

Collection Agency Best Practices



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Experts Share Tips on Core Components of Successful Training Program

To paraphrase a famous quote from Zig Ziglar: there is only one thing worse than training someone and not keeping them...Not training them and keeping them.

For collection agencies, that maxim is definitely true, especially in today's world of heightened compliance and mastering the art of persuasion, according to a panel of experts who spoke during a webinar last week on the topic of training. The webinar, which was sponsored by Peak Revenue Group, featured many tips and tricks to help develop best practices in training and re-training employees. One of the most important components of a training system, is a trainer. Simply relying on "Ned," who's worked at the agency since Reagan was president and keeps everything in his head is not the best training program, said Mike Hiller, the Vice President of collections at American Profit Recovery.

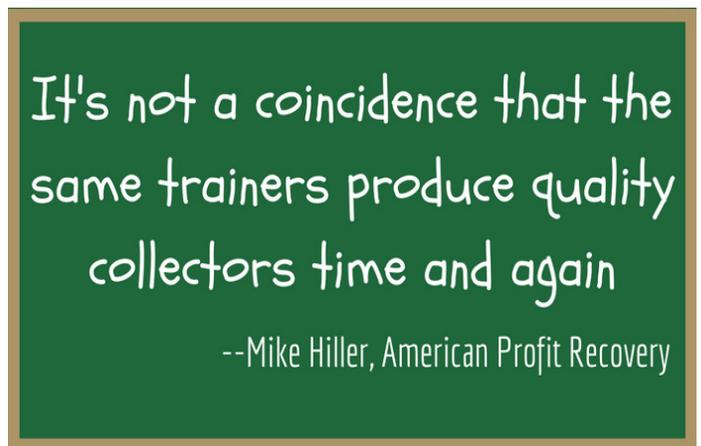
Collection agencies need a dedicated program and a dedicated person in charge of that program, if they are going to effectively train new employees. The person in charge of training needs to be charismatic, a great storyteller, and good at teaching the art and science of collections.

"It's not a coincidence that the same trainers produce quality collectors time and again," Hiller said during the webinar. "How are you making sure you're hiring the right people and how much are you willing to pay to find out?"

Having the right trainer is the cornerstone of a successful training program. The trainer is often the first full-time employee that a new hire encounters, and it is the trainer that must lay the foundation for the culture of the company.

"For a new hire to be successful, they need to join your culture," Hiller said. "How do you train someone on culture? You tell stories."

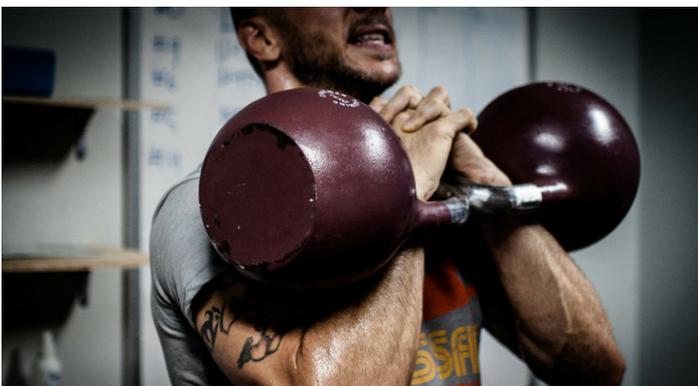
The primary components of a successful training program can be broken down into two categories:



art and science. The science is the hard facts of the business, meaning areas like compliance, and how the software works. The art is the conversation that a collector has with an individual; how the collector persuades the individual to make a payment or make good on a promise to pay. For the panelists on the webinar, two weeks of training is enough to cover both areas.

"By the end of two weeks a new employee should have a good understanding of what the job expectations are," said LaDonna Bohling, a Vice President with Contract Callers. "Some of our best collectors are people who came in with no experience or maybe a little exposure to a call center environment."

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HOW TO DEAL WITH COMPLAINTS FROM CLIENTS, CONSUMERS



Collection agencies spend years building a rapport with clients, developing a relationship, establishing trust, and creating a bond that tries to stand the test of time.

But that rapport can be crushed in an instant, taking nothing more than how a collection agency responds to a complaint or an inquiry from a client. A panel of operations experts spoke on the topic of how to turn complaints from clients and consumers into training opportunities. The webinar was sponsored by Peak Revenue Learning.

“This is a relationship business,” said Harry Strausser, the former the owner of Remit Corp., and one of the industry’s foremost trainers. “The key is being responsive and realistic.”

Sharing information like expected liquidation rates during the on-boarding process can help mitigate potential issues down the road, Strausser said during the webinar. Over-promising can lead to problems.

“I used to have a sales person who would say, ‘We can collect what you can’t’ and that’s not right,” said Mary Shores, the president and CEO of Mid-state Collection Solutions. “You have to manage expectations right from the outset. You have to talk about things like court costs and how reimbursements work.”

Being open and honest is an easy way to ensure that there are no complaints from clients. But sometimes reading inquiries from clients can be difficult. Oftentimes, there are complaints buried within a question or an inquiry from a client.

“You get questions and you have to look for the underlying dis-satisfaction,” Shores said. “We have a three-step process. Step one is validating the client’s feelings by saying things like, ‘I can see why that is important to you.’ Step two is planting seeds of happiness. Step three is to make an action statement.”

Another important component of dealing with complaints and how to prevent them is to solicit feedback from clients on a regular basis. At Strausser’s former firm, for example, the agency’s went out and visited its largest clients every year. The rest were contacted via phone and email to ask if there was anything else the firm could be doing better. Silence is not always golden, Strausser said.

