

2019

Collections

Module 2

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



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The Modules

1. Verbal Communications

- a. The right words and the right questions
- b. Tone, timbre, volume and speed
- c. What you say and what they hear
- d. Developing confidence

2. Other Communications

- a. Letter writing
 - b. Emails & Text messaging
 - c. Face to face meetings
 - d. Door to door visits
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Verbal Communications

Since your customer cannot see you over the phone, your voice determines who you are and the impact you create. Your customer will decide in seconds whether they take you seriously or not and whether they will follow through on the promises they make will depend largely on how you use your voice on the phone, the quality of the questions you ask and your ability to convince them that they will be better off paying this account than not.

A newsreader has a special radio or television voice that they use for the purpose of communicating, the next time you listen to the news ask yourself would (s)he talk to another person like that in a one to one situation? The answer is probably “No”. In the same way you have to develop your “collections voice” for maximum effect. In this module you will learn everything you will need to know about verbal communications.

There are people that will tell you that the words we use only constitute about 7% of our communications, our body language, our tone and our demeanour and attitude which is perhaps the most important factor, account for the majority of our communications. In this section we will focus on the individual words, if we can get this right, if we can use the correct words to communicate the correct message – we will be successful, if we don’t we won’t – it’s that simple. We will also look at the other areas of communication including body language and different styles of communicating depending on a person’s personal style.

Words paint pictures in the mind that is why reading a book is so enjoyable. It is not a simple matter of seeing black type on a white page, each sentence, and each paragraph conjures up a picture in your mind so you can see what is going on and the more you can identify with the story the better you will think the book is. That is also why a book is usually considered to be better than watching a film. In a book the pictures you see are your own creation, when watching a film you are looking at someone else’s picture, which is seldom as good as your own. So what has this to do with collections?

Your words you use also paint pictures in the minds of the people you are talking to. You have to know this, you have to be constantly aware of this and you have to be conscious of the picture you are painting on the minds of every single person on every single call, and because every person is different, the pictures they see will be different. A word or a phrase will conjure up different pictures for different people and as a result of what you learn here you will become an expert at communications.

What makes the job of Credit Controller or Collector so great is that you are dealing with different types of people in different situations with different circumstances and issues and on each and on every call you are painting a different picture. You have to take time during the call to evaluate the different types of people you are talking to and at the end of every call to ask yourself was that call successful or not. If it was: “what did I do well?” If it wasn’t,” what could I have done better?”

By introducing this simple ongoing test to every call, every day becomes a learning day and as you see your results improve you should begin to tell yourself “Yes I’m good!” more often and the more often you tell yourself that story the better you will get.

Of course there are times it will take a couple of days or even a week before you really know how good the call was. The only real measure of success in this business is when the money is in the bank. While promises are an important means to an end, that is all they are and the end is *always* money in the bank.

Credit & Collections is a communications business and your ability to communicate verbally is central to your success. The secret here is to remember to communicate at the level of the person you are talking to.

It is ok to use jargon if you are talking to an equally qualified professional who knows and understands what you are saying. It is NOT ok to use jargon when you are talking to a consumer or a self employed trader who may have expertise in their own areas but not necessarily in finance.

Every call you make is a performance, where you are presenting a compelling case to ensure that the account in question is either resolved or paid within a reasonable time. You have to prepare for every single performance, every call is important, every customer you talk to is important to your business, everything you say and how you say it will have an impact on how that person perceives you and your company, and will determine what they will be saying about you and your company long after the call is over. Bear this in mind at all times, and as a result of learning this module you should become more conscious of the words you are using, the questions you are asking, and how they are impacting on the results you are getting.

The right words and the right questions

It is a simple rule if you ask the right questions you will get the right answers, if you ask the wrong questions you are going to get the wrong answers. Einstein said that “the quality of your life depends on the quality of the questions you ask”. As simple as that sounds it is very profound. On a personal level when you consider all the internal self talk you engage in you are either making a statement or asking a question. Are the statements you make to yourself positive or negative? Are you telling yourself how great you are? Are you beating yourself up for being so stupid? In every situation you find yourself in, which statement would be the most common?

Be honest. If you are like most people you will probably admit that it is usually more negative than positive. If you are filling your own head with negative self talk all the time, how do you expect to be positive with your interactions with others?

So I know you are saying, I thought this piece is supposed to be about collections. It is! Before you are let loose on an unsuspecting public, you have to spend some time getting your own head in the right place to perform at a level of excellence.

The great Usain Bolt would not just walk onto the track in a pair of jeans and run 100 meters in less than 9.6 seconds. He would arrive at the track in plenty of time; he would make sure he had all the best equipment, all the best coaches. He would stretch and warm up to make sure he is in peak condition before the race even starts. He would prepare himself mentally and physically for the task in hand. Then during the race, he would be completely focused on the finishing line, knowing the physical act of running will be largely on auto-pilot based on all the training and all the coaching he received up to that point to perfect his technique. He is also constantly adjusting to what is happening around him. If he is way out in the lead, he will do this, if he is behind he will do something else.

