



INTERACTIVE INTELLIGENCE®

# Recording and Quality Monitoring for Regulatory Compliance

WHITEPAPER

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## Abstract

Regulation is nothing new in the business world. In recent years, however, the regulatory environment has forced many organizations to navigate a potential compliance minefield. Because these organizations can no longer avoid regulatory impact, they must look to their people, processes and technology to assist them in maintaining and proving compliance — a difficult job indeed.

The integrated suite of products from Interactive Intelligence provides a platform from which managers, compliance personnel and trainers can mentor employees on compliance, and measure their performance towards that goal. More importantly, our 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 and substantiate compliance.

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## Introduction

Imagine this 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 might seem extreme, but each day it becomes more common for many organizations in heavily regulated industries. For some businesses that don't pay enough attention to regulatory guidelines, the difficulty in proving compliance often leads to a number of nuisance lawsuits, in which consumers actually threaten to lodge complaints with the hope that a firm will "pay them off" for not reporting a regulatory transgression.

More so, regulations and risk management in today's business environment have become increasingly complex, and penalties are growing. Managing risk must therefore include the actions of your entire organization, along with the actions of any contractor on your behalf. And that requires carefully evaluating any legislation that pertains to your operation. In other words, any number of regulations can cover how you engage with your customers and prospects, as well as how you manage your customer contact records.

Yet, ultimately, the burden of proof regarding any compliance issue rests with your business.

Beyond the personal aspects of compliance challenges, your technology platform can reduce regulations complexity, and can in fact protect you from many compliance risks. One primary example is a fully-integrated bundled communications application suite for the contact center and enterprise — including applications for things like quality monitoring and interaction recording. When working with customers and prospects, such bundled solutions typically enable consumer-driven companies to provide one platform and interface across their organization and every customer touch point.

In turn for compliance purposes, a single multi-channel platform that incorporates monitoring and recording capability permits the recording of all critical interactions, regardless of media type: phone call, fax, e-mail or Web text chat. Similarly, a single database for managing multimedia recording files can speed the retrieval of interaction data related to contact with a customer or prospect, along with the names of all employees who interacted with that customer or organization. A single database for storing recording files likewise facilitates the rapid retrieval of recorded interactions in the event of an audit or nuisance lawsuit. Most of all to help train employees and agent teams for compliance, an integrated recording/ storage framework provides a powerful interface for coaching and scoring, while an integrated platform provides real-time interaction monitoring to view performance across your contact center(s) and enterprise, often including historical reports for continuous improvement.

Consider this as well. Your technology platform can protect you by ensuring a recording's contents, especially in litigation cases where greater scrutiny requires proof of adherence (the submission of recordings!) as court evidence to substantiate overall recording security. Systems that highlight any instances of tampering with recordings favorably lend to evidence presented in a court of law.

When it comes to compliance, heavily regulated organizations must take their performance seriously to stay in business ... and to give management peace of mind. The smart ones thus invest in technology that enables them to adhere to best practices in planning their compliance program, that lets them successfully execute the program once in place, and that allows them to do so in a cost-effective manner. And for those businesses that invest wisely, they create a competitive edge over similar organizations that still conduct compliance management tasks manually, or that can't quite get a unified view of regulated activity because they still use disparate hardware systems.

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

## **Recording Interactions**

Organizations that most successfully manage compliance always recommend recording *all* interactions potentially subject to regulation. The ability to record such interactions protects you in the event that a particular interaction, or group of those interactions, comes into question later.

To cover every base, your recording solution must be flexible enough to let your organization configure recording processes according to its business rules, whether those rules specify recording all interactions subject to regulation, or selective groups of recordings that are more likely than others to fall under the compliance radar. For instance, interactions to be recorded might only be those delivered to special queues or those identified via IVR selections. Whatever the recording business rule, compliance success comes down to a communications solution that allows you to capture what's most important to your business and its customers. Also as you plan a recording strategy, keep in mind that call flows across your organization most likely will change over time, and that customer contact and interaction needs change as well based on the evolution of your business and ongoing changes to legislation.

On the back end of the recording process is recordings file storage. If your business records a high volume of calls, effective recording files compression is essential, as is technology platform flexibility to accommodate various storage solutions. Overall for any regulated business that must retain recordings for several years, easy access to archived recordings must naturally be an integral component of your system, and must be planned for accordingly.

## Training and Mentoring

Initial compliance training for employees is vital when it comes to regulatory guidelines. More vital, however, is ongoing training — and mentoring — to keep employees apprised of regulatory changes. Your recording solution can actually help for initial as well as ongoing compliance education programs.

