

2018

Collections Module

Module 1

All the information you need to become an excellent Collector to increase your understanding and knowledge and to perform your job at a level of excellence for the benefit of your employer, your customers and yourself.



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Introduction

Welcome to the Collections Module where you will have access to a wealth of information to help you to get paid faster, with more certainty and less arguments than ever before. The course exclusively focuses on Trade Credit which involves getting paid from other businesses. There are some similarities and there are some differences in how you approach the topic when you are dealing with domestic and international businesses. These two different areas of business are covered comprehensively in this course..

The purpose of collections is to get the money that is rightly owed to your company and to keep the customer happy and buying and all your efforts have to be focused on both.

There is a third element to successful collections and in this course you will learn a number of techniques that are proven to improve results and to reduce your own stress levels.

Collections can be difficult and at times stressful, this course will show you how to remain positive and focused at all times and deal professionally with every situation that arises.

At any time throughout the course feel free to contact us with any questions or queries you have on the topic and your feedback on suggested modules is always appreciated.

It is probably best to either print out or read the Short Test before you start reading the material and then you can fill in the answers as you go along. You can either type your answers into the word document enclosed or scan a copy of your answer sheet with the short test and email it to us within a week of receiving these notes.

Introduction to Collections

The role of collections is one of the most difficult, one of the most stressful and one of the most underrated jobs in business. While it is still one of the growth areas from an employment perspective the material you will cover on this course is essential for dealing with customers professionally. Tim Paulsen said “Collections is not rocket science, it is much more complicated than that!”

From a business perspective the number of failures is still high and because the economy is growing everyone is looking to deliver every single order received and keep the goods and services flowing out and the money flowing in.

Some businesses are struggling for cash flow and the banks are being very careful about who and why they grant facilities, the cheapest solution for most businesses is to collect their own money when it is due, and as simple as this sounds most businesses don't.

In this sector proper training is essential, how you approach your customer, what you say and how you say it will have a real impact on the results you get and perhaps more importantly the reputation of the Company you represent. In some cases the collector receives the classic three part training: here is your ledger, here is the phone, and off you go!

They are then unleashed on the business community, the main guidance and feedback they receive is from the daily and weekly reports that are generated internally that determine who is performing well and who is performing badly.

Sometimes it even gets worse, I have heard of a case where a Company gives staff training on how to be aggressive on the phone when dealing with customers in arrears.

The purpose of this course is to equip you the collector with the knowledge required to perform this role at a level of excellence. There are four modules, four short tests, two assignments and a written exam. While that might sound daunting, you can go through the material at your own pace and do the tests as you go along, so most of the work will be finished by the time you get to the end of the material.

The course content is so interesting and so relevant to what you are doing I hope you will really enjoy the process, and the real challenge is to integrate the learning into your everyday job and the assignments will be based on your own experience and where you demonstrate how you have applied the learning to the day job. The written tests examine your overall understanding of the concepts presented.

At the end of the course you will know and understand what is going on all the time, you will have a greater understanding of the psychology of the customer; you will find ways to solve all the problems that are getting in the way of payment, you will remain focused on the end result, you will develop strategies to minimise your own stress levels, you will be able to distinguish between the different types of people and the different reasons for non payment. You will understand the three stages of every call and how to move from one to the next with skill. You will have a method of dealing with the preparation for every call, making the call and the follow up after the call.

Most importantly you will learn that the key to success in this role is your own attitude and the material, the stories and the lessons are all about helping you to develop a more positive attitude to the job in hand.

So, no matter what situation you find yourself in you will be able to handle it professionally and skilfully with a minimum of stress to yourself and the best possible outcome for you first, your employer second and then your customer.

Of course, conflict will always be a part of the collection process, and there are always competing priorities, this course will show you how to navigate the fine line between being too soft and being too hard and in every situation finding the “third alternative”, that is always there but few are even aware it exists. We will explain this concept in some depth later on.

Your ability to communicate is a major key to success, so you will learn all about communications and how to communicate effectively. The best definition of communications I have come across is: “Communications is the result it achieves”.

These six words put down a real challenge to you right at the start because if you make a call and fail to get the money, then by this definition it is YOU who failed to communicate! There is no time in this role for blame and excuses, we are only focused on results and the results can only be seen in our bank account.

While promises to pay are important, they are only a means to an end and that end is the money in the bank.

As you go through the material, you will learn how to use your voice on the phone and how your body language can have an effect on the message you are communicating, what words you should use and the ones you should NEVER use, what questions to ask and the ones NEVER to ask. You will discover how to deal with excuses and how to deal with every person irrespective of how they appear at first.

One of the other key features is the diversity of collection methods available to you and how to use each one to maximum effect. You will learn how to build an effective strategy and create your own funnel to deal with every single issue in a systematic and effective way.

