



Case Study

Financial Services

Financial Services Company Partners with TeleTech to Improve Customer Satisfaction



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INDUSTRY Financial Services

THE COMPANY One of the world's largest retail banks

LINES OF BUSINESS Consumer Banking, Small Business Banking, Investment Banking, Capital Markets, Lending

NUMBER OF EMPLOYEES More than 200,000

2005 ANNUAL REVENUE More than \$50 billion

PROGRAM Consumer Banking - U.S. Inbound Customer Service and Support

ESTIMATED FULL-TIME EQUIVALENTS (FTEs) More than 15,000 Total FTEs (Client and TeleTech)

1,050 TeleTech-based FTEs (Morgantown, West Virginia and Kalispell, Montana)*

*These FTEs (Full-Time Employees) support one of nine client proprietary applications within Customer Service and Support

02

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TeleTech®

Business Challenge

One of the world's largest retail banks, a long-term TeleTech partner, is focusing on customer satisfaction as the critical factor to acquiring, growing, and retaining its consumer base.

The bank, having recently acquired a major competitor, needed to expertly support both new and existing customers. Striving to maximize each of these relationships, the company mandated a customer satisfaction rating goal of 83% or better, for each of the 10 contact centers supporting its Consumer Banking inbound program. At the same time, the bank wanted to lower average handle time (AHT).

Solution

TeleTech developed and implemented a plan at its Morgantown, West Virginia customer management center (CMC) to significantly increase and sustain customer satisfaction scores. The plan included both short- and long-term strategies that combined TeleTech's Six Sigma-based (see sidebar) approach to process improvement with its innovative Optimum Rewards™ program.

Short-Term

TeleTech aligns CSR performance with key client metrics to achieve the client's business objectives. To rapidly improve customer satisfaction scores, a TeleTech process improvement team, led by a Six Sigma Master Black Belt, implemented strategies that focused on CSRs who performed close to the client goal (in the 80% range). The target CSRs were grouped so that their scores could be monitored and improved as part of the CMC's monthly performance management process. They were then teamed with CSR mentors whose scores were in the 90% range, and performance benchmarks for achieving high scores were defined.

The center's quality assurance department conducted team coaching sessions, which provided feedback to the target group on their recorded calls, and quality assurance specialists also conducted four side-by-side coaching sessions during live calls with individual CSRs. Additionally, the center's senior operations manager held two daily meetings to review performance, provide a public forum for recognizing high-performing CSRs and teams, and foster healthy competition within the CMC.

The target group's response to these efforts was overwhelmingly positive. Traditionally, management focused on rewarding high performers and coaching low performers; management's additional focus on mid-level achievers helped raise the CMC's overall customer satisfaction scores to a higher level.

By following the Six Sigma principles of defining goals for improving customer satisfaction scores, rigorously measuring performance, analyzing group and individual performance for areas of improvement, and recognizing and rewarding CSRs who reached the client goal, 70% of the target CSRs moved to receiving scores in the 90% or above range within one month of implementing the process improvement measures.

Long-Term

TeleTech believes that beyond achieving short-term improvements, sustained high performance is essential to maintaining high customer satisfaction over the long term. TeleTech's Optimum Rewards™ program, part of TeleTech's proprietary human capital strategy, motivates employees to continually strive to achieve a client's strategic goals.

Six Sigma is a disciplined, data-driven problem solving approach that measures the quality of a company's products and services. It is a set of management tools, methodologies, and strategies designed to maximize customer satisfaction, productivity, and shareholder value.

TeleTech's Success Through Enhanced Performance (STEP) program incorporates Six Sigma's DMAIC approach as the foundation for all continuous improvement activity.

→ DMAIC

- Define project goals
- Measure the process performance
- Analyze the root cause of defects
- Improve the process by eliminating defects
- Control future process performance

This strategy is customized for TeleTech's customer management business, which requires rapid implementation of improvement processes to quickly achieve measurable, sustainable results.

Six Sigma certified practitioners achieve levels of mastery denoted by White Belt, Yellow Belt, Green Belt, and Black Belt.



The elements of TeleTech's Optimum Rewards™ program — performance management, Agent Variable Pay (AVP), and Agent Base Pay (ABP) — are tied directly to client metrics.

Performance management is used to give employees what they need to excel by setting metrics; communicating essential skills, knowledge, and behaviors; and by providing feedback and coaching opportunities. CSRs are then rewarded for achievement against established metrics in the form of Agent Variable Pay, which is tied to monthly achievement levels, and Agent Base Pay, which accelerates based on consistent performance.

Empower, a tracking and reporting tool, brings performance management and rewards 'to life' at the desktop via separate access portals for CSRs, supervisors, and managers. Empower's 'dashboards' provide CSRs with daily, self-directed performance management views that accurately estimate AVP payout based on month-to-date performance. CSRs can also enter goals into Empower to see exactly where their performance needs to be to make the AVP and ABP payouts they wish to receive. In addition, dashboards created for supervisors and managers provide aggregate, real-time analytics in order to effectively manage performance at the CSR, CMC, program, or client level.

TeleTech designed Optimum Rewards™ with the flexibility to modify metrics in order to improve performance, and to track and measure whether the modifications produce the intended results. For example, to reflect the bank's desire for both improved customer satisfaction scores and decreased average handle time (AHT), TeleTech revised its criteria for measuring CSR performance. The original criteria balanced 'customer satisfaction' with 'availability.' TeleTech determined that its Optimum Rewards™ program successfully motivated its CSRs to exceed the client's goals for availability, while not pushing the performance envelope on AHT. As a result of this insight, 'availability' was removed from the metrics, replaced by 'average handle time.' The methodology behind Optimum Rewards™ then ensured that the client's business goals were met: through performance management, the revised metrics were established and communicated; TeleTech CSRs and supervisors were able to measure CSR performance against these metrics directly from their desktops using Empower dashboards; and Agent Variable Pay and Agent Base Pay rewarded CSRs for improvement against the revised goals.