In the same way, if you want to perform at a high level, you have to prepare for the day ahead and for each individual call. You have to create and maintain a spark of positivity that you can share with all the customers you are going to talk to throughout the day. This all happens with positive self talk. Before you can learn to interact with others in a positive way, you have to first learn to talk to yourself in a positive way. This is a key part of the new Resilience Training we have developed and will be covered in more detail in the fourth unit of this module on developing confidence.

Now if you are to get into a more positive frame of mind, you have to watch the words you use throughout the day. Become conscious of what you are saying. When someone asks you “How are you?” do you respond “Not too bad” without even thinking? “Not too bad” – three negative syllables in just two seconds! Why not answer “Great” or even “Wonderful” or “Fantastic” – using more positive words will have a positive effect on how you feel and even saying the three words out loud will bring a smile to your face. Whether you know it or not you are sending out vibes all the time and there are only two types – there are positive vibes and negative vibes. Positive will get you positive results and negative will bring you negative results – every single time. So, now that you know this you should spend more time consciously working to focus on positive outcomes.

On the topic of positivity, most of us are bombarded with negative inputs all day long from the news on the radio to the newspapers, this has a greater affect on people working in Credit Control because the day job can also be seen as dealing with negatives, problems, queries and personal issues so the impact is even greater. Here is a way to check in with yourself to see if you are operating on a conscious or an unconscious level. When you greet someone you have a question or a statement you always use without thinking. Probable something like “Hello” or “Hi” or “How are you?” Resolve to change that greeting – if your greeting is currently a question – chances are you are inviting negativity on yourself. If you ask the question “How are you?” you will receive more negative responses than positive ones, and we are beginning to understand the cumulative effect all this negativity can have on us, so why would you do that? Change your greeting to a

positive statement of your choice, something like “Great to see you” “You’re looking good” whatever you think you would like to convey. Then as you go through the day check in with yourself to see how many times you used the new greeting and how many times you used the old one. This will measure your ability to change your approach consciously and make you aware of the times you are acting unconsciously.

Developing a positive mindset may run contrary to most people’s perception of credit, most see it as a negative function full of conflict, arguments and rows. Part of what you will learn on this course that it doesn’t have to be this way, the more positive you are the more positive the results you will achieve. Part of this rebranding of credit and collections as a positive pro business function will be based on the language we use, the individual words and the great questions. The purpose of this course is to go against the flow and to do things differently, to see things differently and to get far better results – that is why you are doing the course in the first place. In most things going with the flow is the worst thing you can do. 10% of the population hold 85% of the worlds’ wealth, so if you had to chose who to follow, would you choose the minority 10% or the majority 90%?

Now the first section here will deal with words that position the credit function within our companies, the second section we will look at the words and questions we should look at when talking to our customers.

If you sometimes wonder why credit has a negative image in business, just take a look at the words we use and the statements we make.

Are any of the following familiar to you?

- Credit Limit
- Credit hold
- Stop Supply
- Overdue account
- Bad debt provisions
- Bad debts
- Delinquency

- Arrears
- Closed account
- Legal action
- Debt collection
- Customer dispute

Yes? Then look back over the list again and see if you would consider the individual words as positive or negative? Most are negative aren't they? No wonder that all we come in contact with are affected by this negativity and treat the function as a negative one (because of the negative words we use) and by extension we can also be seen as negative because we are associated with such a negative function.

This is where I differ from most others; I see credit and collections as a true positive. Everyone else is costing the company money and you are the person who brings the money in to keep the whole business moving. Money is vital to the continuity of the business and we are the people who deliver. Some accountants would have you believe that the purpose of a business is to make a profit; I believe the only true profit is made when the money is in the bank.

Now how can we use different words to create a different image of what we do?

1. Credit Limit – in most cases this would be viewed by sales and by some customers as a negative. A limit stops you at a particular point. If you ask the question on your new account application form "Credit Limit" they are more than likely going to leave it blank – why should they limit themselves on what they can buy from you? If you impose a limit you are stopping a customer from buying and of course that will be viewed as a negative. By changing the word from **Credit Limit** to either **Credit Facility** or **Line of Credit** we change the picture completely. If I offer you a **credit facility** of €10,000 I am giving you something, if I offer you a **line of credit** of €10,000 I am giving you something. If I impose a limit of €10,000 I am stopping you from doing something. It may be a small difference, anything that paints

the role of Credit and Collections in a more positive light has to be welcomed.