Recordings of “ideal” interactions that meet compliance, and of “less than ideal” interactions that don’t, can be saved and utilized for training purposes. In fact, both types of recordings provide the best barometers possible for training employees on how to handle certain types of transactions, along with the pitfalls they should avoid. For continual mentoring purposes, digital recordings also give organizations the flexibility to post training-based customer interactions to an Intranet site, e-mail them to employees, and or simply play them back from a recording interface during a training session. Files with accompanying screen recordings additionally serve as a tool to let employees view exactly how to log into selected screens to access data.

Choose the right communications system and recording solution, and supervisors can also leverage a monitoring application interface to oversee live interactions between customers and skilled employees to highlight important points made during a mentoring session. Naturally in group training situations, a supervisor or trainer must consider the customer-employee privacy aspect when determining which live interactions to monitor for training purposes.

## Monitoring and Coaching Agents

Just as a real-time supervisory monitoring application interface or “dashboard” is critical to compliance training, it’s equally critical to coaching employees in actual day-to-day business situations. Especially in a hectic call center or contact center environment, a real-time monitoring application enables supervisors to view all interactions in progress and select certain interactions to monitor more closely.

For instance, supervisors might choose to listen in on interactions that are significantly longer than the average length to see what an agent is saying to the customer. (Is the customer irate and being overly difficult? Has the call drifted off topic and become more of a friendly chat?) Or a supervisor might simply plan to monitor the interactions of their newest agent to hear how they’re handling a caller’s questions, track the level of an agent’s product knowledge, etc. Also in an emergency, agents who feel they’re in trouble with a customer should have a readily available mechanism to invoke supervisory assistance, in which case a supervisor can join the interaction to provide the appropriate assistance.

To most capably coach agents, supervisors should also be able to instruct them via multiple methods. Education studies have shown that individuals all learn and retain information differently, meaning what works for one agent won’t necessarily work for another. Among the best methods for learning is a supervisor continuously listening to an individual agent as he or she talks to customers and prospects. Listening to more than one interaction from a specific agent gives the supervisor a sense of that agent’s rhythm, how calmly they deal with difficult callers, 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. Many supervisors prefer to use a “whisper coach” option that allows them to speak to the agent during an interaction without the caller hearing the trainer — much like a TV or radio producer speaking to announcers during a live broadcast. That said, it’s important that agents are aware of the whisper coach option, and that they’ve been adequately trained to listen to the customer and supervisor simultaneously. Otherwise without careful preparation, suddenly hearing their manager’s voice as they interact with a caller can unsettle an agent and actually cause them to provide unsatisfactory service.

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

Depending on an agent’s particular strengths and training retention levels, having a range of monitoring and coaching options better enables supervisors to work with each agent in ways that best prepare the agent to succeed: some may be more comfortable listening to a supervisor while talking with a customer, others may prefer written instructions, and yet others might welcome both approaches to monitoring and coaching.

## **Assessing and Coaching Agents – Best Practices**

### **1. Determine and utilize the preferred method of learning for each agent**

As mentioned, most individuals have a preferred way of learning, and are most effective when you use the method, or “modality,” that best suits a particular employee. Some people learn best by listening, and are referred to as auditory. Others learn best by seeing something in print, such a bulleted list of instructions or a flow chart, and are referred to as visual. And yet other persons actually learn best through body movement, and are referred to as “kinetic.” In considering each personality type, think of creative ways to assist your agents to learn compliance materials using the method that works best for each one. For kinetic learners, for example, 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 could easily help them retain and internalize much more of the information than if presented in a static list of steps.

### **2. Combine real time monitoring assignments with reviews of recorded interactions**

When it comes to actual agent coaching, it’s easy for a supervisor in a busy contact center to get distracted while listening to a call or viewing a Web chat in real time, and just as easy for them to miss critical portions of the interaction as a result. It also becomes more difficult to critique an agent’s performance in detail with the agent after the fact. Supervisors should therefore combine monitoring and recording review methods whenever possible for coaching. Because if you base agent performance and compliance rates on real-time monitoring alone, you’ll likely miss a big part of the picture for an agent’s success, both toward providing superior service and meeting compliance guidelines.

### **3. Acquire an accurate statistical sample when sampling for regulatory adherence**

Given the volume of interactions an agent typically handles every day, reviewing one or two every month definitely won't net a true, measurable view of how that agent is performing. The more agent-customer interactions a supervisor can review, and the greater variety if they're Web chats and or e-mails as well as calls, the more accurate the sampling will be in reflecting an agent's performance.

### **4. Assess performance on a regular basis to provide ongoing feedback**

To ensure that employees don't misinterpret a new ruling for compliance — or get into bad habits that could result in costly penalties for your organization as a whole — it's wise to assess their performance on an ongoing basis, rather than capturing and assessing the first batch of interactions they handle during a specified review period. For instance, plan on evaluating a certain percentage of interactions every 2 weeks, and spread them out evenly over the 2-week period for more balanced, thorough and continuous review and feedback.

### **5. Set recording rules or plan live monitoring so agents can't 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." Enough said!