TeleTech's human capital philosophy is ultimately to align the workforce to the client's strategic goals. Clear goals help employees understand how and why their contribution matters, and rewards inspire them to improve performance, enhancing the customer experience and encouraging customer loyalty and retention.

Learnings and Outcomes

While TeleTech improved customer satisfaction for the client, it also lowered average handletime (AHT). These can be perceived as opposing goals, because lowering AHT is associated with reducing the expense to support customers, while increasing customer satisfaction focuses on generating revenues due to increased customer loyalty and retention. Recognizing the importance of delivering sustained results in both areas, TeleTech helped the client achieve a balance between its operational cost savings and customer retention goals through process improvements that established performance benchmarks and provided continuous measurement, analysis, and feedback for CSRs to improve performance. Additionally, TeleTech's Optimum Rewards™ program motivated its CSRs to meet or exceed the client's business goals while maximizing the customer experience.

TeleTech Optimum Rewards™ Inspires Achievement

The Optimum Rewards™ program generated an atmosphere of achievement throughout TeleTech's Morgantown, West Virginia CMC. "I've never seen another incentive program match the excitement that Optimum Rewards™ creates," said the center's senior operations manager. "CSRs are eager to receive coaching on how to improve their performance, and will actually request it because they want to increase their Agent Variable Pay (AVP) and Agent Base Pay (ABP). It's one thing to have coaching opportunities with employees because you initiate them; it's amazing when they initiate those conversations because they feel that their performance is truly rewarded."

04 Financial Services Company Partners with TeleTech to Improve Customer Satisfaction



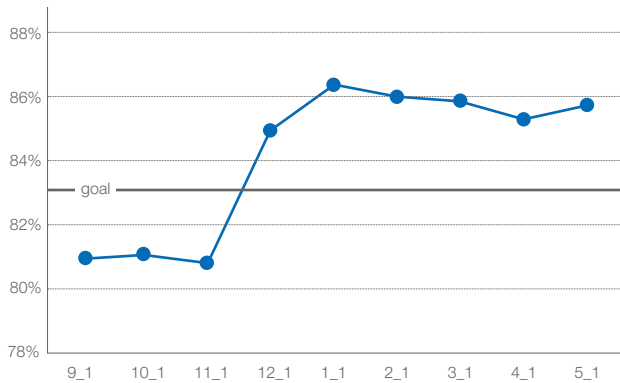
TeleTech®

Upon implementation of TeleTech's strategies, the Morgantown CMC's customer satisfaction score increased by 4% to 84.8% in just one month. Based on historical data, the client considers a 2% increase in one month to be "phenomenal". This positioned the CMC as "best in class" out of 10 other centers (two of which are currently operated by TeleTech). The CMC went on to increase its score by an additional 1.5% during the following month, resulting in a 5.5% increase in two months to a rating of 86.3%. Such an improvement was unprecedented in the client's history. The CMC held the number one or two ranking in customer satisfaction among the 10 centers for the past six months between December 2005 and May 2006. During the same period, AHT decreased by 31 seconds to the client goal of 208 seconds, and the goal has since been surpassed by another four seconds.

TeleTech's Kalispell, Montana CMC, launched in October 2005, is now vying with Morgantown for highest performance among the 10 centers, holding the number one position in April and May 2006. Since the program's launch, the CMC increased its customer satisfaction scores by 15.2% to a score of 87.1% in May 2006. Kalispell also lowered AHT while increasing customer satisfaction, with an AHT decrease of 39 seconds, 9 seconds below the client's goal, between January and May 2006.

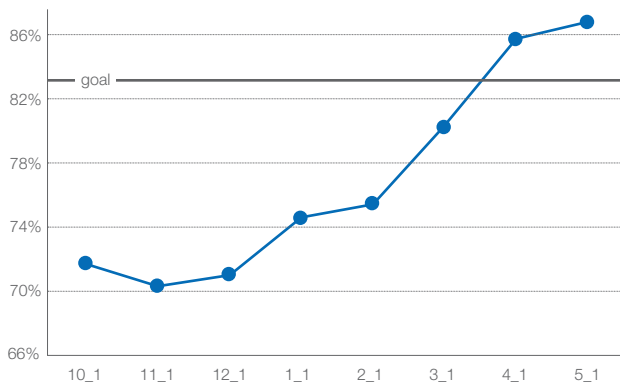
Metrics

Fig. 1 Morgantown Customer Satisfaction
September 2005 through May 2006



Month	Goal	Actual	Δ	Rank
September	83.0%	81.1%	-1.9%	
October	83.0%	81.4%	-1.6%	
November	83.0%	80.8%	-2.2%	
December	83.0%	84.8%	+1.8%	#1
January	83.0%	86.3%	+3.3%	#1
February	83.0%	86.0%	+3.0%	#2
March	83.0%	85.9%	+2.9%	#1
April	83.0%	85.5%	+2.5%	#2
May	83.0%	85.8%	+2.8%	#2

Fig. 2 Kalispell Customer Satisfaction
October 2005 through May 2006



Month	Goal	Actual	Δ	Rank
October	83.0%	71.9%	-11.1%	
November	83.0%	70.3%	-12.7%	
December	83.0%	71.1%	-11.9%	
January	83.0%	74.6%	-8.4%	
February	83.0%	75.4%	-7.6%	
March	83.0%	80.3%	-2.7%	
April	83.0%	85.9%	+2.9%	#1
May	83.0%	87.1%	+4.1%	#1

North America

Latin America

Europe

Asia-Pacific

