

INTERACTIVE INTELLIGENCE

Recording and Quality Monitoring for Regulatory Compliance

Whitepaper

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Abstract

Regulation is not new in the business world. However, in recent years the regulatory environment has become a potential minefield many organizations must navigate. These organizations can no longer avoid regulatory impact and must look to their people, processes and technology to assist them in the difficult job of maintaining and proving compliance.

The Interactive Intelligence integrated suite of products provides a platform from which managers, compliance personnel and trainers can mentor employees on compliance, and measure their performance towards that goal. More importantly, the platform enables organizations to capture and cost-effectively store every critical interaction for immediate retrieval if proving compliance becomes a necessity.

This whitepaper covers best practices in monitoring, recording and scoring agents to achieve, verify and substantiate compliance.

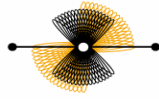
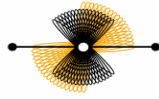


Table of Contents

| | |
|--|----------|
| Abstract | 1 |
| Executive Summary | 3 |
| Recording Interactions | 4 |
| Training and Mentoring | 4 |
| Monitoring and Coaching Agents | 4 |
| Assessing and Coaching Agents – Best Practices | 5 |
| Scoring Recorded Interactions | 6 |
| Demonstrating Good Faith | 6 |
| Calibration | 6 |
| Percentage to Score | 7 |
| Designing the Scorecard – Best Practices..... | 7 |
| Proving Compliance | 8 |
| Recording Verification | 8 |
| Searching for Interactions | 8 |
| Reporting | 9 |
| Case Study | 9 |
| Conclusion | 9 |



Executive Summary

Scenario: An Attorney General's office calls and informs you that your firm has been cited in a complaint, stating that you have not complied with the regulations governing your industry. If you are found guilty, the fines start at \$100,000 and increment exponentially. How quickly and easily can you defend your organization and prove that your employees followed the letter of the law?

This scenario may seem extreme to some, but for organizations in heavily regulated industries, each day it becomes more common. For some organizations, the difficulty in proving compliance is at the heart of a number of nuisance lawsuits, where consumers threaten to lodge complaints in the hope that firms will "pay them off" for not reporting them.

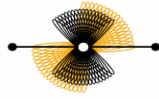
Risk management in today's business environment has become increasingly complex, and penalties are also growing. Management of risk must include the actions of your organization, and the actions of any contractor on your behalf. You must carefully evaluate any legislation that may pertain to your operation. Any number of regulations may cover how you engage with your customers and prospects and how you handle your records. The burden of proof of compliance rests with the business.

Your technology platform can reduce the complexity of the compliance challenge and can protect you from many of the risks. A fully integrated, bundled communications suite enables organizations to provide one interface across the company when working with customers and prospects. The platform permits the recording of all critical interactions, no matter what the type. The single database facilitates quick retrieval of any interaction data regarding contact with a customer or prospect, including the names of all internal employees who interacted with them. It also facilitates quick retrieval of recorded interactions in the event of an audit, or the threat of a nuisance lawsuit. To help you train your teams for compliance, it provides an integrated interface for coaching and scoring. And to view overall performance, a fully integrated platform provides both real time monitoring of interactions, and unified, historical reports across your contact centers and the enterprise.

Your technology platform can also protect you by ensuring a recording's contents. In the event greater scrutiny requires proof of adherence, or requires the submission of recordings as evidence in a court of law, you will have to substantiate your overall security. Systems which highlight any instances of tampering with recordings provide overall peace of mind to management.

Organizations who are heavily regulated take their performance seriously—they have to in order to stay in business. They invest in technology that assists them to cost-effectively manage a successful compliance program. In so doing, they give themselves a competitive edge over similar organizations still performing many tasks manually, or still using disparate systems that are unable to provide a unified view of regulated activity. They also adhere closely to best practices in how they plan and execute their compliance program.

This whitepaper covers lessons learned and best practice recommendations on recording and agent monitoring for regulated organizations.



Recording Interactions

Most organizations who manage compliance successfully recommend recording all interactions that could be subject to regulation. The ability to record all interactions protects you in the event one or a group of those interactions comes into question later.

As a result, your recording solution must be flexible enough to enable configuration of recording by business rules, specifying 100% recording of all interactions, or allow selective recording, of interactions that will be subject to regulation. They may be just those that are delivered to special queues or those identified via IVR selections, but to succeed, your solution must permit the capturing of what is important to you. As you plan, take into account the fact that your call flows will most likely change over time, and your needs alter based on the evolution of your business, or changes to current legislation.

You must also take into account retention of records, including recordings. Effective compression of recordings is essential if you conduct a high volume of calls, and your platform must be flexible in how it works with various storage solutions. For any regulated business where recordings must be retained for multiple years, easy access to archived recordings must be an essential part of your system.