2. Credit Hold or Stop Supply or whatever words you use would always be viewed as a negative. Particularly from the customers point of view if you threaten them with stop supply they can get very upset. A simple rule is that there comes a point when you can no longer supply a customer who has not paid for a significant length of time. Each business is different and each customer is different, so part of your policy is to define when you should stop an order. Now this module is all about words, so from now on the *system* holds the orders and the credit controllers release them. If an order is on hold a conversation like “your order is on stop or on hold” will most likely create a conflict. If you approach it in a positive light “There is an order here due for delivery to you tomorrow, can you put the money for the last order into the bank today or give a payment to the driver when he arrives?” It will more likely have a more positive outcome.
3. Overdue account. If you phone a customer about their overdue account are you focusing on a positive or a negative? If you report on overdue accounts are you focusing on a positive or a negative? From now on we will NOT report on overdue accounts, instead we will report on accounts within terms. In future we will NOT phone our customers about their overdue account, we will phone them to arrange payment! This small difference alone will make a huge difference to your results.
4. Bad Debt Provisions should be simply called “Provisions”
5. Bad debts unfortunately are bad debts and it is difficult to put a positive spin on them. There are two types of bad debts, the ones that were provided for and the ones that weren't. If they were over provided for you can report that there is a write off of €1,200 and you were providing €1,800 for, so as a result of the failure you can now release the €600 provision back into profit for the period, so the net effect of the transaction on the business is positive because the balance was at the lower end of the range due to the good work you have done in bringing the balance down in the recent past. Unprovided for bad debts are simply bad news and cannot be

presented in any other light. It should be used as a learning point and action taken to prevent a repeat. (Bad debts can be used as a learning point and a chance to review your processes to see that if there was anything that you could have differently that would have changed the outcome. In this way, you are improving the systems that you are using and the processes that you are undertaking which will improve your business in the future.)

6. Delinquency & Arrears simply refer to the amount to be paid
7. Closed account. There are two types of closed account, one that the customer closed that you would be prepared to do business with again – this represents sales potential. The second type where you closed because of negative credit performance, could represent an opportunity for payment in advance.
8. Legal Action is sometimes necessary when all your own efforts have not yielded the required results. Care should be taken in choosing the cases to proceed and when you do it should be viewed as a necessary step to get paid what you are owed. When going down this route make sure you add on all interest charges and allowable administration fees in advance.
9. Debt Collection is always viewed as a negative. In my world I have a clear distinction between Credit Control, which is the maintenance of an ongoing relationship, receiving payment for what is due when it is due in a timely manner, and Debt Collection, which in my view occurs when the relationship has broken down and now the only consideration is the money. Debt Collection is a necessary part of the process and when an account moves into this area how it is perceived is less important than getting the money.
10. Customer dispute. Again there are two types of disputes: there are genuine disputes where you got something wrong – these are internal matters that you have to resolve as quickly as possible. There are also disputes that can be raised as a delaying tactic to avoid payment. Both of these should be dealt with differently.

Using the right words and asking the right questions one of the key things you have to do to be successful in Credit, and everything else for that matter. I hope as a result of reading this you will begin to think before you speak, and listen to the words you are saying and correct yourself by replacing the negative words with positive ones – not by beating yourself up!

The raw material of verbal communications are the words themselves, so we will go through a list of words, good ones and bad ones to illustrate this point. Of course the list is not exhaustive and I am sure you can add some of your own.

BUT – is one of the worst words you can use. It is combative and exclusive. At best we are taught to ignore the part of the sentence before the “but”. At worst we see this as an attack on us personally. “I hear what you are saying, but...” Is really saying I don’t care what you said! “You are telling me that... but...” is telling them that you don’t believe them. If the person gets either signal from the conversation progress is impossible. You should delete the word “but” from your vocabulary and replace it with the equally simple and inclusive word “and”. “And” is more inclusive and less combative, it shows them you are listening “and” you need to be listened to.

NORMALLY & USUALLY – when you are using words like this, you are in fact sending the opposite message to the one you are intending. If you tell me that your customers normally pay you after 15 days, what you are really telling me is that some don’t!

If they usually charge €25, you are telling me that in some cases you don’t. Get rid of these words completely, they send out the wrong ?

ACTUALLY & BASICALLY – These words are really just “habit” words. In some cases you don’t even know you are using them and even then nothing is meant intentionally by them. They are of no value whatsoever and at worst can sound condescending or as if you are talking down to someone, if this is the interpretation the other person gets out of the communication you are fighting a losing battle. You should eliminate these words from your vocabulary.

DON'T – In my estimation this is the *very worst word* you can use. There are lots of reasons why I make this statement and I'd like to explain my reasons to you here. Up to now I have repeated many times that it is very important that you focus on the right things and even more than there is a body of knowledge out there that will tell you that you will always get what you focus on. Now there is a secret here that most people miss and it is that you get what you focus on – whether you are focusing on things you want or things you don't want, you will still always get what you focus on.

