stress tests and other simulation tests to measure IVR, system, and network responsiveness and reliability. Take advantage of a service or tool to actively test and monitor your IVR applications. These services can point out application, network, and system inefficiencies and failures that you may not recognize or hear about from customers. These tools can also track transactions, system availability, and system reliability, and even test your applications under varying degrees of stress and at varying times of the day, week, month, and year.

7. **Monitor IVR Call Quality.** You are asking technology to handle some of the same calls as your agents—monitor the call quality of IVR transactions similar to your agents. Have your call quality experts record and review IVR transactions to better understand the level of service that your IVR is offering your customers. This is especially critical for speech-enabled systems.

Surprisingly, many companies not monitor IVR transactions (listen to live or recorded calls) routinely or even periodically. Even more surprising, many companies with speech-enabled applications do not monitor IVR interaction. Regardless of the channel, monitor the quality of each type of customer contact to make sure it meets your standards as well as your customers.



8. **Be Careful About the Information Provided.** An IVR can be a tremendous help in relaying routine information to customers—office locations, phone numbers, payment options, energy-efficiency information...freeing up agents to handle more complex customer service needs. But it must be done correctly and actually provide useful and accurate information to callers. Inaccurate information actually creates more calls into the center and angrier customers, perhaps more so than if they hadn't had the information in the first place. Make sure your account access data is as up-to-date as possible to increase the effectiveness of your CTI matching.

HUMAN RESOURCES

It is becoming more and more difficult, and expensive, to find the right individual to work front-line customer service positions. According to industry sources, U.S. businesses spend in excess of \$244 billion on Human Resources and recruiting services annually. Contributing to this expense is a tight labor market. A recent recruiting survey (Interbiznet.com) revealed that 60 percent of recruiters are experiencing labor shortages. Recruiters are focusing less on selecting qualified employees from a ready pool of candidates but rather managing a scarce and skilled resource.

Once the employee is hired it doesn't get any easier. According to the American Society for Training & Development, companies are spending more per employee on training and the average number of hours of formal learning per employee is increasing. The use of technology to deliver learning content has increased and companies are also spending more on external services like content design, development and delivery or technology infrastructure.

Training and training delivery systems are changing, slowly but surely evolving to take advantage of the power of the Internet, mobile communications, and handheld technologies, the technologies that are changing society itself. Technological advancement has made it possible and practical to shift from classroom training to individualized learning. In turn, corporations are expecting trainers to become performance consultants, with the goal of developing custom learning content to help individual employees achieve their desired outcome.

Ours research shows that best performers:

1. Hire for attitude and train for technical skills. It is easier to teach proficiency than it is to change attitudes. Best-in-Class companies look for motivated and enthusiastic people who demonstrate a propensity to serve—hire for attitude and train for skill.
2. Match candidate expectations with work reality—do as much as possible to relay expectations to candidates and to understand candidate expectations.
3. Match the right individual with the right job—use behavioral-based assessment tools and interviewing techniques to pick the candidates with the right personality and attitudes.
4. Emphasize the importance of customer service in the training process and emphasize the importance of Customer Service in the performance management process.
5. Treat the employees who serve customers as well as the customers are treated. This includes first class supervision, mentoring and coaching.
6. Identify the behaviors that make a difference and reward them. Incentives and rewards are key motivators for the front-line.

PERFORMANCE MEASUREMENT

Measuring performance is fundamental to management control in any organization. The measurement process is the primary data collection vehicle for management, yet few organizations have a program in place for identifying, installing, and utilizing performance measures. As a result, many managers operate with a haphazard collection of uncoordinated and often irrelevant performance measures. In this situation, wasteful utilization of resources can go undetected for long periods of time, objectives may not be achieved, and actions to correct deficiencies often attack symptoms instead of problems. To correct this, managers must recognize that measuring performance is a basic need of an organization and a fundamental responsibility of management.

Most performance measurement efforts focus on doing things well, assuming that the department or organization is already providing the right products, services, and support to its users. Often, performance measurement focuses exclusively on group activities and not the products or services that they provide. In a good system, the focus should be on a set of measures that answer the following questions:

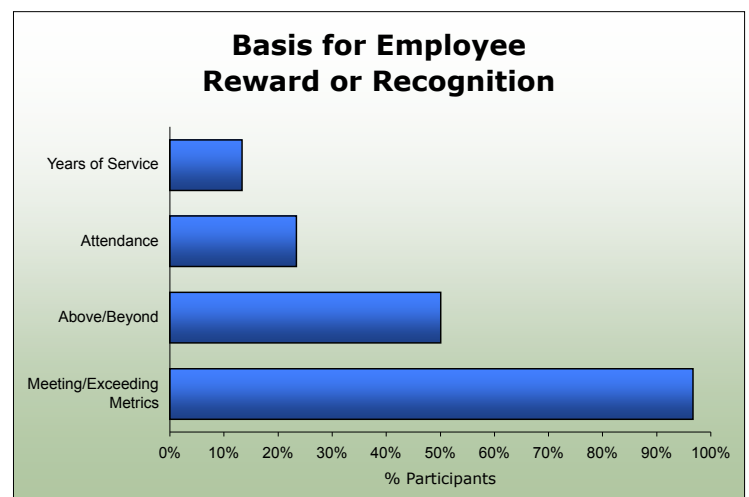
- Are we providing the correct services to our clients?
- Are we providing those services in the best possible way?

Our research shows that best performers use detailed measures of employee and group performance in both service and efficiency of delivering that service. Best performers also link these performance measures to employee rewards. Another obvious advantage of having detailed measures tracked regularly is the support that this provides to justify improvement projects, and the mechanism to measure the benefits of such projects.

We will pay particular attention to the performance measurement and reward and recognition structures in place within our benchmark panel. Whether it's through pay that reflects the value of their skills, effort, or impact, or through simple reward and recognition programs, employees need to feel that they are being respected for their contribution.

If you are expecting employees to do more (handle e-mail, collaborate in chat sessions, answer phones, respond to correspondence...) you must be prepared to pay them more. Employees need to feel that their effort has a positive impact on the company. If an individual feels respected, that respect will reflect positively on the customer as well.

Most customer service organizations pay average or above average wages to front-line customer service employees. This emphasizes the importance of customer-facing employees to customer service strategy.





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