Training and Mentoring

Initial training is critical to get employees off on the right foot. However, ongoing training and mentoring must be provided to keep up with regulatory changes. Your recording solution can assist you in providing material for both the initial and ongoing training sessions.

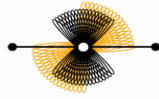
Recordings of both ideal and less than ideal interactions can be saved and used for training purposes. Both types of recordings provide excellent examples for employees—both to highlight how to handle certain types of transactions, and to highlight the pitfalls an employee should avoid. Digital recordings can be posted to an Intranet site for mentoring purposes, emailed to employees, or simply played back from your recording interface during a training session. Files with accompanying screen recordings can be used to view exactly how to log into selected screens to access data.

Via their management dashboard, supervisors can also “tap into” live interactions of experienced, skilled employees to highlight important points made during the mentoring session. Naturally privacy concerns must be taken into account when determining which interactions may be monitored live by the group.

Monitoring and Coaching Agents

A real time management application or “dashboard” is critical to a compliance program. It permits management to view all interactions in progress and allow selection of those interactions they would like to monitor more closely. For instance, supervisors may want to listen in on interactions that are significantly longer than the average length to see what is being said to the customer. Or they may plan on monitoring interactions of their newest agent, to hear how they are handling prospect questions.

To assist agents, supervisors should be able to coach them in multiple ways. Education studies have shown that we all learn differently, and what works for one agent won't necessarily work for another. Among the choices to use: supervisors can continuously listen to an individual agent as they talk to customers or prospects. Listening to more than 1 interaction gives the supervisor a sense of the rhythm of the agent, how they handle follow up time, when they choose to make themselves available again for the



next interaction, and how they respond to very different requests from interaction to interaction. When a supervisor feels the agent needs assistance, they should be able to join the interaction in progress. They may prefer to use a “whisper coach” option, enabling them to speak to the agent without the caller hearing the trainer. It is important to note that agents must be aware of the whisper coach option, and have practiced it during training. Without careful preparation, suddenly hearing their manager’s voice in their ear as they try to work with a caller can unsettle an agent and cause them to give even worse service to the customer.

For agents who read and write well, supervisors may also choose to initiate a web chat or series of Instant Messages with the agent and send written suggestions without the customer or prospect realizing the agent is being coached. If supported in your coaching solution, supervisors can also participate in a conference call with the agent and the caller, and utilize the conference chat feature to send written suggestions to the agent.

The range of monitoring and coaching options enable supervisors to work with agents in different ways, depending upon the agent’s strength. Some may be more comfortable listening to a supervisor while talking with a customer, others may prefer written instructions.

In an emergency, agents who feel they are in trouble with a customer should have some type of mechanism to invoke assistance from management. A supervisor can join the interaction and choose the appropriate function to then assist the agent.

Assessing and Coaching Agents – Best Practices

1 – Discover and utilize each agent’s preferred method to learn

Each person has a preferred way of learning, and they are most effective when they use that method, or “modality”. Some people learn best by listening, and are referred to as auditory. Some learn best by seeing something, whether a bulleted list of instructions, or a flow chart, and they are referred to as visual. Some actually learn best through body movement, and are referred to as “kinetic”. Think of creative ways to assist your agents to learn their compliance material through the method that works best for them. For instance, for kinetic learners, create an “obstacle course” in your training facility, and have them move through and act out or describe each of the compliance steps in their interactions. If they truly learn by movement, this will help them retain and internalize much more of the information than if you presented them with a static list of steps.

2 - Combine real time monitoring assignments with review of recorded interactions

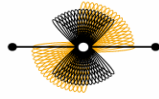
It is easy to get distracted while listening to a call or viewing a web chat in real time and critical portions of the interaction may be missed. If you base all your assumptions of agent performance and compliance rates on real time monitoring alone, you will miss a significant part of the picture. It also becomes more difficult to review the performance in detail with the agent after the fact.

3 - Get a good statistical sample if you are sampling for regulatory adherence

Just reviewing one interaction a month may not net a supervisor a real view of how the agent is performing. The more variety in your interactions with customers and prospects, the higher the sampling should be to reflect that variety, and how the agent handles it.

4 - Assess regularly to give ongoing feedback on performance

To ensure that employees don’t misinterpret a new ruling, or get into bad habits that could result in expensive penalties for the organization as a whole, assess on an ongoing basis, rather than capturing and assessing the first batch of interactions during the period. For instance, plan on



evaluating a certain percentage of interactions every two weeks, and spread them out over the two week period.

5 – Set your recording rules or plan your live monitoring so that agents cannot identify which interactions will be reviewed

In the words of one savvy supervisor, “If they have no idea when we’re listening, they’re more likely to internalize the right behavior. It becomes a habit.”

