




*Staff Training*

## Debt Collection

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## Aim

The course outline is designed to assist the learners with the approach and skills necessary to enter debt collection negotiations. It gives the learner a structured approach to the theory of negotiation easily enabling them to recognise the client's approach and assisting them in gaining clarity on their own goals, thereby enabling better outcomes.



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## Outcome

### **At the end of this workshop, the team/individual will:**

Be equipped with the approach and skills necessary to enter debt collection negotiations. Have a structured approach to the theory of negotiation easily enabling them to recognise the client's approach and assisting them in gaining clarity on their own goals, thereby enabling better outcomes.



## Section 1

# What is Currency?

### 1.1 The definition.

Normally when we speak of currency we think of money. This is not strictly true.

The dictionary defines currency as the system of money in general use in a particular country. For example, in South Africa that is Rands and Cents, In the United States the currency is Dollars and Cents, in Japan it is the Yen.

But to think about it a bit differently, for a person that has no currency (money) in the traditional sense, the value they have is in time and skill.

Once you are owed money, it is generally because you have delivered time, service or product to the person owing you. Or it is because you have committed to an agreement that recognizes the worth of your time and effort.

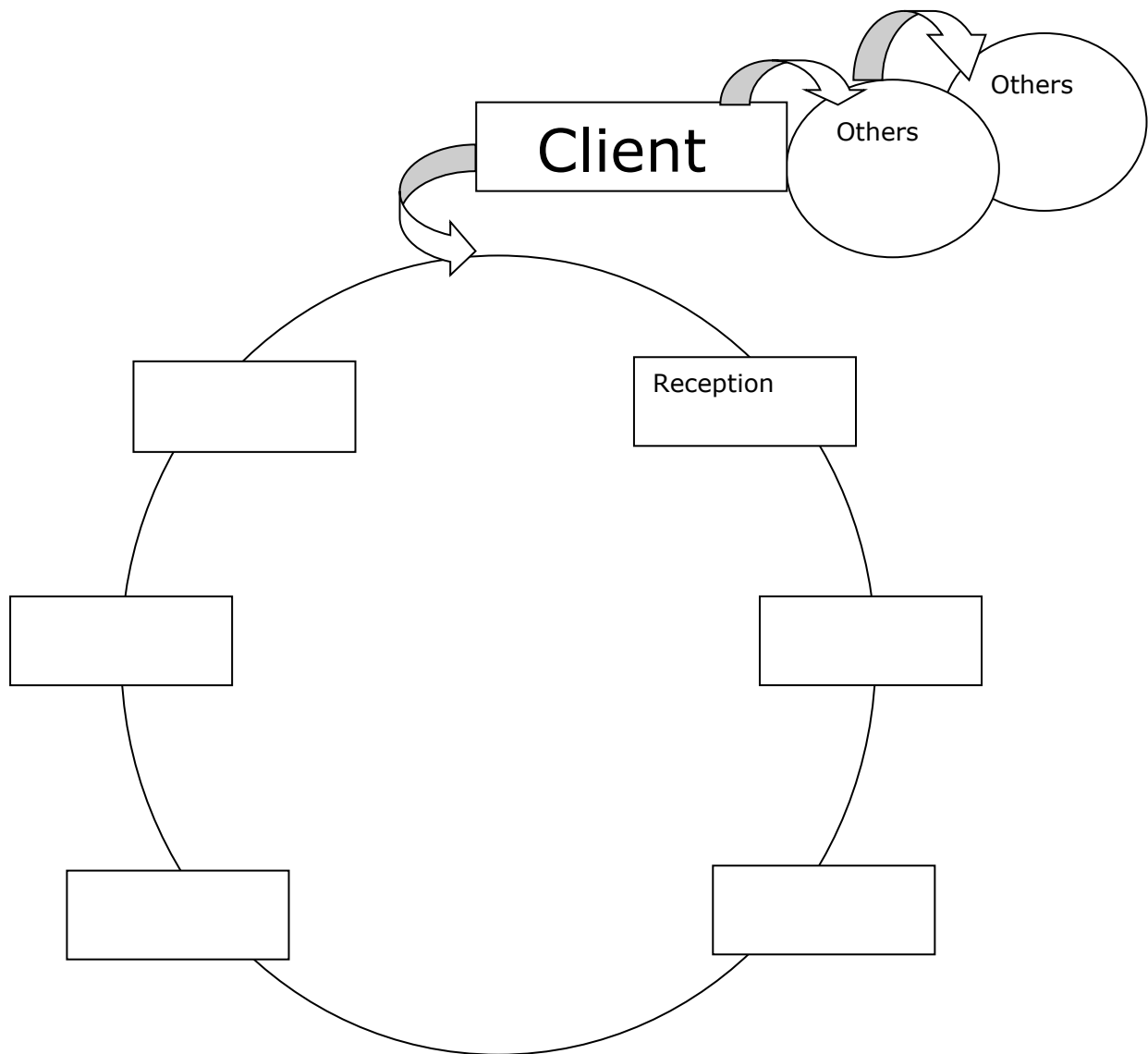
**In essence though** it is always true to say that by the time the money is owed to you, you have provided something in return. Hence it is no longer the "client's" money it is indeed yours; it just happens to still be in the "client's" possession.

**This is very true in business. Once a client has become debtor, they are only the custodians of the money until such time as they have paid it over to you.**



## 1.2 Understanding Business, The Core and Support functions

### Closing the Gaps



### 1.3 The Value you add as a Debt Collection

As a collections agent you play a vital role in the ability of the organization to timeously meet its financial obligations. It is imperative that the importance of this role be recognized, simultaneously recognizing the tight rope you walk between client care and “bad” cop!

In an ideal world there would be no need for us to follow up on monies owed to us. Everyone would pay on time every time and there would be no disconnect between product or service delivered and payment due. This is however not an ideal world!

It is essential that you recognize that as a collections agent you are often in a customer care position as well, and any valid objections you get from your client with reference to payment provide your company with an opportunity to improve on their delivery!



**Discussion:**

What are the objections/challenges (excuses) that an organization has with reference to debt collection?