I hope you enjoy the content, I hope you will find it interesting. Most of all I hope you find it useful and written in such a way that you can apply at least some of the concepts into your own style that will help you collect more money, faster and with less conflict than ever before. I hope the content will help you enjoy your job more and see yourself and your role in a positive light, as you help your customers resolve their issues and be in a position to pay you quicker than ever before, by using the techniques outlined to push you higher on their priority list. Finally through your new found understanding you should be able to perform your role as collector with a minimum of stress to yourself, and more than that, I hope you will have enough wins throughout the day to keep yourself motivated. I hope at least once every day you get the opportunity to clench your fist upwards and say to yourself through clenched teeth “Yeeesss.” “Damn, I’m good”.

I want you to look at the material that follows and see how you can turn yourself into a problem solver and, more importantly, train yourself to enjoy the process as you celebrate your wins no matter how big or small they are.

I am aware that a number of different Credit Controllers from lots of different types of organisation will complete this course and there will be differences between what you call your customers. To some they will be clients, and for others they will be subscribers or users. For the purpose of simplicity throughout the remainder of the course I will refer to them as “customers” and you can substitute your own word as is appropriate.

When I use [square brackets] this signifies that you should insert your own information between the brackets. E.g. Dear Mr [Surname], reads you should use the formal introduction with the persons surname inserted.

I have written the content with two things in mind: firstly you are working as a credit controller/ collector and you would like to learn more to increase your own confidence that in turn will lead to improved performance.

I am also conscious that in your private life you are also a consumer of credit so I will give you whatever tips and knowledge I have to help you use your knowledge to become an expert in credit and use that expertise to your own personal benefit at home for your own benefit and those around you.

In the pages that follow I will not distinguish between you in your role as collector and your company which is either the company that employs you or the Company you are collecting for. From the customers perspective you are the company so you have to be able to act and talk as if you are. Of course there are times you will say you have to refer the matter to your Manager, Supervisor or Team Leader, this can be a good tactic in difficult situations, it also can buy you some time if you want to postpone making a decision and it can also work because as the matter is being escalated this clarifies the importance of the particular issue at hand. This definition also works within credit unions; I will not distinguish between staff, volunteers and committee members, if they are the voices on the phone or the signatures on the letters than from the members perspective they are the Credit Union, so no differentiation is necessary.

As this is an established program, your input is really valued. We will be talking to you throughout the course and ask your opinion as to how we can improve the material, how we can improve the content, and even include some stories or situations you have found yourself in that will act as a learning point for future course participants. I am happy to credit you personally for the story or respect your anonymity as you wish.

Finally, congratulations on your decision to complete this Collections Module. You have taken a significant step in the development of your career. You are making a clear statement that you are not content staying where you are and you are going to put in the effort required to place you at the top of your profession.

I hope you find the experience enjoyable and worthwhile and I look forward to keeping in touch with you during the course of your studies to make sure the lessons are making a difference to your job and you are seeing an improvement in the results.

The job of credit controller/ collector can be one of the most rewarding jobs you can have. The importance of your role to your business is that you provide the money that funds all the other activities of the business. The money you collect pays the bills and pays the wages, so never underestimate your role. The great thing about it is the immediacy of the feedback you receive, you make a call yesterday and the money arrives in the bank, today – you get a great sense of satisfaction. You can look back month after month and see exactly how much money you collected and the progress you have made.

The key to excellence in Trade Collections lies in your ability to build rapport with your customers and over time you will go beyond simply rapport to get to know all your customers and in time it gets to the point where you are working among friends.

I'll let you in on a little secret right at the start. People pay people they like! As you are working in a business to business environment, and the fact you are doing this course would suggest to me that you are, it is one of your primary roles to get to know your customers and then make sure that they like you. This can take some time and the sooner you start the easier it will be. One line I hate hearing on the phone is "Hello, can I speak to your accounts department?" In a previous life we had a rule that anyone who asked the receptionist for the "accounts department" should be put through to Credit Control! If you don't know the name of the person you want to talk to, ask for the name of the person you want to talk to!!! Now adopting this approach you have achieved your first objective even before you talk to the correct person. If this makes sense to you, then you will really love the section on questions and answers later on.

Part of the role is dealing with customer disputes and queries. It is vital that these are taken seriously and are dealt with as quickly as possible depending on the size of your organization. As soon as query is notified you should pass it on to the person who can establish if the query is valid or not. If it is valid then a credit note should be issued in the quickest possible time. If it is not valid you should agree what is the most appropriate way of notifying the customer. In my experience it is best for the sales person to liaise directly with their contact on this one and report back to you within a specified time. As we go through the course you will learn the best strategies and timelines for dealing with all these issues.