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Message from Your CEO

I recently returned from the annual convention of the American Teleservices Association (ATA) and, as has happened many times in the past, 1 2 1 Direct Response was singled out for its commitment to the teleservices industry.

1 2 1 is the first company within the ATA to offer a payroll deduction for contributions to the ATA PAC. The employees of 1 2 1 have made it known that they are interested in protecting their jobs and the millions of others who are employed in this industry. Equally as important is that by setting the pace 1 2 1 has created interest from other companies and that is great for all of us.

The continued leadership shown by 1 2 1 Direct Response has fostered a positive image in the eyes of our clients. Our clients appreciate our commitment to the industry and the fact that we continually provide information to our employees that will enable all of us to do our jobs better. Not only does this help with current clients, but our sales team has a leg up on the competition when looking for new business opportunities.

I have believed from the first day I started the company that being involved and being well educated would be good for our business. But I wondered, 'How could I stay ahead of my competition?' The answer to me was being educated in the services I was offering and making sure all of the company's employees received constant education and made sure that they made an effort to stay current on our industry and its best practices. Being educated in what you do is the BEST WAY TO SUCCEED. In the teleservices industry there are many outlets for each of you to become more educated and knowledgeable about what you do. There are books and papers that tell you how to be a better manager, coach or agent. There is information available on the industry at large and, if you want to make a career in this business, where your best opportunities lie.

The easiest way to find this information is to use the internet. Go to www.ataconnect.org and register as a member of the ATA. There is no charge since 1 2 1 Direct Response is a member. Any employee of 1 2 1 can sign up and receive member benefits. You will receive email alerts about industry issues and there are opportunities to receive educational materials as well. Since there is no charge for you to become a member, there is no reason for you not to join.

Since 1 2 1 was founded in 1988, one core philosophy has been consistent. Hiring from within to fill important managerial positions has been the mantra of 1 2 1 and a major reason for our success. I intend to continue that as we move ahead but the knowledge of our services is critical. We will need more of you to move up the corporate ladder not only to fill outbound needs but inbound and direct mail positions as well. The more you learn the better chance you will have to attain these positions.

If you need other suggestions on how to find information on what you need to know, please send me an email at tellittothceo@121directresponse.com.



The holiday season is fast approaching. I want to thank all of the 1,000 1 2 1 Direct Response associates for their hard work and contributions to our success in 2006. I wish all of you and your families the most joyous holiday season and a very prosperous and healthy 2007. ■

Stuart Discount
President/CEO

The Client Perspective

The last few months have shown a continuance of the growth of 1 2 1 in several areas including our partnership with Comcast and our client base in the mortgage lead generation arena.

Comcast selected 1 2 1 as its primary vendor for a nationally managed project. The majority of marketing that Comcast performs throughout the year is managed at the Regional level (local markets or serving areas) while being tracked by the national marketing team. The national marketing team observes production, legal compliance and monitoring for quality assurance, customer service and sales effectiveness. From this vantage point the national marketing team can evaluate all of the vendors working for Comcast and measure their overall success. 1 2 1 is honored to have been selected for the new nationally managed project. Our selection as the primary vendor is a testament to the exceptional work everyone at 1 2 1 has delivered for Comcast.

With the immense volume of hours requested by Comcast, it became necessary to expand our capacities beyond the Media call center. We decided Weston would be the next center trained to work with Comcast. Dave Tarone (Client Service Director) visited Weston to train all of the staff on Comcast and found the site to be extremely enthusiastic to begin working for Comcast. The Weston team quickly turned its enthusiasm into outstanding results. They have produced comparable sales results to Media while drawing rave reviews from Comcast's monitoring team who reported they have never witnessed a call center perform so well in monitoring evaluations so quickly.

The tremendous increase in volume we are realizing from Comcast has also increased our needs in Client Services. To meet this need we are pleased to announce that Ann Price has joined the team as a Client Services Manager working from the Media call center. Ann has many years of experience in telemarketing and has worked specifically with the cable industry. She has previously served as Shift Manager and Recruiting/Training Coordinator in Media. Welcome aboard Ann!

The Weston and Parkersburg call centers have also witnessed a flurry of activity across our mortgage lead generation applications. We have expanded our relationship with Optima Direct to include yet another client, Home 123. We have been testing several new programs in partnership with Intellidyne, and soon you will see the launch of a few new initiatives serving this client.

We are also seeing growth in our NIE (Newspapers in Education) programs. We have been securing sponsorships for over 40 NIE clients through business to business programs for the last several years, but we have just added our first client to roll out these initiatives to the residential market. We are extremely excited about this program and its ability to meet the need of not only NIE programs throughout the country, but also the newspapers responsible for the programs. The new residential program will be starting before the end of the year. We look forward to updating everyone on the progress of these initiatives in the next newsletter.

The growth in the mortgage and NIE programs has necessitated yet another addition to the Client Services team. We are pleased to announce that Judy Piel has joined the team as a Client Services Manager. Judy has a wealth of experience in telemarketing that extends beyond her tenure with 1 2 1 where she has most recently served as the Recruiting/Training Coordinator in Parkersburg. Judy will continue to work out the Parkersburg call center where she will be focused mostly on our business to business programs including Pitney Bowes and IPA (insurance lead generation). Welcome to the team Judy!