Scoring Recorded Interactions

In particular types of transactions, evaluation may need to occur on a daily basis. For instance, Sales Verification typically occurs as quickly as the organization can listen to and score recordings. In addition to the organization’s need to gauge its sales, where commissions are involved, employees are anxious to get immediate feedback.

Utilizing a system that enables rapid retrieval and evaluation becomes critical, particularly when high volumes of interactions are involved. The more manual work is involved, the more the team becomes bogged down and cannot process the evaluations quickly enough.

Demonstrating Good Faith

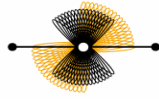
The act of scoring can demonstrate a good faith effort to try to comply with regulations, which is a significant need in many organizations. Each scoring event in your solution, including the creation of Compliance Templates should have a date and time stamp. Each individual scored recording also provides a date and time stamp, as well as the name of the person performing the scoring. As a result, scoring can demonstrate to an auditor that as an organization, you take compliance seriously and are making efforts to achieve 100% compliance.

The following tips and tricks can assist you in building a high quality scoring program to help you achieve that goal.

Calibration

Team members charged with the task of scoring recordings must score in a like fashion. If one person is more lenient than another, employees will assume their scores are more a result of the person who scored them than an outcome of their own behavior. It is human nature to diverge in interpretation of events and statements, however for the members of the scoring team, they need to interpret and score in a uniform fashion for the program to succeed. To achieve uniformity in scoring, conduct calibration sessions with the team members who will be evaluating and scoring interactions. A calibration session requires the evaluators to score the same interaction and compare their scores. To keep calibration session scores separate, create a Calibration Questionnaire that the team members will use for the exercise.

To enable calibration, the same recording must be selectable for scoring by all team members, and a report must show the differences in score by each of the scorers. The team members must then discuss their interpretation and come to agreement. This may require a resource from the legal team to clarify particular points and make a determination as to whether certain statements or activities comply or not. Another check point might be to periodically have a member of the legal team perform a spot check review of completed scorecards to ensure that scorers are still accurate in their interpretation of compliance.



Percentage to Score

Many teams increase the percentage of scored recordings for newer employees, and decrease the scoring percentage for experienced employees known to excel. Even with consistently excellent employees, some random scoring should take place to ensure their performance remains at the highest level of quality, and that they continue to take compliance seriously.

Designing the Scorecard – Best Practices

1 - Make the evaluation objective

For compliance, questions should be as objective as possible. Removing subjectivity improves accuracy of scoring across the team members and also clarifies for employees exactly what should and should not be done.

2 – Provide instructions to the scorers on exactly what you mean by a question

In a help file or a context driven popup, aid the scorer in the event they are unclear as to what you consider the appropriate criteria for answering a question. For instance, if you ask whether the agent uses good grammar, what are some of the fundamentals you're looking for?

3 – Provide plenty of room for freeform comments

Freeform comments should not affect the score of the employee. For each scorer to give meaningful feedback, we strongly recommend providing room for freeform comments. A best practice would include at least one freeform question per general subject area. Some of our customers insert a freeform question after each standard question to enable very specific feedback and commentary to the employee.

4 – Where possible, try to word the question in a positive way rather than a negative way

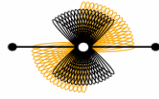
While not always feasible, it is easier to understand the question when it is couched as a positive rather than a negative. It has been proven that students taking tests misinterpret negative questions far more frequently than positive questions.

5 – Consider the behavioral outcome of your scoring

Some firms grade so strictly agents must always respond with exact wording to whatever a customer may say. Where compliance dictates response, script adherence should be reinforced and agents scored against it. However, where it is not an issue of strict compliance, consider the behavioral outcome of your scoring and how the customer will perceive it. For example, if agents will only get a good score by greeting the customer in the exact same way, no matter what the customer says, the agent will use that greeting word for word. It may sound ideal. However, you may find that to your customers, it seems insensitive, as the agent doesn't actually seem to be listening to them and is merely responding by rote.

6 – Grading

You may weight questions differently depending upon their importance. Questions such as whether the employee greeted the customer by name may be important, but not as important as whether the employee adhered to regulatory guidelines. A flexible grading scheme enables you to specify when an individual question is particularly important, and can cause a "failing" grade. By doing the weighting at the question level rather than just the subject area level, you have more control when it comes to determining which items are most important to you. You can still view the summed score of a subject area's questions to decide whether additional training is needed in that particular area.



7 – Not Applicable Questions

In some cases, depending upon the nature of the interaction, some questions will pertain and others will not. Plan in advance when building your scoring template as to how you will handle scoring in the event certain activities don't occur, or unexpected items come up. Will you require the scorer to jump to another scoring template? Will it be accommodated in freeform comments? If your scoring template does not allow for questions that can be selected "not applicable" on the fly, you'll have to carefully plan for these scenarios in advance.