For example, a client who purchased online on account, may not yet have received their parcel even though it has been dispatched.



## 1.4 Debt Collection Business to Business vs. Business to Client

Essentially in business when we are trying to get money from another business it is not as personal.

### Or is it?

If you consider that nearly 60% of all South Africans are employed by small business you are in fact in many instances working with the owner of a small business and at all times it would be in your interest to recognize that money is very personal for them.

Often when working with Government and Corporates all we need to do is fully understand their processes and ensure that we meet their requirements. They should mostly pay up on time every time. The biggest challenge we have is that there is often time no relationship between us as debt collectors and the procurement and or payments department, as a result when we start querying payment and there has been a hitch, nobody has the urge to address the problem. In this instance it is always prudent to be pre-emptive and to build that relationship when the very first deal is signed, long before the monies are due.

When trying to collect from individuals it is much more obvious that life itself plays a role in the money we are trying to collect.

It is also worth recognizing that not everyone is well intentioned when it comes to settling the debts they owe. Many people never had the intention of paying well and on time anyway, so being able to identify a habitual debtor is crucial on your debt collection radar.

For many people who are in the collections industry they FEEL as if they cannot ask for the money because the debtor is having financial difficulties.

Firstly, recognizing how you FEEL about the job of collections is important and then seeing that feeling for what it is. Pure empathy, a great human trait. Next step is to then ask what you can DO about a seemingly difficult scenario. The only answer is to find alternatives that work for both parties.

Excuses/Reasons for not paying	
We have no cash at the moment	Alternative?
You never delivered what we needed	Alternative?
I have not had TIME to reconcile the account	Alternative?



<b>Continued</b>	
I am just waiting for a client to pay as you were late in delivering on our behalf	Alternative?
We can pay you half now and the rest at the end of next month	Alternative?



## Section 2

### Terminology

**Let us first work with some financial terminology (vocabulary)**

Debtor	A person who owes you money.
Creditor	A person you owe money to.
Collections	The process of collecting money owed to you.
An invoice	A written record of goods purchased and money either paid or to be paid as a result.
A statement	A written record of a group of invoices and payments for a specific period.
A debit (to an account)	A reflection of an invoice (money owed) on an account.
A credit note	A written record of an invoice that has been reversed or written off or a discount passed.
A discount	An amount of money that a client will not be charged, normally less than a list price and granted on big volume purchases
A credit (to an account)	Normally an account is credited, if a payment has been made or a credit note passed, i.e., for faulty goods or discounts or returns.
An expense	Either a monthly or a one-off cost of purchase.
Profitability	The difference between the selling price and cost price of an item.
Overheads	The operating and fixed costs of producing /procuring an item for sale.
Procurement	The act of buying in goods.
Supply Chain	The chain of people/organisations involved in bringing in a product to the point of sale.
Cash flow	The difference in the amount of money available in a bank at the beginning of a period and the end of the period.
Proof of Income	This is proof from the purchaser in the form of salary slips normally that the income they provide you with on the application for their account is in fact correct.
Affordability	This means that a purchaser does have the cash flow to spend money on a new purchase.



## Section 3

# Keep it Real, Keep it Legal, and Keep it Simple

**The aim** of this section is to advise the delegates of the need for a proper introduction and "setting the tone" for a fruitful negotiation.

### The Outcome:

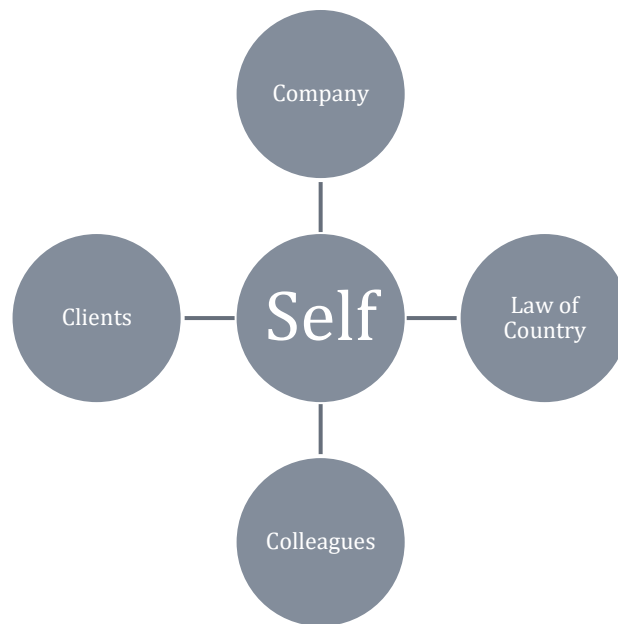


- Delegates are able to professionally initiate a collections orientated call.
- Delegates are able to use a professional and assertive approach to set the tone for a positive outcome.
- Delegates are able to recognise and respect the need for legal compliance.
- Delegates are able to recognise why this approach is necessary from both client and company perspective.

Your Actions	Your WIIFM	Client WIIFM	Company WIIFM
How Respect Work with facts Be assertive Use the right tone of voice Use English (if only for the introduction) Introduce yourself correctly Introduce your company clearly Confirm Client Name and Surname Confirm Date of Birth Advise that call is recorded (legal) Advise reason for call	Growing Professionalism Developing Confidence	More difficult to refuse Uncomplicates a tricky road for them Protects their confidentiality (legal) Sets the tone for a collaborative conversation Helps maintain their dignity	Company Image Legal Compliance Client Retention



### 3.1 Respect



**Respect is defined** as the due regard of wishes, feelings and rights of others.

When we remain respectful, we remain professional

In a call center environment, respect is shown through:

Tone of voice

Work ethic –completing all required actions and tasks

Helpfulness – accessed through good listening and problem solving

Adhering to the policies of the organisation

Adhering to the law

Recognising your client as an individual in their own right, with equal rights and responsibilities as yourself

#### Discussion:

1. Do you think it is possible that clients can be disrespectful, no matter how respectful you are? How do we respond if this is the case? (Study the figure above and evaluate your responsibility towards a professional and respectful approach at all times)
2. Perception is the way something is understood and interpreted. Do you think that perception can play a role in the discussions of a very diverse working culture such as our own?