This has been yet another great quarter for 1 2 1. Our current partners have continued to expand their relationships with 1 2 1, and their praise for our service is attracting new partners within the same verticals. This success is a direct result of our continued delivery of service excellence. Throughout this growth we need to continue to focus on the things that have made us successful...

- Always striving to be better today than yesterday.
- Always looking for Areas Of Opportunity (AOO) to improve.
- Applying creative thinking to capitalize on (AOO).
- Embracing and testing new ideas.
- Remembering that in this business we are only as good as our last hour.

Marketing and Sales Update

The marketing and sales group has been active and energized over the past few months.

As you can see from the Web-shots to the right, our integrated marketing efforts with TMC, the publisher of Customer Inter@ction Solutions, include a sponsored Contact Center Outsourcing channel dedicated to 1 2 1 Direct Response.

The Web-shots to the right show you a number of different 1 2 1 Web ads that circulate on that channel. Check out the site for yourself by going to:

"<http://www.tmcnet.com/channels/contact-center-outsourcing/>"

This partnership with TMC helps us in a number of ways, but the ultimate purpose is for us to generate sales leads for our sales team. Because of the TMC channel, we now are usually in the top ten listed results on GOOGLE when prospects search on "contact center outsourcing." Try it yourself, and see!

Our sales efforts have become more finely tuned and pushed forward by the formation of the new Business Development Counsel (BDC). The BDC is led by Stuart Discount, and includes:

- **Kirk Beyer:** Kirk's Client Services team is responsible for significant growth of current client relationships.
- **Gary Discount:** Gary is focused on bringing on new nonprofit accounts.
- **Steve Drazen:** Steve is responsible for growing our NIE and publication services businesses.
- **Jeff Plaut:** Jeff is responsible for growing our commercial services business.
- **Joe Grossman:** Joe coordinates 1 2 1's finance, accounting, and operations resources to make sure that the business brought on board by the BDC team can be supported properly from an operational standpoint.

The BDC meets at least every month with the end-goal of increasing our business by 20% to 30% by the end of 2007. In order to get this kind of growth, we analyze the sales pipeline in all areas of our business. That pipeline is growing in every area, and by focusing senior management attention on each new opportunity, and coordinating closely with Client Services and Operations, we believe that 1 2 1 Direct Response will continue its aggressive growth while delivering service excellence to all of our clients.



Operations Update

There have been a number of changes operationally at 1 2 1 Direct Response over the past few months.

For one thing, the workload has increased for our company. We have been aggressively hiring more management personnel to accommodate this growth. All four centers have hired coaches and assistant coaches. We have hired additional Educator/ Recruiters and have increased our Quality Assurance staff. To reiterate a comment made by our CEO, "As you can see, 1 2 1 Direct Response is growing rapidly and that will mean more management opportunities for our Associates. There is a career in the teleservices industry and you can be part of it. Let the person you report to know you have an interest in growing with 1 2 1."

Specifically, there have been a few positions filled that deserve some recognition. We would like to welcome **Betty Hardbarger** as the new Site Director of the Parkersburg office. Betty has been with our company for nine years. She has worked her way up through the ranks and is now ready and more than willing to run an office of her own. As some of you may know, Betty has been a Shift Manager in our Weston office for a few years, and she has run both day and evening shifts. She is extremely familiar with our dialing system in both offices and has also managed many commercial projects as well as fundraising programs. Betty has an extensive background of our company, and I trust that she will make the most of that knowledge.

Congratulations to **Joyce Sprouse**, who is the new night Shift Manager in Weston. She will be taking over the night shift while **Deloris Gregory** moves into the day Shift Manager position. Joyce has been with the company for a couple of years and was the Assistant Shift Manager in Weston. The following additions have also been made to the Media Operations team: **Jules Stanley** is our new PM Shift Manager, **Adrienne Busch** has been promoted to Assistant Shift Manager, **Jerri Jackson** and **Julius Nimmons** have been promoted to Coaches as well **Rose Cooper** and **James Womack** to assistant coaches. **Cathy Pranton** and **Allen Gibbs** have been promoted to QA Monitoring Specialists. Congratulations to all on some well-deserved promotions!

Contests have also been very exciting with each center having daily, weekly and even monthly contests.



To celebrate summer in Media we held our 1st annual "Soak the Site Director Day". Fun was had by all including the very wet Site Director. Philadelphia celebrated its Independence Day Spirit by giving away movie Gift Certificates in July. Both Weston and Philadelphia had back to school contests, which really motivated the agents to get sales. Cash, gift cards, and school supplies were the prizes in Philly, while the Weston agents received book bags, binders, and calculators as well as some essential school supplies.

Congratulations to all of the following agents for receiving Agent of the Month for the past three months.

On a final Operational note, the Weston office celebrated its 10th Anniversary with the company this summer. They had their Annual Picnic at the nearby Lewis County Park. It was a huge success with over 200 in attendance. The site's managers cooked Hot Dogs and Hamburgers and had employees bring a covered dish, which was full of delicious desserts and salads. We gave away prizes to kids and adults, who played games. There was even time for swimming, which helped cool everyone off at the end of the day. Everyone had a great time!

Agent of the Month

JUNE

Peggy Digaetano
Jason Craig
Herb Scherzer
Charlotte Gillespie

JULY

Ellen Feustal
Ann Moore
Charlene Boland
Jamie Ray

AUGUST

Arthur Graham
Jamia Davis
Marianne Vacca
Regina Parker