When you find yourself using a word like “don't” that is giving you a clear indication that you are focusing on what you **don't** want and as a result that is exactly what you will get!

If you say to a child who is standing on a table “Don't jump off the table” what do you think is going to happen next? If I say “Don't talk to me like that” what happens next?

Our minds delete the “don't” and we concentrate on the subject. This is a very important lesson for everyone involved in Credit and Collections. You see we tend to spend most of our time focusing on things we don't want, from overdue accounts to bad debt provisions, to bad debts to stopping supplies to a host of other negative things. If we are to get the results we want we have to change that program, we have to change our focus and the very best and easiest way I have found to achieve this is by asking the simple question “So, what do I want?”

This simple question has the power to transform your day and the results you are getting. Every morning when you wake up ask yourself “So, what do I want today?”, when you get to work ask yourself “So, what do I want to achieve here today?” When you pick up the phone ask yourself “What do I want to achieve from this call?” The more times you ask that question and the more times you give yourself a positive answer the better and better your results will be.

As we go through the course we will be returning to this point, as it is central to your success in collections. You have to be positive, you have to expect a positive

outcome, and you have to ask positive questions otherwise you won't get positive results.

Now let's explore some other words to illustrate this point. I have often heard collectors say the words when they are describing what they do as "chasing payment". Simple question – if you are "chasing" what do you think the customer is doing? They are running, there is nothing else they can do! So please replace that word with "collecting"

TRY – If you ask someone to do a job and they say they will "try" – does this fill you full of confidence? My advice here is either do it or not – you never try.

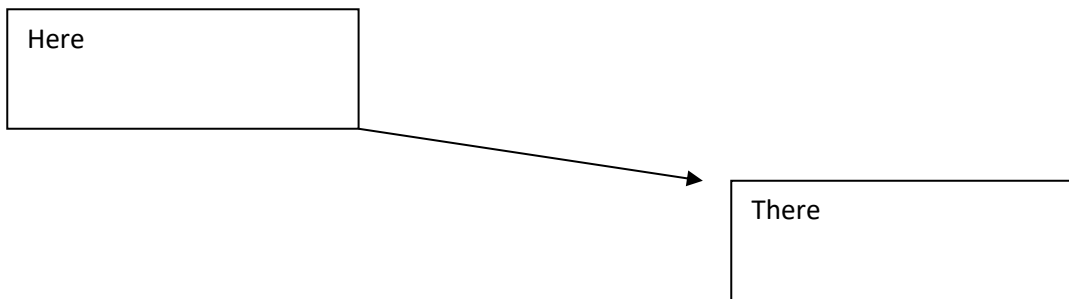
JUST, ONLY – the effect of these words is to demine whatever you are doing, if you are "only ringing to arrange payment", this suggests it is not that important. It is important and as such "just" or "only" should be omitted.

When asking questions remember there are two types of questions – there are closed questions that can only get a "yes" or "no" answer. These types of questions are best left until the end of the call when we are going for a close.

There are open questions that require a response, typical open questions are When? Where? Who? What? And my personal favourite: How? When we ask a question containing the word "how" the presupposition is that there is a solution: "How are you going to pay?" OR "How would you like to pay?" is a great case in point, the presupposition is that they are going to pay; the only issue to be decided is "how". Within "how" are the seeds to the solution, the more "how" questions you ask the better the results you get.

If you have done any previous communications training or if you are just observant you will notice there is one glaring omission and that question is "Why?" I really don't like that question, particularly in a consumer credit setting. Why is rooted in the past and we can never solve any of our problems there! If you ask a consumer "why?" you are asking them to justify all their actions up to now. The reality is the "why" is none of your business! Your starting point is right now and the only progress you can make is in the future.

Let me show you a simple map:



If you work on the basis: you are always “here” and “there” is where you want to go and is the result you want to achieve. Make sure you are always moving in the direction of the arrow, always travelling from where you are to where you want to go. This can be applied to a single call. We are “here” the customer owes the money, “there” in most cases is the money in your bank account. Does it matter if the money is three weeks overdue or three months? From the standpoint of the map it doesn’t – because you are “here” and the best you can do is get the money today, so starting the communications with “this account is over four months old...” is leading the conversation into the past, where you can never find a solution. Saying “there is €X on the account, when can I expect payment?” is better, “Can I collect the cheque at 3.30 this afternoon?” is better again.