### 3.2 Work With Facts

**This sounds so simplistic but the reason it is so important to mention in a high-pressure call centre environment is:**

Facts remove emotion from a discussion making it much more likely to reach a positive outcome.

Incorrect facts mean that the discussion should not even take place.

Facts lead us to company targets and personal goals.



If I speak to the right person in the right way with the right information, my factual requirements, it is likely that they will co-operate.

If they co-operate I reach my target

If I consistently reach my targets, it is likely that I will reach my personal goals (career and home)

#### Discussion and Practical

1. How is it possible to get your facts wrong when making an outgoing call?
2. Does a slow system influence our ability to get the facts right?
3. What measures can we put in place to counter the above happening?
4. How does another agent influence our ability to "get it right"



## 2.3 Being Assertive

Assertive and Collaborative communication is calm, clear, honest communication. There is no manipulation involved because you are not engaging in a power struggle – you are simply listening to what the client is saying with an open mind, explaining what you can do for them as well as what it not possible.

You are also making it clear what it is you need.

**Assertive conversation is always respectful.** There is no law that says just because we want something we will get it, so do not get upset with a client that clearly wants the direct opposite of what you do - and gets it! After all timing also plays a large role. It is your responsibility to get the best possible payment from your client thereby empowering both the client and your organization.

**For example:** You would like the client to pay R1000 within 3 days. The client is willing to pay but wants to pay R200 within the three days.

Would you rather just take the R200, or do you try and push for more?

**It is important to note that the client cannot always be right, nor are they always honest, but it is never our job to tell them that! We protect ourselves and others when we communicate assertively and with tact and diplomacy!**



There are a few Tools, we can offer you assist with being more assertive:

### 1. The three step Assertive Technique



Three Step Assertive Approach: <https://www.dailymotion.com/video/x6vnk9>





The three-step assertiveness approach:

**I understand that you think/feel etc.**

**However, I think/feel ...**

**Therefore, I suggest or what I CAN do...**

**For example:**

**Client:** I can only pay you R200 this week.

**Agent:** Thank you Mr. Client, I understand your offer, however, I would like to assist you with repairing your credit record with us and R200 only just covers your interest payment, this means that no money is going off against your capital. I therefore suggest that you try to pay at least R400 within 3 days to ensure that you start reducing the capital amount.

**Fogging**

**Fogging is taking in what you are hearing - and then placing a large fluffy cloud around it before you respond! You are simply not taking the original comment as the final answer, and you are definitely not taking it personally!**

**For example:**

**Client:** There was a big problem with my order and you guys delivered late, but you are quick to collect your money!

**Agent:** I understand Madam Client and I do apologise that you did not receive the service you expected, however, that matter has now been resolved and I would like to see you as a "happy Company X client" But for that to happen I need you to assist me with these repayments. What amount are you able to pay now?

**Or**

**Client: You are not listening to me; I cannot pay now.**

**Agent:** Mr. Client, I do apologise, please do help me to understand, what information am I missing?



**Role Play:**

Practice the three-step technique through the use of role-play.



### 3.4 Using the Right Tone of Voice

#### Exploring the use of your Voice as a Communication Tool

Using your tone of voice positively is one of the best tools a call centre agent can have in their toolbox! For this reason, it is important to understand what it is that people respond to in tone of voice!

Tone of voice includes:

#### The speed with which we speak

Too fast creates poor understanding, too slow can be irritating

#### The words we place emphasis on

For example: "The CAT sat on the mat!" It seems surprising that the CAT sat there as opposed to "The cat sat on the MAT" where it seems shocking that the cat chose the mat to sit on!

#### The pitch of our voice

Neuroscientists are proving that **we trust people with a lower tone of voice** more than we trust those with a high tone!

Low pitch = Strength, calm, confidence, and competence

High pitch = excitement, panic, nervousness and lack of control

#### The Tone of Voice

Reflects our emotions - are we excited, down, bored, on automatic pilot?

#### Volume

Too loud can sound aggressive and overbearing.

Too soft can indicate shyness or lack of confidence.



**Especially for a telephonic use, it is very useful to practice your tone.**

This is a useful exercise to do in front of your bathroom mirror, enabling you to get the **correct breathing, confidence, and internal power** in place and to ensure that you are conveying a message of confidence and trustworthiness!

It also helps to "play" with your voice, falsetto singing, lowering your voice to the deepest bass it can go, speaking long sentences without breathing etc. The more you play with and understand your voice, the more you are able to control it!






A fun exercise: working with a partner and using an **inappropriate tone of voice**, take a minute or two to tell them:

- A sad story
- A happy story
- An interesting story
- A boring story

People respond well to enthusiasm and positivity to the “smile in the voice” as such. When you are in a people centred position such as sales, it is **extremely important that you work on your ability to convey enthusiasm and confidence**, even if you do not feel it.

In other words, **Fake it till you make it!** Below are a number of videos that you can watch on this topic - your facilitator may choose to use some during the workshop, but we encourage you to watch quite a few!

 <a href="https://www.youtube.com/watch?v=7qcaVScfiUI">https://www.youtube.com/watch?v=7qcaVScfiUI</a>	<p>The video by Amy Cuddy on Body Language, which includes tone of voice, gives us an indication of how to find our enthusiasm and personal power even before that first morning cup of coffee! We would like to recommend that you watch more of her videos on the Ted Talks channel that will give you access to the experiments she has performed and the neuroscience behind her findings!</p>
<p><b>Soft Skills with Shona:</b></p> <p><b>Episode 1 - Body Language &amp; Tone of Voice</b></p> <p><b>Episode 2 - Meeting &amp; Greeting</b></p> <p><b>Episode 3 - Telephone Etiquette</b></p>	<p><a href="https://www.youtube.com/watch?v=exvMFsHmqNk">https://www.youtube.com/watch?v=exvMFsHmqNk</a></p> <p><a href="https://www.youtube.com/watch?v=QG60Wkelta8">https://www.youtube.com/watch?v=QG60Wkelta8</a></p> <p><a href="https://www.youtube.com/watch?v=8Oa37BN-2Yk">https://www.youtube.com/watch?v=8Oa37BN-2Yk</a></p>
<p><b>Charisma on Command</b></p>	<p><a href="https://www.youtube.com/user/charismaoncommand">https://www.youtube.com/user/charismaoncommand</a></p>



### **3.5 Use English (if only for the introduction!)**

Why English for the introduction? English is the business language of South Africa and as it is essential that we can prove the correct introductions legally, it is thus essential that we use the correct vocabulary and disclaimers.