## **Scoring Recorded Interactions**

Evaluating particular types of agent-customer interactions often occur on a daily basis. A good example is product order verifications, which typically get processed as quickly as the organization can listen to and score recorded interactions that involve a sales transaction. In addition to the organization's need to gauge its sales, employees are anxious to get immediate feedback whenever commissions are involved.

In such cases, utilizing a communications and recording system that enables the rapid retrieval of recorded transactions and automates their evaluation becomes critical, especially for high interaction/ transaction volumes. The more manual work that's involved, the more a business and its sales team gets bogged down because they can't confirm and process recorded orders quickly enough.

### **Demonstrating Good Faith**

Scoring a recorded interaction such as a product or service order can demonstrate good faith toward complying with regulations. Unfortunately, doing so remains a significant (and troublesome) need in many customer-driven organizations. When choosing a recording solution, it should offer tools to create compliance-based templates that include a date and time stamp for scoring each event. Actual scored recordings should then contain the date and time stamp, as well as the name of the person performing the scoring. Such measures favorably demonstrate to a compliance auditor that, as an organization, you take compliance seriously, and are making efforts to achieve 100% conformance.

The following insights can also help in building a high-quality scoring program to help you achieve that goal.

## **Calibration**

Team members charged with scoring recorded interactions must score in a like fashion. If one scorer is more lenient than another, agents and enterprise employees will assume their scores are more a result of the person who scored them than an outcome of their own behavior. Quite simply, it's human nature for individuals to interpret events and statements differently. But for the members of an interaction scoring team, each person needs to interpret and score recorded interactions in a uniform manner for the program to succeed.

To achieve and maintain scoring uniformity, conduct calibration sessions on a regular basis with those team members who are assigned to evaluate and score interactions. A calibration session requires all evaluators to score the same interaction and compare their scores. To keep calibration session scores separate, create a Calibration Questionnaire that each team member can use for the exercise.

To ensure calibration, all team members must be able to select the same recording for scoring purposes. A comprehensive report should then show the differences in score by each person on the team, after which the team as a whole must discuss their interpretation and come to an overall agreement for scoring parameters. To ensure compliance, this process will likely require someone from an organization's legal team to clarify particular points of review, and to render a determination as to whether certain statements or activities comply or not. Another good check point is to have a member of the legal team periodically perform a spot-check review of completed scorecards to ensure that scorers are still accurate in their interpretation of compliance.

## **Percentage to Score**

Many scoring 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, however, some random scoring should take place to ensure that 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 the accuracy of scoring across a scoring team, and also clarifies for employees exactly what should and should not be done.

### **2. Provide instructions to all scorers on exactly what's meant by a question**

Help files and or context-driven pop-ups can quickly and easily aid scorers in the event they're unclear as to what your organization considers the appropriate criteria for answering a question. Say a question regards grammar and whether the agent is well spoken, what are the language fundamentals you're looking for?

### **3. Provide plenty of room for freeform comments**

Freeform comments should not affect the recording score of an employee. For each scorer to offer meaningful feedback, we strongly recommend providing room for freeform comments. A best practice in this case would include at least one freeform question per general subject area. In fact, many of our customers insert a freeform question after each standard question to enable specific feedback and commentary to the employee.

### **4. Where possible, try to word the question in a positive way, rather than a negative one**

While not always feasible, it's often easier to understand a scoring question when the question is couched as a positive rather than a negative. (Studies have 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 that agents must always respond with exact wording to whatever a customer might say. Where compliance dictates an agent's response, adhering to a script should be reinforced and agents scored against it. However, where scripted responses are not an issue of 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 every customer the same way — no matter what the customer says first — the agent will use that greeting word for word. And while such a rehearsed greeting may sound ideal, it could well seem insensitive to certain customers, in that the agent doesn't really seem to be listening to them, and is merely responding by rote.

### **6. Grading questions**

Depending upon their importance, you might consider weighting questions differently. Questions such as whether an employee greeted the customer by name may be important, for example, though not as important as whether the employee adhered to regulatory guidelines. By following a flexible grading scheme, you can more easily specify when a question is particularly important, and when it might well cause a "failing" grade. Also by establishing 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 your organization. Another benefit is that 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 (N/A) questions**

In some cases, and depending on the nature of the interaction, certain questions will pertain to scoring a recorded interaction and others will not. Therefore when building your scoring template, plan in advance how you want to handle scoring in the event that certain activities don't occur, or that unexpected items come up during the agent-customer interaction. (Will you require the scorer to jump to another scoring template? Will the template accommodate freeform comments?) If your scoring template doesn't allow questions to be selected as "N/A" 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 also plan in advance how to mark recordings for retrieval should they be escalated, perhaps for further legal review. The ability to add a flag to recording files for retrieval is essential, since quick action is needed in some cases to ensure compliance. For example, your legal team's assessment of a non-compliance situation that resulted in a call could be cause for additional training to an entire group of agents.

