



American Teleservices Association

ATA Challenges Speech

Presented by Tim Searcy, CEO
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The Washington Summit is a wonderful time to take stock of our industry and its future. For a few brief days we set aside much of the transactional nature of our commercial enterprises to consider the ever popular, yet hard to capture, “big picture.” I sometimes find these meetings to be like a police report written about a mugging. The victim turns to the officer and says, “. . . and out of nowhere, this man pressed a gun against my head, knocked me down, and ran away with my wallet.” The officer shakes his head and sympathetically says, “Without a positive identification of the perpetrator, there is almost no chance we are going to be able to catch the thief.”

Let us not kid ourselves, there is a thief stealing from us every day. This thief may be more insidious as they strip us of credibility, sap the strength of our arguments, and deny us the white hat to wear. This thief is in this room, and probably does not even consider their actions to be wrong. This thief is the practice leader that knowingly creates customer dissatisfaction by providing poor or difficult to access service in the name of short-term profits. This thief meets the company objectives for the moment, but sacrifices the future in the process.

As a direct result of this thief, 324 state bills were introduced in 2005. Millions of dollars in settlements were reached and logged over violations of federal regulations. According to the Harris poll, 76% of US consumers say they do not want to receive outbound telemarketing calls. Customer service by telephone is the subject of derision, comedy and complaints. State houses are in the process of considering new legislation beyond their jurisdictional authority to curb the rise in consumer anxiety. As a cause and an effect, our industry is vilified everywhere from the Sunday morning comics to the halls of Congress and even to the Rose Garden of the United States White House.

These negative facts are bandied about by pundits and reporters alike. What about the other facts? The 4.5 million people we employ are a passing reference in only a handful of articles. Consumers don't even consider the billions of dollars in savings or the benefit of the monopoly busting capacity of teleservices. And in our “Experience Culture” as it has been called, the good customer service and positive experiences are drowned out by the bad. We can whine about how unfair this is to each other, but no one is listening but us.

To be certain, the ATA has made great strides in the last three years. We are greeted cordially on Capitol Hill instead of shunned by policy makers. The ATA has found the right side of arguments, and applauded former adversaries like the FTC when

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actions against fraud or non-compliance have taken place. Repeatedly, we are being queried about policy, and asked for opinions about policy concepts. In essence, we have earned a seat at the table of discussion. A role in discussions implies we have something that is worth hearing .

If you tour the vast majority of contact centers owned and operated by member companies, you will be truly amazed at the widespread quality of business tools and excellent personnel being used. We should be proud of the role of the contact center in daily commerce within this country, and recognize that our place in business is now central instead of secondary to success for companies. With all of the improvements our industry has put in place over the last 20 years, why do we face open opposition on the part of regulators and consumers?

“There has to be a better way!” How many times have we heard this exclamation in our lives? In all things, we struggle to improve, to change and to evolve. To adapt is to be human. We all must adapt to survive. But for our industry, the nature of survival must involve substantially addressing the concerns of our stakeholders. The stakeholders for us include investors, consumers, regulators and elected officials.

In the recent past, regulators have managed consumer complaints about outbound teleservices by creating a “Do-Not-Call” registry, new controls on communications technology, and insisting on more documentation and training. Without the push of regulation, it is doubtful we would not have made these decisions ourselves. Our long-term self interest is in direct conflict with our immediate appetite to squeeze the most out of every production hour. In short, we know the right things to do, but because of short-term thinking, we have made poor choices.

On the horizon, we know regulations will expand to encompass customer service, technical product support and inbound sales. We can become the victims of our own ignorance and greed by turning our backs on reality, or we can choose to make heroic decisions to preserve our industry. The choice seems obvious, but the will to carry out the journey will be difficult to sustain.

Teleservices is full of brilliant, ambitious, and innovative people. We have it in us to take steps to head off the kind of actions necessitated by active consumer advocacy. What should the strategy be? How should we put forth an alternative to the world for which the only choice it has known so far is regulation?

The ATA believes we must adopt a different strategy. We must move quickly and decisively and as one body to affect change. Everything we do must be geared to the dramatic improvement of our delivery to the end user and ultimately our image. We must work on *everything*. We must make a difference on every call, in every center, and inside every company. In the state houses, on Capitol Hill and in the commissions, we must make a difference in every bill or regulation proposed, and with every politician we meet. Our commitment is to work to this end.

We have to start with every call. All regulation begins as a response. For every action there is an equal and opposite reaction. Based on this immutable law of physics, we must know that the combined actions of over 100 million consumer contacts each day will cause a reaction. As an industry, we must help consumers see the value of our channel in every call by the professional way that member companies treat them. First call resolutions is not just a service level agreement metric. Courtesy is not optional, and satisfaction at the conclusion of a call should not be frequent, but rather consistent.