It is also impossible for us to recognize a person's home language just from their names and surnames; therefore, English is a safe starting point.

What to do if the client does not understand?

Simply ask them to hold and refer the call to an agent that can possibly assist or to your team leader.

### **3.6 Introduce Yourself Correctly**

Introduction needs to include a greeting as well as both name and surname.

Speak clearly; ensure that you pronounce your name slowly.

E.g. Good day, you are speaking to Siphokasi Thanjana

### **3.7 Introduce Your Company Clearly**

I am calling you from HSA Debt Solutions on behalf of ABC Company

I am calling you from Finchoice.

### **3.8 Confirm Client Name and Surname**

Please can I confirm that I am speaking to Sihle Enhlisombi?

Wait for a confirmation. And then thank the client.

Or Am I speaking to Sihle Enhlisombi...

### **3.9 Confirm Date of Birth or ID**

Ms. Enhlisombi, please could you confirm your date of birth or ID for security purposes?

Every time the client complies with your request – THANK THEM!





### 3.10 Advise that the call is recorded

Ms. Enhlisombi, as HSA Debt Solutions is a financial services and credit provider, I wish to advise that our calls are recorded for both quality and security purposes.

It is likely that this paragraph will get changed on occasion, but in every instance, it is to ensure compliance. Your facilitator will advise the full extent of this mandatory paragraph.

### 3.11 Advise the reason for the call

The reason for the call is essential and will be clearly demarcated by the campaign you are working on for the day.

#### For example:

This is a courtesy call to thank you for being a regular paying client

OR

This is a collections call as I see your account is in arrears

#### Practical Assignment: for Section 1

### Keep it Real, Keep it Legal, Keep it Simple

**Listen to the greetings of at least 3 calls.**

**Was the entire check list requirements met as per the theory?**

	Call 1	Call 2	Call 3
Respect			
Work with facts			
Be assertive			
Use the right tone of voice			
Use English (if only for the introduction)			
Introduce yourself correctly			
Introduce your company clearly			
Confirm Client Name and Surname			
Confirm Date of Birth			
Advise that call is recorded (legal)			
Advise reason for call			



**Working with a partner practice your greetings and rate each other.**





## Section 4 Engage, Empathise, Enumerate

**The Aim** of this section is to hone the negotiation skill of the learner, assisting them with clearly understanding the steps necessary to ensure that they have maximised the potential speed and amount of payment.

### Outcome:

1. Delegates are able to actively engage the client in a fruitful discussion with reference to maximising their payments.
2. Delegates develop listening and questioning skills to assist them with understanding how to position themselves for the balance of the conversation.
3. Delegates are able to use persuasion skills and negotiation tactics to maximise client commitment.
4. Delegates are able to manage potentially difficult clients and steer them to a more positive outcome.

Your Actions	Your WIIFM	Client WIIFM	Company WIIFM
<b>How</b>  Engaging through knowledge Explaining terminology Asking the right questions Discerning between habitual and temporary indebtedness Active and Reflective Listening Positioning Having empathy for the client whilst maximising demand Highlighting the benefits of payment to the client Negotiating increased amounts and/or debit orders Overcoming objections – solution finding and providing alternatives Using your arsenal (write-offs, various payment amounts, restructuring of debt, various points of payments, buying time before hand over to legal) to encourage payments Handling a difficult client using the right conflict mode to manage the conflict to a better outcome	Honing your skill Reaching your targets Increasing promotional prospects Maximising your income Reaching your personal financial goals eg buying a home, car etc	You provide hope and knowledge for a way forward Credit record not affected Save money on interest and collection fees Does not affect their potential for employment	Helps establish who the habitual debtors are  Maximises cash flow  Improves operational ability and sustainability

### 4.1 And 4.2 Engaging through Knowledge and Explaining Terminology:

Informative session – there will be specific payment methods such as EFT, paying at a 3<sup>rd</sup> party vendor, searching the screen for previous complaints, minimum amount due prior to handover, restructured payments etc.

For the terminology, the facilitator would need to make a list of all the in-house and general terminology used and have simpler explanations where necessary



#### 4.1 Engaging through Knowledge

The essential knowledge necessary to negotiating payment options are:

- What is the minimum amount you will be satisfied with before consequences are necessary?
- What is the ideal amount you would want?
- What period of time is in play?
- How (physically) can the money get to you?
- Why is the client not paying? The actual reason not excuses.
- How can you assist the client and increase their options, making it easier for them?

#### 4.2 Explaining Terminology

To ensure that we have fair and serious discussions, we need to be sure that the client understands all our terminology fully. If for example we were to tell that client that we can restructure their debt for them, we need to simplify the language.

**What is the terminology that you would use that would need explanation?**

<b>Restructure</b>	<b>In other words, we enter a brand-new agreement for you that allows you a longer period to pay at reduced instalments, which is lesser amounts</b>



### 4.3 Asking the Right Questions

**We need to have a clear and full understanding of why the client is not paying. Ask direct questions.**

- Madam client may I ask why you have not been paying this account?
- Are you able to get to a "3<sup>rd</sup> Party Payment" store?
- Can you commit to R400 per month for a minimum of 3 months?
- Will you definitely pay by the 3<sup>rd</sup> of October?
- You said you were under debt review, but we have no record of that, who is your debt counsellor?
- I understand that you are on strike and that it is influencing your ability to pay, but do you understand that if you do not pay, your financial record is affected for years?
- I see your payment is 4 days late every month, why is that?