To understand the power base of a collector we will look at the power you have under four headings:

- **Legitimacy Power**

You know you are right, you know the customer received the goods or service and you know they will have to pay sooner or later. Having “right” on your side increases your confidence and should make you more persuasive in dealing with customers when you both know the account or invoice has to be paid. There are a number of personal situations involving doctors, or bankers, or other professionals that require information. These individuals have a “right” to ask for and receive specific data because of who they are and what they are trying to accomplish. Collectors sometimes forget that they have “legitimate” reasons for talking with customers and acquiring information. When they act as if they’re not entitled to talk about sensitive matters, it reflects in their voices, and customers are more likely to challenge what is being asked for. As long as the information you are looking for will help progress the matter to payment and you know you can help them better the more information you have, then you should ask for that information with confidence and without hesitation.

- **Knowledge Power**

The more a collector knows about the customer, the debt, and the options available for resolving an account, the more power his or her payment demand will have. This power can be used in a subtle way by mentioning facts to the customer in a non-threatening, matter-of-fact way which indicates that the collector is well versed on important details. Also, by explaining options available for loans, etc., the collector establishes an expertise that creates power.

- **Reward Power**

Especially in the case of a customer who “feels guilty” about owing the money, the collector can “reward” the customer by finding a way to help him or her pay the bill. This ability to reward creates a unique power in the negotiations. The greatest reward you can give a customer is peace of mind. Most people worry about debt, they worry about bills, they worry about not having enough money. It is up to you to present your case in such a way that makes them see the benefits of payment of this account today.

- **Relationship Power**

This power supersedes the others. When a collector has developed a personal one-on-one relationship with a consumer, the negotiations process is expedited. To do this, a collector must use all communication skills available. Once the customer trusts the collector and feels the collector is on his or her side, the account can be resolved with greater ease and a minimal amount of conflict

Tone, tambour, volume and speed

Tone determines the demeanour you portray. It can be friendly, professional or formal, depending on the circumstances. For an initial contact it is best to be formal and friendly. Here is where Consumer and Trade credit gets opposite advice. When dealing with another business you should always be as friendly as possible. You are being paid to do a job and the person at the other end of the phone is also being paid to do a job, so your ability to communicate in a friendly and co operative way is essential to developing this relationship. Put yourself in the other persons shoes for a minute, they are receiving call from different people all day long and have to deal with varying degrees of friendliness. Being human they will respond more favourably to the friendly people, particularly if your invoices are correct and easy to read and understand. If you are involved in consumer collections it is important not to be too friendly, a simple reason is that when dealing with individuals, friends get paid last. If they are on friendly terms with you they could use that perceived relationship as a delaying tactic and it could push you further down their priority list.

Tambour refers to the amount of music in your voice. Tambour is generally associated with friendliness and as such I would recommend you are conscious of how you use it. At the very start of the call as you greet the person who answers the call “Hello, [first name]?” In most cases getting a positive response to this question is sufficient to confirm you are talking to the correct person. If there are qualifying questions from a data protection perspective you need to ask to establish that you are talking to the right person you should ask these questions straight away so you can get to the business of the call without delay.

Volume

You should be aware of the volume of your voice. The higher the volume the more aggressive the perceived tone of the communications. There is a happy medium to be achieved here as a very low volume could be confused with being

timid and if that is how you are perceived the call will not be taken seriously. As a rule the volume should be slightly higher than a conversational pitch and this coupled with your speed and excellent questions should be sufficient to get a result every time.

Speed of speaking is a constant problem. Most people talk too fast for the other person to hear every word that is spoken. You should practice talking at half speed, and pronouncing every syllable of every word you are saying. If you really want to be understood, a great exercise here is to get a digital recorder and record yourself on a call to a customer. Because you are only recording yourself there are no data protection issues here. Then find a quiet corner where you can be on your own and listen back. I know most people hate to hear themselves speak, that is what the customer is hearing! If this course was delivered in a classroom we would have a session devoted to this. Because it is not we have to leave it to you. If you want, you can send your recording to me confidentially for evaluation purposes and I'll gladly give you some feedback. The second exercise you should do with your recorder is to make a call, it is probably best if it isn't someone you know or who knows you! Practice speaking at half speed and while you are doing that lower the pitch of your voice as well. When you listen back, notice the increased clarity and power in your voice. It may have seemed much too slow when you were saying the words, but when you listen back it doesn't sound so bad.

I know you will be your own worst critic so listen out for clichés and other “habit” words you are using to become more conscious of how you are being heard by your customer.