However, adoption of what should be considered good business practices will not make up for the outliers and difficult to persuade companies that exist in our industry. To counter these misguided groups, the ATA will encourage firms to use the media opportunity of every call. Imagine a Madison Avenue advertising campaign that had over 3 trillion exposures per year in an uncluttered media field. Every ad agency in the world would forego all other media channels for the access we have. We have to have a message that will overcome the anger, frustration, mistrust and misunderstanding which has typified too many of our interactions with consumers. The message must let them know about the value of the channel, the cost savings and the personal nature of a telephone call which trumps all other impersonal media.

Committing to the call is a natural first step, but it is only a step. We must elevate the image of the teleservices representative, by connecting them to the community in which a center operates. Every contact center needs to be considered an employer of choice, not an employer of last resort. The ATA believes contact centers can and should play a key role in winning the war of image in our industry. We can wage the credibility war at the grass roots level by promoting the contact centers in each community. To do this, we will provide awards and publicity for members to publicly display the contribution their firms make in terms of taxes, wages, rent, etc.

Contact centers are engines for social change in communities. We employ the difficult to place individuals including college students, the elderly, single mothers, veterans and those at risk of falling through the cracks in our society. We provide upward mobility, financial security and lifelong skills to both the aspiring and the forgotten. Unfortunately, our centers operate as silent heroes in cities all over this country. No longer should we be an understated part of the fabric of a community, but rather through positive press, focused energy and the help of our Chapter network, the ATA hopes to provide a clear and positive picture of contact centers in each place a member company operates.

The contact center is of course only part of an overall company. Companies have the ultimate responsibility to preserve the teleservices channel. Too often we make choices that provide short-term benefit and are destined to be long-term disasters. Over dialing, extended hold times, and technologies that are difficult to navigate are not acceptable. The commitment to the customer needs to be made by our industry, or I can assure you it will be made for our industry. To this end, the ATA is diligently working to build self-regulation and service level guidelines designed to promote the positive outcomes for the end user and the channel. We will work in concert with our members to

insure that our member firms uphold these clear ideals in a way that can be demonstrated to politicians, the community, employees, and the end user.

Historically, the ATA has been reputed to be opposed to legislation and regulation of the teleservices channel. This opinion is completely false. We have been opposed to overly burdensome regulation, redundant and poorly designed legislation, and activities which did not balance the interests of the end user with the legitimate interests of business. With this opposition has come the image that we are unwilling to compromise and work with policy makers to craft good policy.

In the future, the ATA will examine each piece of germane legislation with an eye toward the possibility of supporting it. If we cannot support legislation, we will oppose it productively with a clear strategy, supported rationale and where possible, alternatives. The ATA recognizes the need to meet consumer interests more than half way, and we know that compromise for mutual benefit is a key to good diplomacy.

In particular, the ATA is supportive of a more clear definition of the jurisdictional authority of the federal government in all telecommunications issues involving interstate calls. Efforts in Washington over the past year to undermine the legitimate role of the federal government in our industry's regulation by some Attorneys General have been unsettling. The ATA freely endorses a state's interest in regulating teleservices within its own borders, but cross border regulation of commerce has been reserved for the federal government. We support any means of clarifying the legislative roles of the states and federal governments.

Tip O'Neill is attributed with the quote, "All politics is local." The ATA's efforts in the past have been focused in Washington, DC. Although our event each year brings people from around the country to DC to lobby, the most effective communication will take place back in their home district or state. We need to work with politicians and continue to educate them about the value of our channel in terms of real jobs for real constituents in their districts.

In the past, we have treated politicians in general as a necessary evil. In this new spirit of cooperation, the ATA will treat every politician as a potential friend, and when friendship is returned, we will support that individual with our finances, lobbying and votes. To provide accountability to our activities, and to insure that resources are being properly expended, the ATA will begin to measure performance for our elected officials. We will provide the necessary means for our industry to gauge the political landscape and the players by giving our members a representative-level scorecard on issues of key importance.

Our approach can be captured in a simple thought: The ATA will pursue an improved image and better known value by working through every call, in every contact center, with every company, looking to every piece of legislation and every elected official for support. This five part plan is designed not for 2006, but for the next decade.

Teleservices is an important part of our economy, and it is time that we assume the proper role as the advocate for its best and highest use.

I am certain that this framework makes sense in the abstract, but what do we do to breathe life into it? The ATA is challenging its committees, chapters and members to make this concept come to life. For the next year, we will begin in the chapters by building positive press at the community and regional level. In addition to providing contact centers with the necessary information to demonstrate value in their community, chapters are making direct philanthropic activity a high priority. The Self-Regulatory Organization is meeting as part of this week's activities to establish a timeline for introducing meaningful guidelines for our member companies.