### 4.4 Discerning between habitual and temporary indebtedness

It would be true that all not debtors want to pay. Some make a habit of not paying and these clients are perpetual con artists. They are good at spinning their stories and they can even be quite rude, as if you have no right to phone them.

The only way to deal with these debtors is to be direct, remove all emotion from the call and state your needs. Then make the notes on the system to ensure that they get flagged.

**Do not let your professionalism be influenced by these individuals.**

**A temporarily indebted debtor will be stressed, but once they see that you are willing to work with them to assist them, they will co-operate.**



## 4.5 Active Listening

### Listening:

Using the correct listening skills simply makes it so much easier to collaborate and to reassure the client that you are committed and interested in making the payment process more convenient and more of a priority for them too!

### While listening, it is important:

- 👉 That we remain focused
- 👉 We pick up on any emotions in the prospects voice.
- 👉 Don't interrupt.
- 👉 Take notes if possible.
- 👉 Don't pre-empt, think or speak for the client.
- 👉 Don't allow stereotypical thinking to get in the way.
- 👉 Don't get our defences up.
- 👉 Concentrate on the words not on the accent.
- 👉 Ask the client to repeat themselves if necessary.
- 👉 Confirm our understanding through paraphrasing or summarising.

### There are four different types of listening:

- 👉 **Marginal listening** – hardly even registering what the person is saying because your thoughts are elsewhere.
- 👉 **Non-listening** – zoning out altogether!
- 👉 **Evaluative/Reflective listening** – working to understand the facts remaining relatively passive.
- 👉 **Active listening** – where you are responding with emotion, showing understanding, and clarifying what is being said.
- 👉 **The preferred form of listening is active listening!** The best way to describe this form of listening is if you think of a coffee shop get together with your best friend where they are telling you a story about one of their other friends who they are in conflict with.

The conversation is likely to be juicy, definitely gossip and full of “Oh, no really? She said that?” Well, that would be considered active listening!

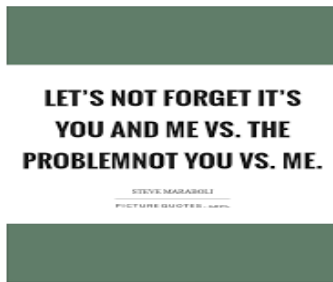
### Your facilitator will also play a game with you!



## 4.6 Positioning vs. Interest Based Bargaining

Positioning is a term used in negotiation when two opposing parties each use their power to get what they want. You vs. Me

For example, if you are at a street market and want to buy a dog bed, the vendor may want to sell for R100, but you want to offer him R50. You both state your price and settle somewhere in the middle. (A win-win outcome)



### The danger of positioning:

For the purchaser – the vendor may not want to budge.  
For the vendor – the purchaser may not want to budge.  
Both parties could lose (a lose-lose outcome)

### The opposing negotiation skill is called interest-based negotiation or integrative bargaining.

This does not mean that you entirely forget your needs. All it means is that you work with your opponent to achieve these needs and do not get STUCK in your position above all else. Integrative Bargaining is far more effective in reaching a win-win outcome as it always leaves room for manoeuvre. The main aim with integrative bargaining is ensuring that the hurdles to a win-win outcome are correctly identified!

Once the hurdles are completely understood, finding the solutions to overcome the hurdles become a lot easier.

**You can thus understand that good listening, good questioning, and great knowledge are paramount to integrative bargaining.**

**The client also needs to know that you are neutral (you have a job to do) can be trusted, you need to tell them that you have their interests in mind in other words how the benefit from co-operation and that you are smart - i.e. you can think of solutions for them!**

**Facilitator.** This philosophy is the crux of why and how we get to a yes!  
The orange peel movies illustrated interest based or integrative bargaining.



The Orange Peel Movie a condensed version  
<https://www.youtube.com/watch?v=v8hR7ZFAMaA>



William Ury Explains How to Win Any Negotiation  
A 13 minute movie <https://www.youtube.com/watch?v=o108L3eYNU0>  
Great tips in the above movie. You can also ask your delegates to view as homework.

For the role plays assist the delegates with understanding what the BOTTOM LINE is and what their possible BATNAS could be, i.e., the Best Alternative to a Negotiated Agreement.

#### For example:

I escalate the client to the legal department.  
I restructure the deal.  
I give them 3 days extension but take an extra R100.  
I give them no extension but take a R100 less.





## Role Play Scenarios

**In each of the below scenarios the client still has an outstanding balance of R1000. The client has a previous agreement on the system to pay R200 per month. The client is two payments behind on her agreement with the third payment due in 2 weeks.**

**Client has been in hospital for 5 weeks and missed 2 prior agreed payments as a result.**

- Client has lost her job and is in no position to pay.
- Client says it is January and she had to pay school clothes and fees.
- Client says there was a problem with the order. You see nothing on the system.
- Client says she gave the money to her husband to go and pay and he said he did.
- Client says she has too much debt and cannot pay. Everything has just become too expensive.
- Client says not to worry she will catch up by the next payment in 2 weeks' time.
- Client says she had a death in her family and all the funeral costs were so expensive, she will pay some of the money as soon as she can.

**Notes:**



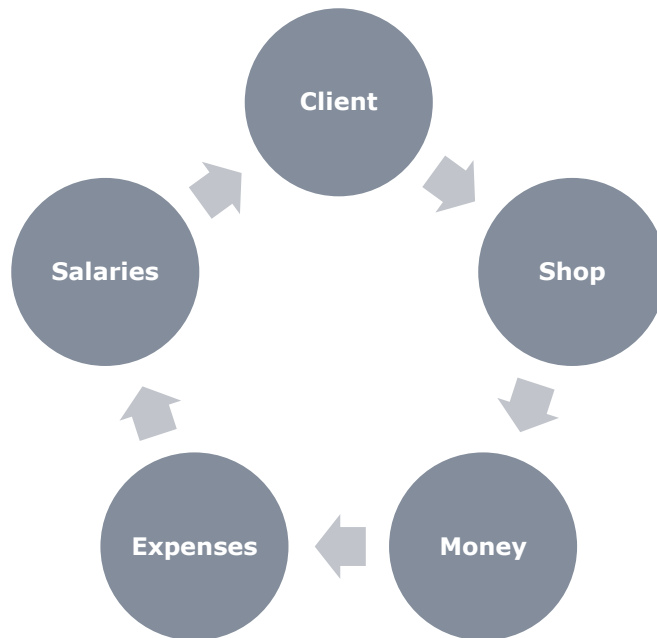
<b>Listen and look out for...</b>	<b>Was it present? Yes or No</b>	<b>If so, write down a key word to assist you in remembering in case you are asked for feedback</b>
<b>Hard Positioning that was not possible to move away from</b>		
<b>Good Questioning</b>		
<b>Good Listening</b>		
<b>Great Knowledge</b>		
<b>Establishing Trust</b>		
<b>A show of Neutrality</b>		
<b>Being smart – solution offering</b>		