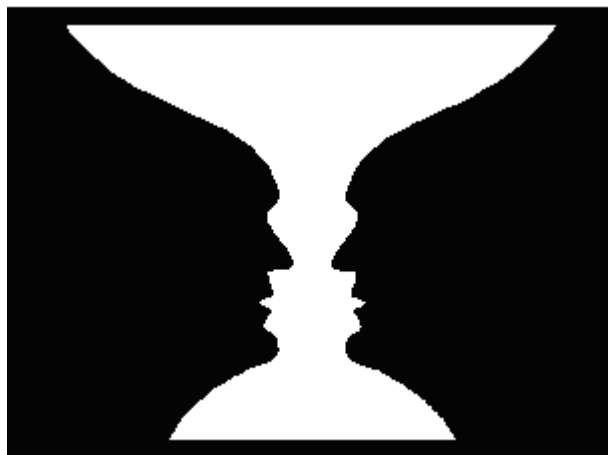
What you say and what they hear

This section is important for all communications and not just collections. Everyone is fitted with a filter that lets some information through and lets other information bounce off. Look at the image below – what do you see?



Some people will see a face and some others will see the word “Liar” Now I am sure we could have a whole term on psychoanalysis on how people answer this one that is not the point, the point is that different people see things differently.

What about this one:



Some people see a vase or a trophy, others see two faces. When both are pointed out it is easy to change from one picture to another. The lesson here is there is no right or wrong answer, both are valid but different people see things in a different way, they also hear things differently and different words will spark a different reaction in others. The point of this section is to be aware of the differences.

If we accept that, it is reasonable to assume that different people will hear things differently as well. A word that means nothing to you can spark a reaction in the person you are talking to, depending on the pictures they associate with the word they have heard. To succeed at this role you have to be an excellent communicator and the role of consumer collector when you are dealing with individuals and in a way they could perceive that you are looking to take money out of their pockets and deprive them of something they were looking forward to. You have to bring the conversation back to the fact that you are rightfully looking to be paid for a good or a service they have already received and enjoyed. For the purpose of B2B collections, when you are dealing with sole traders or individuals you should treat them the same as consumers, because the big difference here is that it is their money you are talking about and this is far more emotional than when you are just doing a job and working with other people's money.

Most people want to pay their bills, in fact if you ask most people "What would do if you won a million euro?" Most would say "I would pay my bills", "I would clear my mortgage" "Pay off my credit card" and the reason they say that first is because a large part of their lives are spent worrying about their bills, paying all their bills would give them peace of mind and for most this is something they strive for. Use this information for your own benefit, knowing they want peace of mind make sure you frame your communications in such a way that they see the benefit from **their** own perspective, not yours.

There is a negotiations technique that was used many years ago by the Native Americans – and it was called the "Talking Stick method". Let me explain how it worked. If there was a dispute that needed to be resolved the interested parties

arrived for the negotiations and they all sat around in a circle. One person was handed the “talking stick” and they were the only ones allowed to speak. Others could ask questions for clarification purposes when invited, they could not judge or condemn. When they felt they had been listened to and understood by the others they passed the stick on to the next person. The stick went around and around until they arrived at an agreed solution. Now I know you are thinking, if I brought a stick into the office everyone would think I was mad! And I’d probably agree, as long as you know how the system works and begin to practice it you can do so with a talking stick that exists only in your own imagination. This technique alone will help greatly with improving the quality of the communications and if you are listening to understand, and give them the time and space to express themselves you will be in a much better position to reach a better agreement.

Effective listening is the listening to the words of the speaker and the meaning of the words.

Active listening is a process in which the listener takes active responsibility to understand the content and feeling of what is being said and then checks with the speaker to see if he/she heard what the speaker intended to communicate. Most people listen only to help them formulate a response. If you can learn to listen, really listen with the intention of understanding you will begin to notice a real difference.

If you went to a optician and explained you were having difficulty seeing, and the optician told you he had the same problem and gave you his glasses and said try those – they really worked for me. Instead of making things better for you, they made matters worse and now everything is a blur, when you explained that that didn’t work and the optician got annoyed, telling you that you were really ungrateful and he gave you the solution and you were still not happy. Would you go back to that optician? Of course you wouldn’t. Because he forced his solution on your problem and in most cases, this doesn’t work. In medicine the definition

of malpractice is prescription without diagnosis. In collections it is exactly the same. You cannot suggest a solution until you have all the facts and make a decision based on the individual facts that were presented to you. To do this effectively you have to listen very attentively, listen with the intention of understanding and then from that place of understanding offer a solution that will work for all.

The four elements of active listening are

1. The Content. This deals with the issues, the problems, the objections and the words that you hear.
2. The Feelings. Behind the words are the feelings that go with them. As you are listening check in to see if you can work out what the feeling is behind the words and statements that are being made. Sometimes this is obvious when we are looking for it and it can be invisible when we are not.
3. The Process, is different for each person, if you can pick these things up just from listening alone you are one of the lucky ones. Some people find it easier to have a notepad or paper beside the phone and jot down words, numbers or statements that are said. When these are repeated back to the customer it proves that you were listening and you really want to find a solution.

