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Meeting the Legislative Challenge to Predictive Dialing

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The Federal Trade Commission confirmed last month that its target for calls abandoned by predictive dialers would be set at 3 percent of answered calls, to be effective at the end of March. The Federal Communications Commission also has jurisdiction on dialers and has yet to rule.

But whatever the outcome, it is clear that the way in which predictive dialers are used will change for good, not just in the United States, but in other countries, many of which look to the United States for guidance on best practices in this area.

The 3 percent limit is the subject of hot debate. Some industry participants argue for 5 percent, and with the FCC likely to seek a common set of rules with the FTC, a change to 5 percent is possible.

Our own experience suggests that anything less than 3 percent will disenfranchise smaller users, who make up the bulk of the active market — though with a good dialer design, most bigger call centers should be in good shape. A limit of 5 percent would make things easier for smaller call centers and, critically, would help discourage the noncompliance that a lower rate might otherwise lead to.

Followers of this debate may be wondering about the disparity that exists between these figures, industry claims for current performance and the complaints that consumers have made about nuisance calls. If you read industry submissions to the FTC and FCC over the past year, you could be forgiven for thinking that the actual nuisance call rate is running at only 5 percent of answered calls. If that is the case, then why all the complaints from consumers about abandoned calls?

Some call centers are working at this level, but they are unrepresentative of the market as a whole. Real levels of nuisance calls are well above 5 percent. It is not a popular thing to say, but I am darned if I can see any way that the outbound industry can argue for a 5 percent limit unless this unpalatable fact is owned up to. The truth is that a 5 percent limit would represent a huge reduction on what consumers are being asked to put up with today by way of nuisance calls, if it were enforced across the market.

What is certain is that dialers will have a lot less scope to do their thing than they have had until now. Remember when legislation was introduced to curb vehicle emissions? All manufacturers were given a grace period to comply. Why isn't the same happening with predictive dialers? Maybe the pressure for change has something to do with it, but no one in the industry seems to have asked for more time.

Does it mean that predictive dialing algorithms have achieved the ultimate in design? Not at all. Most designs were conceived in an unregulated environment where precision in design to cope with low nuisance-call levels was not a priority. No amount of branding, industry prizes or white papers will compensate for this. Whatever the FTC and FCC conclude, call center managers everywhere are going to have to get to grips urgently with the magic science of predictive dialing or risk losing competitiveness.

For the first time, top-class design will become a "must have." Of course, any dialer can be made to comply with the new rules. But that's not the real issue. What matters is that compliance is accompanied by effective performance. The only way to achieve that is not by tinkering, but by a radical rethink on design. Whether the limit for abandoned calls is 3 percent or 5 percent, the outbound market will have life after the FTC and FCC are finished. But how does the beleaguered call center manager get there? Here are five tips on good design sense:

- o Look for a dialer that can determine the right dialing rate immediately, no matter what is happening on a campaign. Beware any dialer that "seeks" the right dialing rate while a campaign is running. It can do this only by "wasting" abandoned calls in the process.

- o Look especially for a dialer that can instantly recalibrate itself to the right dialing rate when agents enter or leave a campaign.

- o Remember that abandoned calls have to be seen as a scarce resource. If your dialer wastes them, then your predictive performance is in trouble.

- o Beware of any solution that predictively dials for a "specific agent." Intuitively, it sounds like the right thing to do. But it never was a good idea, and now that there are strict limits on "dead air," to do so is to invite unwanted abandoned calls.

- o Avoid the use of standby agents as a solution to dialer performance problems. Standby agents are just that. They need to stand by, and they cost. This idea went out of fashion years ago for just this reason.

And, for the wider picture, here are five tips on good business sense:

- o Look for a dialer whose settings can't be interfered with by your supervisors, who may think they know best or may try to correct the dialer's mistakes. A well-designed dialer always knows best.

- o Look for a dialing solution whose settings don't let you exceed legislative limits. Why allow the risk of bad practice that could land you with heavy penalties?

- o Ask for a free trial. Don't go in for an expensive upgrade or a new product until you can be sure it will deliver good predictive performance.

- o Do some benchmarking between products to ensure you choose the best one for your operation, but make sure you are comparing like with like.

- o Above all, take responsibility yourself for ensuring you stay within the rules and stay competitive. Don't believe anyone's hype. Look for proof that the product you choose is genuinely effective under compliance. If that is not forthcoming, keep your money in the bank.