#### 4.7 Balancing Empathy and Demand (A Holistic view)

For a collection agent to **balance empathy and demand** it is essential to have the bigger or holistic picture. Once a client has purchased from a company, they have taken some of the company resources. Without those resources being replaced, the company will find it difficult to continue trading.



If we are able to keep the big picture in mind, remembering that as individuals we all have both rights and responsibilities it becomes easier for us to remind the client that it is exactly **BECAUSE** they are under financial stress that it is in their interest to work **WITH** us to find a solution that can benefit all.

#### **Resources and your bargaining tools to maximize your resources whilst showing empathy to the client include:**

Money	Saving on interest, saving on legal fees, discounted cash flow incentives.
Restructure	Immediate debt reduction
Time	Postponement of Payment, Quicker Payment
Convenience of Payment	EFT, 3 <sup>rd</sup> party vendor, Debit Orders
Additional incentives	Competition entry, Further credit

**Very important! In negotiations you NEVER give away anything without getting something in return! Giving at the right TIME is therefore what you have to do!**

#### 4.8 Highlighting the Benefit of Payment

**As individuals we all respond to what is In it for ME or the WIIFM?**

**If we are able to highlight the benefit of payment to the client, in the right way, it is more likely that we are able to get co-operation from them.**

<b>The Statement</b>	<b>Pointing out the WIIFM more specifically</b>
<b>Mr. Client if you can pay before Friday, I can prevent this account from being escalated to our legal department</b>	As you can understand once it is escalated your details could go to the credit bureau as a slow payer and that will make it very difficult for you to get credit anywhere. You really do need to avoid this at all costs.
<b>Mr. Client if you can increase your offer by just R100 you will be covering not only the interest portion but a bit of the capital too.</b>	It is really important that you start reducing the capital as otherwise it will take you years to finish paying this account off.
<b>Madam Client, I do understand that you are currently unemployed, but we have to prevent this account going more into arrears because.</b>	If you do get listed on the credit bureau it could mean that even if you do get a job offer it could be withdrawn if you are blacklisted.
<b>Madam Client I do understand that you are not able to come into ABC Company to make the payment but for that reason I urge you to go to a "3<sup>rd</sup> Party" payment vendor.</b>	As I can see that you are a regular client and I do not want ABC Company to refuse your next purchase, especially with the holiday season coming up!



## Role Play Scenarios

1. You are currently busy with a level 1 campaign (first time late payment), there is a competition that can be entered should the client account be up to date, and it is currently 7 days in arrears.
2. You are currently busy with a client who has been a good client but for the last 3 months is falling into arrears, a note on the system says the client has been put on short hours at her job. Your main aim is to get the account up to date, and then to get the client to agree to a debit order.



<b>Listen and look out for.</b>	<b>Was it present? Yes or No</b>	<b>If so, write down a key word to assist you in remembering in case you are asked for feedback</b>
<b>Using the right Bargaining Tool to reach the desired outcome.</b>		
<b>Using the tool at the right time</b>		
<b>Getting something in return</b>		
<b>Explaining the benefits of what you have just given the client.</b>		



## 4.9 Negotiating Better Deals!

**In this section we will deal with three essential aspects of negotiation.**

1. Understanding Conflict Management
2. Understanding Influencing Tactics
3. Understanding Negotiation Tactics

### Understanding Conflict Management

Whilst certain personalities will gravitate to certain behaviors, they will also adopt certain negotiation tactics more readily or not.

**For example:**

**A Shark** is a go forward animal - it will be easier for a shark to negotiate with force and positioning.

**A Teddy Bear** – well they are soft and compliant – it is more comfortable for them to lean towards a compliancy thereby possibly not getting the best deal on the table.

**An Owl** – is likely to work with the facts more comfortably, keeping emotion out of it and they can work collaboratively with the right amount of assertion and co-operation.

**A Fox** is quick thinking and more easily able to go with the flow to reach its outcome, however the fox may be too flexible compromising whilst there is still additional value to be had.

**A Turtle** is likely to withdraw altogether and avoid the tough questions, not accessing the more difficult clients.

It is most likely a combination of all of the above that will get you your desired outcome in a negotiation, especially if we bring the issue of timing into the conversation. For example, avoiding something at the right time, does not mean that you necessarily do not address it later.



## Understanding your comfort zone in conflict management

Tick the applicable box and total your ticks at the bottom.

	Shark	Teddy	Fox	Turtle	Owl
When I set out to get what I must, I am generally more like a... Choose a maximum of 2					
When someone is aggressive or rude to me, I tend to behave more like a...Choose a maximum of 2					
When people appeal to my kindness, I tend to behave more like a...Choose a maximum of 2					
When I have targets to reach and I am behind, I am more like a...Choose a maximum of 2					
At the beginning of a campaign, I behave more like a... Choose a maximum of 2					
At the end of the campaign, I behave more like a ...Choose a maximum of 2					
<b>Total Score</b>					

### Points to observe and discuss.

1. Does your behaviour change from one situation to the next?
2. When you are triggered by for example a difficult client. Do you use the appropriate response? Could a change of tactic help you?
3. Do you have a clear comfort zone or are you using all the conflict management behaviour available to you?