## **9. Reviewing the final 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 that offers positive reinforcement to the agent, which benefits both parties as well as your customers and business.

## **Proving Compliance**

Whenever questions of compliance come into play, the rapid retrieval of recordings is critical. You should thus be able to search for archived recording files using standard attributes, such as the recording's date, time, the user (agent) participating, the workgroup the interaction was assigned to (if applicable), the caller ID, the e-mail sender address, and or other information relevant the external participant and recorded interaction. You should also be able to quickly search by organization-specific data, such as a customer's unique ID from a database lookup.

The ability to search by customizable attributes such as these makes it easier, and faster, for organizations to retrieve critical recordings to prove compliance. It can also potentially save your organization from paying exorbitant fines for non-compliance.

### **Recording Verification**

More and more, e-mail and recordings are being submitted as evidence in courts of law for non-compliance lawsuits. Should your organization ever need to substantiate compliance, it's important to have a recording solution in place that reduces the potential for tampering with recording files, whether for calls or for written media such as e-mails and Web chats. The consequence? If you don't have a solution that can indicate when a recording has been altered (or not), the technology issue itself can be contested in a court of law. The right solution and recording verification therefore offers peace of mind in that any recording file you manage is truthfully what transpired at the date and time shown on the recording.

### **Searching for Interactions**

On occasion, management may be required to prove exactly when someone in their organization — an agent, supervisor, business user, etc. — 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 as well, especially if having to verify the contents of a call (or e-mail or Web chat) becomes necessary. Better still, recording files in digital format makes it easy to e-mail files if needed to deter a lawsuit, or to substantiate a case in court.

## Reporting

Whereas scoring allows an organization to gauge employee performance, associated reports should be available to review the content of any scoring template. Primarily, an organization's management and scoring teams can utilize documented results of performance scores to evaluate multiple employees, and can more effectively compare results to measure compliance across a specific group.

One word of caution, however: Exercise sensitivity in posting individual or team results, since you might actually discourage team members who end up with lower scores than their co-workers. Yet on the other end of the reporting spectrum, reports used in the right context can create a healthy atmosphere for reinforcing adherence, including competition for 100% compliance. In such cases, contests and awards can make the competition enjoyable for all employees and teams, as opposed to viewing compliance as a necessary business evil that everyone would rather to ignore.

This too. As your compliance program gets underway, always make it a point to compare reported results to your initial baseline. Is compliance improving? If it is, reward teams as a whole — which will help ensure greater adoption across your organization, and reinforce higher standards (along with some subtle peer pressure) to comply.

## Case Study

One of Interactive Intelligence's most successful customers is a teleservices firm based in Texas that places roughly 56 million outbound calls a year, and that records all connected calls, or approximately 70 million calls annually. Their training department covers regulatory compliance procedures in initial agent training, including an online certification test. In the firm's post-training environment, Account Managers are responsible for ensuring that Team Leaders and agents remain familiar with all call compliance issues for the states they're calling. All employees also 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 promptness in responding to regulatory requests.

To this organization, their business reputation is their greatest asset, built over many years of hard work. The integrated *Interaction Center Platform* technology allows 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 country's premiere Teleservices agencies.

## Conclusion

The automatic recording of agent-customer interactions based on an organization's specific business rules captures the contents of any interaction, whether in a phone call, e-mail, or Web chat. In turn, a single, fully integrated communications platform that integrates digital recording capability facilitates the rapid retrieval of recorded interactions and data in the event that greater scrutiny requires proof of adherence to regulatory guidelines.

Recording all interactions subject to regulation therefore serves as a good insurance policy in many ways. Coaching and mentoring tools enable trainers to bring new employees up to speed more quickly, and also reinforces compliance for existing employees. Likewise, scoring recorded interactions and tying employee rewards to compliance at both the individual and group level reinforces successful behavior, inspiring teams to take pride in "right behavior," and to internalize it as part of the company culture. And mostly, recording interactions shows that your organization takes compliance seriously, and demonstrates its good faith effort to auditors and government officials for any compliance issues that come in to question.

Interactive Intelligence's IP communications center platform and application suite provides tightly integrated components that seamlessly support your entire organization's communications needs, and that also provide the tools necessary to monitor and maintain ongoing compliance efforts. Our unified platform additionally enables a greater breadth of functionality and more comprehensive reporting without ongoing integration costs and delays.

More critically for compliance, our Interactive Intelligence Customer Advisory Council allows us to maintain close links with customer organizations in commonly regulated industries, such as Financial Services, Healthcare, Teleservices and Insurance. And in combining our more than a decade of innovation and industry experience, we continue to invest in ways to ease the burden of regulatory compliance, whether through improved management of interactions, of employees, or of our technology itself.