

High 5: The psychology of collecting

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Debt collection is fun! You wouldn't think so from the high turnover rates that many collections call centres suffer from, but it really can be. Some places can be like sweatshops where the goals must be achieved to make your money. The goals are about making contact with the debtor, obtaining a commitment to pay and getting on to the next call. It is a volume business. It is fast and it tends to be impersonal. The rest is stress for the agent and sub optimal results for the business.

The solution is to engender a better environment to work in. The more fun you have, the more enjoyable your job and the more successful you are. It sounds easy, but of course changing an organisation's culture is a major challenge. However, it is a challenge worth taking and in this article we provide you with a frame work. We call it the High Five of collections.

The High Five are: Control, The Pitch, The Questions, Management and Closing. Think of them as rules to debt collection which, when adhered to will improve the results of telephone collectors from the newest to the most experienced.

Control

This is a people business. The customers have problems that you see as a debt that needs to be collected. Scripts take away the value of natural human interaction. Collection agents with the right training can be empowered. They should be prepared for action and be prepared to "see what happens." Why are the Marines and the SAS better than regular soldiers? Because they know their objective, they have the skills and can be flexible to react to a situation in order to meet that objective. Karl Marx in his theory of Alienation, expressed success as taking control of your life. This works for agents. This is also a good message to the debtors.

So how does this rule apply? When you make a collections call, it is your call; you are in charge. The words you use, the tone you use are all vital to that control. One tip, is that on the initial contact, the other person is unsure of who is and why you are calling. They may be wary, but that initial contact is the point at which you can establish the control. If you are in control, you have a greater chance of success. In turn, the more you win, the better you will feel about your job.

The Pitch

This is the area that most people think they know. However, in our training sessions, we have found that people have been shocked to find that they don't. The pitch is simply a tool for you to win permission to do, what we call, "research." The skill is to get the respondent talking; giving you valuable information; allowing you to close your argument. The theory of The Pitch is derived from hypnotherapy in the 1950's when Milton Erickson devised a method of simply talking to his patients in a way which induced a trance. The Language used is considered to be "artfully vague" and it can be used to great effect in the collections environment.

Here's how it works. You have been relaxed but professional. You have established control and now you want the critical information. On an adult level, you ask permission to raise the subject of the debt, run the "new idea" by the debtor. This

idea says very little, but will be familiar words designed to trigger an open response. The debtor accesses their subconscious mind and feels obliged to explain.

Most people with financial difficulties, bury their head in the sand and clam up. By using The Pitch, you get inside those defensive barriers. If you don't, you may get a promise now, but you are likely to find the next payment is even harder to get from the customer. By connecting with the customer, you gain even greater control over the situation. When you agree to a repayment schedule, it has a greater chance of success.

The Questions

Gathering information is the most important part of collections. The old saying that you have two ears and one mouth, so listen twice as much as talking, is valid. By listening, you can guide your conversation through information that has direct relevance to your goal.

After The Pitch you will be given a summary of their situation. This can be enough to go straight to the closing, but often it is not. The next stage is to ask a behaviour question. This type of question is designed to give you a view of their attitude to being in debt. The next stage is to ask an environment question which will give you a view of who else knows about the debt or is involved with the debt. Ask again for what you want. You may now ask a skills question with reference to their job, qualifications or ambition and ask again for what you want. If you don't have a result by now you will certainly be able to put a time frame to what you want. When you call again your pitch will be much improved because you know who, what, and why you are dealing with the respondent.

Management

Management is all about converting the creditors slowly to our way of thinking. If we asked you to reach the bottom by jumping off a cliff, you would walk away. However, if we guided you down an easy slope, you are more likely to follow. Of course it is a lot easier if you would like to be at the bottom of the hill. Or, in the world of debt, perhaps it would be a better analogy to say you don't want to be where you are.

It is easy to forget that the customer has a problem. Just getting a payment from them is like telling them to jump. You are not working with them. The management, or guided approach is more about win-win. The real test of success is obtaining the second a third payment.

By following The Pitch, The Questions and Management you have done your job correctly. You will know enough about this human being to understand their motivation. Now let's see how we close the deal.

Closing

Closing is generally considered to be the golden bullet of sales. It is also true for collections. In collections this is typically confirmation of the amount to be paid, when and how. However, the psychology with how this is delivered is critical.

Transactional analysis considers our interactions to be Parent, Adult or Child. The parent and child states can be divided into positive and negative and further divided into nurturing and controlling (Parent) and free and adaptive (Child). At any time we are in one state and capable of switching to another. Bad collections calls are

fascinating when we hear the agent acting as a negative controlling Parent, demanding payment, and the debtor reacting as aggressively or dismissively in the Child mode.

“Crossing a transaction” has an incredibly powerful impact. If the agent isn’t in control they can be thrown by the debtor switching to Parent and attempting to deflect the conversation. It is equally powerful when used by the agent. If the agent can switch from positive adaptive Child to Adult, the debtor can be taken off guard. Making a sensible suggestion to deal with the debt can result in a sustainable and manageable solution.

Conclusion

Tools like Neural Linguistic Programming and Transactional Analysis work. We occasionally come across people who think it is wrong to play psychological games with people. Why? We are psychological creatures. Understanding this with training provides a valuable tool. We wouldn’t send the SAS in to do a job without a weapon. Why then should we consider having collections agents make a call without understanding how the other person thinks and could react?

Rather than working with scripts, improved performance can be achieved by structuring the call. The reality is that the best agents do all of this instinctively. However, we want all our staff to perform like the best, not just a precious few.

So play the game. Pitch the call right and ask the right type of questions in the right way. Then understanding the attitude, values and environment, make that transactional shift to close.

Collections agents have a job to do, of course, but this is also their life. If you train them in the skills, they will get better results. Not only that, but the results will be more satisfying. As Marx said, give them control and they will succeed. And perhaps most surprisingly, debt collection can be fun!

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