One more absolute rule: If anyone ever says the words “You are not listening to me” what that really means is that they are looking to make an offer and you didn’t notice the signal. The next time someone says that to you, immediately say “Sorry, I wasn’t, what did you want to say?” You might be amazed at the results you achieve.

Developing confidence

This is the secret ingredient of successful collections. Your confidence, your attitude, your ability to focus on the right things, your ability to persuade your customer they are better off by paying this particular bill than not paying it, are all the hallmarks of success and none are possible without confidence.

You have to believe in yourself, you have to believe in the importance of your own organisation, you have to believe that you can help the customer, you have to be clear exactly what they owe and what they must pay, what they have to pay now and what they can pay later, you have to be clear about what the best possible outcome is and what your absolute bottom line is before you enter negotiations.

There is a huge difference between being assertive and being aggressive, and a lot of people either don't know or cannot define the difference. In my estimation it depends what you focus on and what you are seen to be attacking, if you focus on the person, on their behaviour, on their lifestyle, on their past actions you will be accused of being aggressive. Particularly If you simply focus on getting the money without exploring as many ways as you can with the customer to reach an agreement that is acceptable to both of you, you can be as assertive as you want, and never be accused of being aggressive. You can be forceful, you can be unreasonable, you can be demanding and in some way these traits are expected and in some cases respected by the customer. The skill is in knowing when to back down, when to offer a settlement without letting yourself or your company down. We will go through some case studies and real world approaches when we come to the section on negotiations in the section dealing with reasons for non payment in the next module.

There are a number of ways to increase your confidence:

- 1 Know what you are talking about – do your research. The time spent in preparing for each call should be in direct proportion to your own overall experience and your hands on knowledge of this customer. The more experienced you are the less preparation time you will need. Every call should have some preparation. The more you know the more confident you will be and the easier the call.
- 2 Be clear what outcome you require. Before you pick up the phone or go to meet someone ask yourself “what do I want to achieve here” then answer the question with one sentence and as few words as you can. Different situations will require different outcomes and your success will depend on how specific you are in the pursuit of what you want. It could be I want the full €3,678 in your bank account before Friday; it could be that you know the customer has a financial problem and you want to work out a payment plan with them, if this is the case map out simply what is the best possible outcome from your perspective and the worst possible outcome you are prepared to accept and the point where a deal cannot be done. As soon as you know your desired outcome resolve not to finish the call until it is achieved – you will be amazed at the strength that level of focus will create.
- 3 Stay in control. You must use your skill and experience to guide the call to your desired outcome and never get side tracked by the behavior of the person you are talking to. Some skilled debtors use their aggression as a tactic to get away with nonpayment. You find yourself focusing on their aggression and not on the job in hand which is always to get the money.
- 4 Be conscious of your posture. They say you can hear a smile on the phone, I am sure you will agree, you can also tell the difference between someone talking with excellent posture and someone who is slouching. There is a close link between our physiology and our thought processes. When you sit up straight you will come across as more confident. To assist in this you should always have your computer screen above eye level, and your chair in an upright position. When talking you will be more confident when you are leaning back than if you are slouching over your desk. Try this exercise: push your chair away from your desk

- or table, drop your hands towards the floor and bend over so you are facing the ground.
- 5 Show care for your customer – you will do this by listening; it is possible to listen, understand and get as much as you can as soon as you can. If you explain the reasons why they have to pay you and how they will be better off as a result, it is better than adopting a combative approach.
 - 6 Build rapport with your customer – people work better with people they like. You will get some pointers on building rapport from this course and the recommended reading if you would be interested in finding out more on this fascinating topic.
 - 7 Getting the commitment. You must ensure you receive a commitment from every customer – every time. Asking for a payment with an assurance from the customer “yes I’ll look after that for you” will seldom get the desired result. The commitment you get must include the exact amount of the payment, the exact method – cheque, bank transfer, postal money order, Standing order, direct debit and the exact date the payment will be in your bank, on your desk or available for collection.
 - 8 Use your voice. The very best way to sound confident is to lower the pitch of your voice and s-l-o-w r—i—g—h—t d---o---w---n.
 - 9 Stand Up. If at any time during the call you feel you are losing control, simply stand up and observe the difference. You probably do this at home – and immediately you gain control. Use this technique if you are calling a difficult customer or if the call becomes difficult.
 - 10 Putting into practice what you will learn on this module will make the task more enjoyable and rewarding.
 - 11 Ask for the money – you’d be surprised how many people don’t.

We all agree that listening skills are important, before we progress, we will have a quick quiz, that is for your own benefit to check where you are now

HOW WELL DO YOU LISTEN?

Circle the number below that best describes how well you listen?