## Understanding Influencing Tactics

**There are four categories to influencing tactics:**

**Do Something**

**Learn to Learn**

**Look Good and Present Well**

**Be the first to give.**

<b>Do Something</b>  This normally involves changing the time or place of call if possible. It could involve bringing in a supervisor as illustrated in Good Cop, Bad Cop below.	<b>Learn to Learn</b>  Asking the right questions and listening to the answers Probing deeper for answers Understanding your client information screens well. Working with your own knowledge and authority levels and ALL the information available to you Mostly it is concentrating on solutions and outcome
<b>Look Good and Present Well</b>  Getting the tone right Remaining Professional Being able to change tactic. Highlighting the WIIFM for the client Being assertive and proactive with solution finding	<b>Be the First to Give</b>  Offer your smallest concession very early in the call – make sure you get something in return. Continually remind the client of the common goal.

**Analyse the sentences from a collection's agent overleaf, discuss and decide into what category they fall.**



Sentence	Category
Thank you for taking my call	
Thank you for your offer to pay R100 on the 15 <sup>th</sup> , if I may just point out that if you raise this to R150, you will actually be paying off capital as well as interest, meaning that this account will be paid off much faster and not simply drag on forever.	
I understand "client" that you are unemployed; please can you hold the line whilst I discuss some possible solutions with my supervisor.	
We are running a promotion this week where if you are able to bring your account up to date you are entered for the grand draw.	
"Client" I understand that your funds are limited at the moment, but I would like to help you by not handing this account to the legal dept. If you are able to pay an amount of R300 I can achieve that.	
"Dear Client" your payment due on the 5 <sup>th</sup> of November was not made, may I ask why?	
"Dear Client" I understand that you are now unemployed, but do you have other means of income that can help you to make the payment due?	



## Recognising Negotiation Tactics for what they are. Tactics.

### The Victim Approach

The client that tells you how difficult his year has been and how your business is pushing him for money he does not have. He could even become aggressive. All designed to put you on the back foot. This is a brutal approach by an opponent. It is also one of the easiest to counter. If you think about it, it makes sense that this must be a tactic as the client is still talking to you and after all they made an agreement that they need to be accountable for.



### Solution

- ▶ All you have to do is to calm the client down, either by hearing them out OR in EXTREME cases cutting them short in a polite and clear manner.
- ▶ Calmly state that you understand how hard it can be and that is EXACTLY why you are working with them to help them find alternate solutions. Then offer your alternatives. Never start with the least amount.

### The Helpful Approach

From your side -this can be based on any of your bargaining points, amount of money, time etc. It is for example cheaper for you to offer 24 hours on a payment of x amount than what it is to settle on a payment of x – 10%



### Solution

- ▶ Read your screen and interpret it well.
- ▶ Don't forget about your other bargaining tools.

### I want more!

This one is dangerous if used against you! You may give away more than you plan to. In this pattern the client agrees to the first amount that you quote. "No problem, I will do that" ...then he immediately asks for an extension on the date!

### Solution

- ▶ As soon as the client asks for the extended date, you immediately add 10% to the payment amount.
- ▶ Remember never give without getting something in return!
- ▶ It is however not a bad option for you to use. Get the amount you want and then push to get it sooner...or even for more in the interest of assisting the client to get their debt paid off sooner rather than later.



### Splitting the Difference

This particular manner of negotiating seems to be one of the most common and essentially it is the one that most people are prepared for. If a client thus comes into a negotiation against you and they have an exaggerated lower "price" - splitting the difference means you lose.

### Solution

- ▶ Always start at a price higher than 50% of what you want to walk away with so that if you do end up in this compromise you have won!
- ▶ Always remind the client that you are happy you could split the difference and come to an agreement. This builds for future relationships!





## The Ultimatum

This one can be scary to work with, but the familiar phrases of “My budget won’t allow for that,” “Take it or leave it” or “That’s the best I can do” should be seen as the beginning of a negotiation and not the end. Never walk at this juncture.

### Solution

- At this point it is important to realize you are no longer negotiating – at this point you need to become persuasive.
- Use all the tools in your arsenal to convince this client otherwise, the worst-case scenario is always just to accept the ultimatum.



## Good Cop Bad Cop

This routine we all know – the fact is that it works. If the client is listed as a regular late payer or non-payer, you can approach them for the amount due, full amount – fully expecting them to say no.

### Solution:

- Before you enter further into the negotiation ask them to hold while you ask your superior for special authorization to lessen the amount due. (a ploy) This puts the client on your side and makes them more likely to want to co-operate with you.
- This approach also makes it less likely that the client will push for more leeway after that.



#### 4.10 Using your Arsenal.

Elaborate on the Arsenal/Resources Tool below.



Money	Saving on interest, saving on legal fees, discounted cash flow incentives.
Restructure	Immediate debt reduction
Time	Postponement of Payment, Quicker Payment
Convenience of Payment	EFT, 3 <sup>rd</sup> party vendor, Debit Orders
Additional incentives	Competition entry, Further credit

#### 4.11 In summary - Using the LAST tool to handle the client

- ▶ Listen
- ▶ Ask
- ▶ Solve
- ▶ Tell



Combine this with 3 step assertive technique.

- ▶ I understand that you...
- ▶ However, I feel...
- ▶ Therefore, I suggest





## Section 5

### Yes, got it! Yes, confirmed it! Yes captured it!



**The Aim** of this section is to illustrate the necessity for confirmation of all details, both contact and agreed and ensuring capturing of information on the system.



#### Outcome:

- 1.The delegate is able to summarise the agreement
- 2.The delegate is able verify all details
- 3.The delegate is able to close the call positively

Your Actions	Your WIIFM	Client WIIFM	Company WIIFM
<b>How</b>  Securing all your options now and for the future – detail verification Confirmation of agreement reached and appropriate communication sent? All information logged? Thanking the client	Client follow through more likely increasing your success rate – yay summer holiday!  Logged information makes it easier for the next consultant.	Clarity and simplicity Good calls make it more likely that the client wants to co-operate	Increased collection results Client remains well intentioned toward the company

#### 5.1 Detail Verification

Apart from ensuring that you are speaking to the correct person, you also need to ensure that the details you have on the system are still valid; this can either be done organically throughout the conversation.