Getting a complaint is not always a bad thing, either, Strausser said. Complaints can shine lights on areas of inefficiency or where further training may be necessary to shore up policies.

“I want to get complaints so I can address it,” Strausser said. “I don’t want to hide our heads in the sand. Maybe there is a problem.”

Understanding the nature of a problem can be a difficult nut to crack, Shores said.

“My job is to conduct a root-cause analysis,” Shores said. “So many people have ulterior motives. They believe in the squeaky rule gets the grease. I come right out and ask them, ‘What is the outcome you’re looking for?’ What they are often after has nothing to do with what they are complaining about.”

With consumers, sometimes the complaint is nothing more than an attempt to have a debt removed from their credit report, Shores said. Years of experience have taught her how to differentiate between legitimate complaints and those who are more of a Trojan Horse.

“Not every complaint is a complaint,” Shores said. “It’s about education.”

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Agency Execs Share Best Practices in Hiring Job Candidates

The use of personality testing in the hiring process was the biggest point of debate between a trio of panelists on a webinar presented earlier today with one of the panelists heavily endorsing their use.

Mike DeCarpio, the director of collections at RevSolve, says his agency uses a number of personality tests during the hiring process to identify and determine whether candidates have the right skill sets and personality traits to succeed at the company.

“We want to make sure they will fit into our culture,” DeCarpio said during the webinar. RevSolve is using a product from People Decisions, Inc. The product assesses a number of personality traits, including assertiveness, social comfort, sales motivation, attention to



detail, and energy, among others.

While neither of the other two panelists indicated they used any such testing during their hiring process, they did express some interest in DeCarpio’s description of the product. Personality testing can provide objective data into a situation that is very subjective. DeCarpio said his firm is looking to weed out the individuals who are good at manipulating themselves during an interview to make themselves look hireable.

One area where all three panelists agreed was on hiring individuals with previous industry experience. Those individuals are a red flag that require additional scrutiny and reference checks prior to hiring, because of the potential to bring bad habits into the job.

Instead, the panelists seem to be looking more for individuals with people skills or experience working with individuals who might be unsatisfied and training them to be collectors.

“I’m looking for people who have been around people,” said Gordon Beck, the chief executive of Diversified Consultants. “People who have worked in hospitality or car sales. We are looking for the human experience.”

In terms of looking for candidates, the panelists had mostly similar strategies, with subtle differences. Beck said his firm has had success advertising on local online job boards, such as JaxJobs, which is a job board for Jacksonville, Fla., where DCI is based. DeCarpio said RevSolve has had success using sites like Craigslist and Indeed.com.

Michael Lages, the president and chief financial officer at Delta Outsource Group, says his firm has held open houses and used them as opportunities for employees to bring referral candidates to the office.

An interesting conversation ensued when the topic of hiring members of the millennial generation was raised. Millennials are looking for more than a job; they want to know that they are part of something bigger, Lages said.

“So we’re getting more involved in our community,” Lages said. “They aren’t just after the almighty dollar.”

DeCarpio said he gave the company’s job ad to a group of millennial employees to re-write for a younger generation.

“When I write it, I’m writing it for me,” he said. “They wrote it for their generation.”

At the end of the day, it is cheaper to keep someone than it is to hire someone, Lages said, and all agencies need to adopt a culture of continuous improvement. The average tenure for a collector at Delta Outsource Group is four and a half years, he said.

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How Their Agencies Approach Compensation, And The Importance of Non-Financial Perks

Sometimes, it's as simple as a coveted parking spot that makes people feel wanted.

When it comes to making employees feel wanted, the non-financial perks can matter just as much, and in some cases more, than what's in an employee's paycheck.

A pair of speakers shared how their collection agencies structure their compensation packages for collectors and support staff during a webinar, which was sponsored by Peak Revenue Learning.

The webinar speakers were Tracy Dudek, the vice president of operations at State Collection Service, and Christian Lehr, chief operations officer at Healthcare Collections Inc.

The parking spots, which are covered, are prizes for employees at Healthcare Collections who have perfect attendance for a month. The three covered parking spots are highly coveted in Phoenix, where temperatures can make the inside of a car feel like an oven at the end of a long workday. Lehr said that the parking spot award has become highly sought after by the agency's employees.

After noticing that more employees were calling out on Mondays, State Collection instituted what it calls "Monday Funday," where it schedules fun activities on the first day of the work week as a means of keeping people from missing work. The activities have helped,

When it comes to making employees feel wanted, the non-financial perks can matter just as much, and in some cases more, than what's in an employee's paycheck.

Dudek said, with fewer people calling out on Monday.

When it comes to actual compensation, both firms employ a base salary plus commission structure for frontline employees. While some longer-serving employees have raised whether the agency would consider switching to a straight salary compensation instead of

a salary plus commission, both speakers said they have no plans to switch.

"Nobody wants to jump on the salary bandwagon unless its over and above what they've made in their best



year ever," Lehr said, adding that the element of competition among collectors to see who can achieve the highest commission is an important motivator among employees.

While collection and recovery rates matter, both speakers also reinforced the importance of including compliance in a well-rounded compensation program.

At State Collection Service, for example, an employee's bonus can be affected if his or her quality assurance score drops below a certain score.

Employees who are sent home from Healthcare Collections for various infractions do not earn commissions on payments that are posted to their accounts while they are not in the office, Lehr said.

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