- | | | |
|--|-----------|--|
| 1. I listen more than I talk | 5 4 3 2 1 | I talk more than I listen |
| 2. I learn about the other person | 5 4 3 2 1 | I talk about myself |
| 3. I use good eye contact | 5 4 3 2 1 | I don't use eye contact |
| 4. I mostly use the word "you" | 5 4 3 2 1 | I mostly use the word "me" |
| 5. I give too much advice | 5 4 3 2 1 | I try not to give advice |
| 6. I ask simple questions | 5 4 3 2 1 | I ask complicated questions |
| 7. I give positive comments | 5 4 3 2 1 | I give negative comments |
| 8. I enjoy silence | 5 4 3 2 1 | I don't like silence |
| 9. I lean forward to listen | 5 4 3 2 1 | I slouch when listening |
| 10. I use humor when things are tense | 5 4 3 2 1 | I don't know what to do when things are tense |
| 11. I try to see how others see | 5 4 3 2 1 | I must defend how I feel |
| 12. I wait until someone is finished speaking before I speak | 5 4 3 2 1 | I tend to interrupt or finish other peoples sentences. |

As you look back over your checklist, draw a vertical line connecting the numbers together. How does your line look? Is it straight or crooked? Is it near the numbers 4 and 5, or more near the numbers 1 and 2?

Good listeners should have circled mostly number 5s. These are the positive ways of listening. How could you improve your listening skills?

By reviewing the instances where you have answered 1 or 2 or 3 should help you identify the areas that you need to improve on.

Listening Skills is one of the key skills required in the communications process, to check how good you are at listening, I am going to tell you a very short story – it is only 16 seconds long, simply listen to the clip by following the following link:

<http://declanflood.weebly.com/listening-skills.html> (this link may not work for mac)

You can listen to the story up to three times to make sure you have understood the content, then click on the following link where I will make eleven statements about the story you have just heard. As you listen to each statement, tick the box on the following page:

True – if the statement is true

False – If the statement is false

Don't Know – if you don't know based on the story.

You should put tick in the appropriate box the box immediately after hearing each statement and at the end count up how many Yes, How Many No and how many don't knows you have. Then copy the answer sheet and send it to Declan on declan@icmt.ie and he will send you back your results. This is simply for learning purposes and does not count for marks.

For best effect please just listen to the story two or three times and answer and submit your questions straight away. In this exercise the important point is your immediate comprehension – in the real world we only get one chance, so the exercise will be more valuable to you if you do it this way.

Listening Skills Answer Sheet

Name _____

	TRUE	FALSE	Don't Know
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
TOTAL			

What happens in most conversations is that we are concentrating on what we are saying and what we are going to say next. When we stop talking our minds jump to work out what we are going to say and as a result we are not really listening to what the other person is saying. Take time to observe conversations going on around you. Ask the question when two people are talking is this a conversation or is it simply two monologues where they allow themselves to be interrupted by the other.

The late Stephen R Covey who wrote a book called the seven habits of highly effective people Habit 5 is “Seek first to understand and then to be understood”. This line is also part of the Credit Union Prayer and is also attributed to St Francis. Whatever its origins, there is great wisdom in that line. We can only truly understand if we listen. I mean really listen, listen to the words, listen to the tone, listen for the gaps, listen to the inflections, listen to the emotions and listen for the signals they will give you by using some of the words in the preceding pages.

If you could do with improving your listening skills, one way I have found very helpful is to have a jotter and a pen on your desk when you are talking to someone. Write down key words or phrases they say as they are saying it. You can also repeat back to them what they have just said. This is a great tactic it shows them you are really listening; it also gets them to agree with you. “So, John, what you are saying is” If they agree you have made progress, if they don’t you will receive better clarity on the situation. Other questions you can ask here are:

“What I think I hear you saying is...”

“In other words, you think that...”

“Correct me if I’m wrong, but aren’t you saying...”

“Let me review what I’ve heard you say.”

“Please correct me if I leave anything out.”

“I hear you saying Is that right?”

The final goal of every collection call is to get the money and as long as that is front and centre in your mind you will take whatever route you can to get there. You will only get a result with the agreement of the person you are talking to and the more times they agree with you during the call the more likely they will agree with you when it comes to a lasting solution.

We have discussed the differences between people and yes of course there are differences, there are also human universals – things that everyone can agree on. One of these is that people need to be listened to and understood. I didn't say agreed with! I simply said to be listened to and understood. So in your role as collector if you can get into the shoes of the person you are talking to, recognise their problems and difficulties and then use your skill to come up with a way that works for everyone – you will be a hero - a hero to your own organisation and to your customers. Start with the premise that there is a solution to every single problem and your job is to find it. The best way to solve any problem is to listen and then come up with a workable solution. It is always better to look for more than you are prepared to accept at the start as this will give you some room to negotiate if that becomes necessary. We will be dealing with negotiations in more detail in the next module.