Additionally, the ATA has targeted legislation like H.R. 4425, and petitions about exclusive jurisdiction to support and drive to completion. We are soliciting donations for our PAC and the new PAC committee will actively tie good ideas to the kind of financial support which will get us noticed. Finally, by introducing CapWiz on our website, we will offer an unprecedented level of transparency to the political process. For the first time, as members you will be able to identify the positions your representatives are supporting, and where those positions make a difference to you.

There has always been tension within our membership between those individuals and companies interested in maintaining the status quo and those striving to change. During the DNC battle, some members advocated an approach to appease the government in the hopes that losing a small battle would forestall greater interest. Although this may have appeared possible, it is clear now that an ongoing interest in the channel was guaranteed by a law that requires regular review of teleservices and consumer issues every five years.

But at this juncture, a fair question to ask is: "What's the downside to leaving the status quo alone?" If we agree that change is inevitable in any business, and is assured in ours, what unique benefit do we receive for engaging at this time versus some point in the future? Unfortunately, no prognostication can tell us the exact and ideal moment to begin to address consumer and policy maker concerns. However, history has taught us that the race to the high ground goes to the swift and to the first off the starting line.

We run a tremendous risk by avoiding consumer concerns right now. Naturally, we can look to regulation and legislation as meaningful outcomes to consumer outcry. True marketers look beyond issues of compliance and legality, and examine profitability. A real and rising risk to the teleservices channel involves relevance. If the consumer comes to believe that self-service options like the internet are superior means for virtually all customer service, then the contact center will have lost its value to organizations.

Currently, consumer contact using the telephone is an unparalleled source of revenue, satisfaction and information. But as companies squeeze costs out of operations by providing automated means to accomplish the same tasks as a live operator, something is lost. A trade-off occurs between cost savings and image building. Personal service,

unique problem resolution and relationship expansion afforded by human contact require time. Unfortunately, in our efforts to eliminate wasted time, we have sacrificed the personal touch.

Of course automation in voice and service online has a natural and increasing role in our economy. The ATA is supportive of selecting the best means of communication to accomplish a company's goals. But the potential elimination of the value provided by live operator services is a real threat as companies pour more resources into alternative service delivery.

If we choose to wait until dissatisfaction grossly outweighs satisfaction with the teleservices channel, we will be unable to successfully shift the tide. The stories are already on the news, and the efforts are already in the state houses. We know what to do, we even have some good ideas how to do it, but yet we operate much like we always have.

What gets in our way? We have many obstacles to overcome to effectively address the long-term needs of our industry. These difficulties are neither small nor easily managed, but without a willingness to attack the problems, we cannot hope to succeed. The strategy previously outlined employing every call, every contact center, every company, every bill and every policy maker requires complete deployment. This a case in which the sum of the parts is truly greater than the parts considered alone. It is not enough to just work on every bill and the policy makers. The root cause of all political activity is a reaction to consumer need. This strategy is interdependent, and we must commit to all of it, not just the pieces that can be accomplished by a few leaders and the lobbyists.

First, we need to act like an industry. For as long as I can remember, this industry has been falsely defined as just the outsourcers or service agencies. The 12% of the marketplace which is outsourced cannot represent everyone's interests. Direct mail, e-commerce, broadcast television and most other channels of communication have recognized the inherent importance of banding together for a common good. The overwhelming majority of the participants within these segments participate as part of their national trade associations. The ATA is the only association dedicated exclusively to the teleservices industry.

Unfortunately, too many firms remain uneducated by you and by me about the absolute necessity of this association, the advocacy and the benefits it provides. This must change. We don't need to recruit 10 or 100 more members, but each year, we need to recruit 1,000 new member organizations. This is not a job for the Board of Directors, or the chapters, or even management, but instead, it is a job for every one of us. Our real strength will come in our numbers, and ability to declare our representation of the vast majority of the interested parties.

As an association, we must understand that we exist in large part for our non-members. Our member organizations choose to participate because they are good

stewards of the channel. Our members understand the value of compliance and practices focused toward customer satisfaction. It is truly ironic that the vast majority of our building efforts are designed to benefit the unconverted and the non-member. As members, you are also missionaries crusading to educate the illiterate, and sometimes to convert the unwilling. In meetings with regulatory bodies, policy makers often comment that our members are rarely the source for their frustration and anger. Clearly, membership in the ATA is a statement of good business intent and of education in action.

Second, we must destroy the notion that good service is not cost effective. Every study completed in consumer and business marketing points to the direct correlation between satisfaction and long term profit. It may be necessary to educate management about the realities of the satisfaction and profit exchange. We must balance the equation of revenue and expense by illuminating the real value of good service. To let call length, hold times and customer management be dictated by costs alone is to ignore the company's financial interest in happy customers.