8 - Plan in Advance How to Handle Escalated Issues

You should plan in advance how you will mark recordings for retrieval if they should be escalated, perhaps for further legal review. The ability to add a flag to them for retrieval will be essential, as quick action is needed in some cases to ensure compliance. For example, the legal team's assessment of a situation that came up in a call might be cause for additional training to an entire group of agents.

9 – Reviewing the Score

As a general rule, in reviewing scores with employees, try to use positive feedback to encourage them to improve. Be clear on where they did not comply, or could improve, but also focus on the things they did correctly. Consider having supervisors take a course to facilitate better coaching.

Proving Compliance

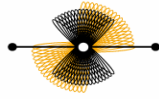
Quick retrieval of recordings is critical when questions of compliance come into play. You should be able to search by "standard" attributes, such as the recording's date, time, the user participating, the workgroup the interaction was assigned to if applicable, the caller ID, email sender address or other information about the external participant, as well as a variety of other data. You should also be able to easily search by organization specific data, such as a customer's unique ID from a database lookup. The ability to search by "custom" attributes makes it easier for organizations to cost-effectively retrieve critical recordings to prove compliance.

Recording Verification

More and more, email and recordings are showing up as evidence in courts of law. In the event you must substantiate your compliance, it is important to have a solution that reduces the potential for tampering with recordings, whether they are call recordings, or some type of written medium, such as email or web chats. If you do not have a solution that can indicate when a recording may have been altered, it can be contested in a court of law. Recording verification offers peace of mind to management that the recording managed by your solution is truly what transpired at the date and time shown on the recording.

Searching for Interactions

On occasion, management may be required to show exactly when someone interacted with a customer or prospect, or whether that customer or prospect was contacted at all. System logs can assist, as can recordings, if all interactions are recorded. Quick retrieval of a recording is essential if verification of the call's contents becomes necessary. The digital format of the recording makes it easy to e-mail if needed to deter a lawsuit, or to substantiate a case in court.



Reporting

Scoring reports must be available to gauge performance. Reports should also be available to view the content of any scoring template. Performance scores of multiple employees can be compared to view compliance across a group. Use sensitivity in posting individual or team results to ensure you do not discourage team members, but in the right context, competition for 100% compliance can be a healthy atmosphere and reinforce good adherence. Contests and rewards can make the competition enjoyable for all instead of viewing it as a dull business necessity that everyone would prefer to ignore.

As your compliance program gets underway, compare the results to your initial baseline. Is compliance improving? Reward the group as a whole if the team's overall compliance rate improves—it will ensure greater adoption across the group, and reinforce higher standards and a subtle peer pressure to comply.

Case Study

One of Interactive Intelligence's most successful customers is a large Teleservices firm based in Texas that places roughly 56 million calls a year. They record all connected calls, or approximately 70 million calls a year. Their training department covers regulatory compliance procedures in initial agent training, including an online certification test. In the post-training environment, the Account Managers are responsible to ensure all Team Leaders and agents remain familiar with all call compliance issues for the states they are calling. All employees receive updated training on a quarterly basis unless interim updates are necessary.

In the event the organization must prove compliance, employees are able to retrieve the recorded interaction in a matter of minutes and e-mail it to the appropriate government or legal contact. The organization has never been fined, and has gained a sterling reputation with government agencies for their consistent high standards and the promptness with which they are able to respond to these types of requests.

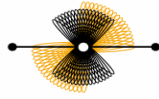
To this organization, their business reputation is their greatest asset, built over many years of hard work. The Interaction Center platform enables them to not only handle the high volume of interactions they must conduct for their business, but also provides insurance against unjust claims that could damage their standing as one of the premiere Teleservices agencies in the United States.

Conclusion

Automatic recording based on business rules captures the contents of an interaction—whether in an email, a web chat, or a phone call. A single, fully integrated platform permits immediate retrieval of data and recorded interactions in the event greater scrutiny requires proof of adherence.

Recording all interactions subject to regulation serves as a good insurance policy. Coaching and mentoring capability enables trainers to get new employees off on the right foot, and reinforces compliance in existing employees. Scoring recorded interactions and tying rewards to compliance at both the individual and group level reinforces successful behavior, inspiring teams to take pride in “right behavior” and internalize it as part of the company culture. In addition, it shows that your organization takes compliance seriously, demonstrating your good faith effort to auditors and government officials.

Interactive Intelligence's platform provides tightly integrated components which seamlessly support your communication needs and provides the tools necessary to monitor and support ongoing compliance



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efforts. Its unified platform enables a greater breadth of functionality and more comprehensive reporting without ongoing integration costs and delays.

Through our Customer Advisory Council Interactive Intelligence maintains close links with customers in commonly regulated industries, such as Financial Services, Healthcare, Teleservices and Insurance. We will continue to invest in ways to ease the burden of regulatory compliance, whether through improved management of interactions, of employees, or of the technology itself.