All industries operate within a broad bell curve of performance and good practices. At one end of teleservices operate the firms for whom the contact center is the literal hub of business information, decision making and activity. The customer service representative is well trained and compensated for their role in preserving and expanding the customer relationship. At the other end, even some Fortune 500 firms treat the contact center as the backroom of production in which little investment or development takes place.

Third, those individuals responsible for program design must take a longer term perspective. The decisions which annoy consumers in all areas of telecommunications are first and foremost matters of design. The perfect execution of a program designed to prolong queue times, or evade human contact will still yield negative reactions. It is the business rules we impose, and the metrics we use in a contact center which determine how companies are perceived during each and every contact or non-contact which occurs. Design starts with what companies choose to measure. Balancing technologies to deliver customers information and value in a means that satisfies the end user's needs must be the overriding goal. We are a truly efficient industry because of our unrelenting focus on achieving outcomes. We must pick outcomes that focus on satisfaction and loyalty and not simply on bits of time and small increments of profit.

As mentioned before, the industry requires a message that matters to the recipient. It is classic contact center speak to say, "You are only as good as your last call." In the modern age of experience driven consumerism, universal competition, and instant gratification, this trite comment becomes a truism. Unlike most other media, we can deliver a specific message to every person we talk to. Whether we discuss the personal relationship a telephone call enables, or the assurance of complete information tailored to a request, we must say something. Let us work together to craft a message which is simple, clear, and focused on the people that ultimately determine our success, our customers.

Finally, our collective interest in sustaining this channel must be matched with investment. Jack Valenti of the Motion Picture Association of America challenged us as an industry to “play in the big leagues.” He defined the big leagues as bringing \$500,000 or more to bear in political action committee coffers. The only way to be taken seriously about our issues is by earning respect. In Washington, respect starts with money, and is followed immediately by representation of businesses being affected by government actions.

Because PACs have historically required all donations be personal, it has been difficult to get even our well-compensated members to step up and make a contribution. This is an unfortunate and misguided behavior. Political activism is not a luxury for each of us, but rather a demand and a responsibility. For the first time, we will be able to work with contact centers directly to help their employees make contributions to our efforts through direct deposit. However, no contact center representative will follow suit unless the leadership of the firm chooses to loudly and proudly lead by example and make a personally significant contribution.

Our momentum of the past two years must continue. The steps taken toward effectiveness have only begun. The ATA and its members have won the first two hard fought battles of achieving legitimacy and credibility. The next natural steps are to participation in decision making and effectiveness in driving change.

What is the upside of continuing and accelerating the course of political engagement and the development of a consumer oriented strategy? First, we are assured of growth and prosperity instead of survival and decline. Secondly, by leading instead of waiting, we will participate in designing our future. Finally, the pace of change is better managed by being part of the process instead of a victim to it.

Imagine a world in which the contact center industry is embraced. My recent trip to the Dominican Republic gave me a taste of what the future could be for our industry. As politicians respect and understand the role of our channel and the value to employees and customers alike, we are greeted as friends and treated with respect. We will always be sought after for the jobs a contact center can provide. The real potential is to unlock the treasure of consumer acceptance and encouragement. As we work together on every call and in every contact center, and with every company it is possible to create the satisfaction which will change behavior. This is not a quick fix strategy, and it will not be easy to accomplish.

Change by its nature is extremely difficult. We know that business practices and short-term profitability can be dramatically impacted by even modest change. But we are not focused on making a difference for today, and this quarter, but for the future. In the movie, *Harry Potter: The Goblet of Fire*, Headmaster, Albus Dumbledore tells Harry: “Dark and dangerous times lie ahead, and soon we will all have to choose between what is right and what is easy.” It is my sincere belief that we have the ability to choose what is right. Right is defined in this context as making hard choices concerning our short-term interests, investing in our long-term image and by compromising in areas which will

dictate different business practices. It is a certainty that change will occur, and it will occur soon. It is now our decision by whose hand this change will take place.

In advance, I want to thank you for your courage. It will be an interesting road we will travel together in the next few years. To achieve our goals, I would ask you to be patient with each other and patient with the ATA. The national organization is not the arbiter for change, but rather the facilitator of the dialog amongst our members. As such, we will bring up uncomfortable topics; have difficult meetings and discussions and at times watch members strongly disagree with one another. This is to be expected. No great change comes without some sacrifice and friction. Through the rigor of serious examination, we must have faith that our members will make good decisions. The key is to maintain our resolve to serve our customers, answer fair concerns and manage our own future.

Thank you for your continued support and your candid feedback.