For example: Thank you "client" I will send you confirmation of our agreement via a sms. Please can I just confirm that this is the correct number to send the SMSs to? Do you perhaps have any additional number as well?



#### OR you can verify details as part of closing.

Thank you, "client" I would like to confirm our arrangement, as such (detailed) and just before I wish you a pleasant day, please can I verify that your address and contact details are still as we have them on the system.

#### 5.2 When closing remember to thank the client and use their name and confirm the agreement.



**5.3 All information should be logged before termination of screen – remember if you do not log your information and your colleagues don't log theirs – a breakdown of the bigger picture occurs.**



**Remember you want this client to return, thank them for speaking to you. Explore many different phrases to do this with so that your gratitude is sincere.**

**And**



**Phrases to use to thank a client.**




## Section 6

# Goal Setting for a Collections Agent

### 6.1 Guidelines for SMARTER goals (setting goals out logically)

**Be Specific:** Goals must be clear, when goals are clear, they tell employees exactly what, when, and how.

**Measurable:** If your goals are not measurable, you never know whether your employees are making progress toward their successful completion, they never know either and lose site or the reason for progress.

**Attainable:** Goals must be realistic and attainable. Goals that are set too high or too low become meaningless and are naturally ignored.

**Relevant:** Goals must be an important tool in the reaching of your department's vision.

**Time-bound:** Goals must have starting points, ending points, and fixed duration. Goals without deadlines are simply just dreams.

**Ethical:** Goals should be ethical and therefore you will find emotional resonance with them. This will mean that you weigh your decisions against the 7 ethical values (covered in more depth in Developing Your Management Potential II)

**Re-Evaluated:** It is imperative that we return to review our goals and ensure that they are still on track, still necessary, still correctly resourced etc.



### The Problem

State your problem /challenge/hurdle for example: ABC client currently on 120 days, I want to move them into a 30 day cycle.



**The Solution**

**Step 1**



**Let us break this ultimate goal/solution down into SMARTER wording.**




## Step 2

Identifying the actual period of time of Short, Medium and Long-Term Goals in your specific industry. For example: In the retail industry short-term can be only a few hours – in the field of education, short term can be a few weeks or a month.

	Actual Period in Days, Weeks, or Months
Short-Term	
Medium-Term	
Long-Term	

It is important that you can distinguish between **short, medium, and long-term** goals.

You have to look at the **entire system** and find the **source** if you really want to solve a problem. After you find the **cause** of the problem, you can develop **real solutions that have lasting effects**. Anything less isn't really solving the problem... you're merely treating the symptoms.

As a rule, we can suggest that:

- **Short-Term Goals** can and normally do involve a process of investigation. For example, what went wrong, where did it go wrong, who was unaware, why did it go wrong and how can I suggest we fix it?
- **Medium-Term Goals** can and normally do involve a process of solution finding, sometimes creative thinking as well as implementation of suggestions and/or alternatives and contingencies.
- **Long-Term Goals** can and normally do involve the implementation of systems, procedures, training of staff, expanding on solutions and setting of new policies.



## Step 3

Identifying the Short-Term Goals






**Step 4**  
Identifying Medium Term Goals




**Step 5**  
Identifying the Long-Term Goals






## 6.2 Using the Time Matrix to prioritise and help balance the stress and workload.

### Urgent and Important

The difference between urgent and important

**The important tasks are those that lead you to your goals!**

These give you most of your long-term progress and reward.

Those tasks are very often not urgent.

Many urgent tasks are not really important.



#### Practical:

List two important tasks
List two urgent tasks

### KNOW AND RESPECT YOUR PRIORITIES

Aim to do the important things first.

Remember the 80-20 rule: 80 percent of reward comes from 20 percent of effort.

E.g., Microsoft noted that by fixing the top 20% of the most reported bugs, 80% of the errors and crashes would be eliminated.

One of the aims of time management tips is to help you refocus your mind to give more attention and time to the most important 20 percent.

### PLAN YOUR ACTIONS AROUND ACHIEVING YOUR GOALS

Convert your goals into a system of specific actions to be done.

#### The first significant point of planning is the planning process itself.

- It is a known fact, and you will see it for yourself, that the planning process stimulates your brain to come up with new efficient solutions.
- It programs your subconscious mind to search for shortcuts.
- It makes you much more prepared for each specific action.
- Planning will help you to identify potential conflicts and crises, minimizing the number of urgent tasks.
- Planning can also significantly lower the time spent on routine maintenance tasks, leaving you more time on what you like to do or for what you think is important for your long-term success.
- Planning and related time management tips work best when reviewed regularly.
- Try to do your planning at the same time every day. Use this time to review past accomplishments as well as future things to do.



### 6.3 Using the Time Matrix Effectively

	Important	Less Important
<b>Urgent</b>	<p>Do This First These are essential and have reached the urgent phase mostly because they were not dealt with earlier, either by you or by others who have now made this your responsibility. If you have taken the responsibility, you now have to deal with it.</p> <p>(1)</p>	<p>Delegate if possible/ ask for assistance. The urgency means that there is no putting it off or refusing to take responsibility.</p> <p>(3)</p>
<b>Less Urgent</b>	<p>Set Goals and Deadlines and do a bit at a time. 80% of your day and in this time, there should be a buffer for normal meetings and tasks running over schedule.</p> <p>(2)</p>	<p>Delegate entirely – this can be done and should be done easily and ruthlessly.</p> <p>(4)</p>



**Practical:** Divide your weekly tasks into areas of importance and urgency – include duties from both home and work. Place at least 2 tasks in each quadrant

	Important	Less Important
Urgent		
Less Urgent		



## De-Stressing at Work

A recent survey has shown South Africans as being one of the most stressed nations and a number of reasons are being cited. Apart from the societal crime, our work-related stresses are apparently much higher.

It appears that our management structures have something to do with it. We are in the habit of giving managers responsibilities and no authority to deal with those responsibilities and this affects the entire organisation, not just the manager.



*How do you think this could impact on the organisation?*

## Being Proactive

- 🔵 Be More Assertive – you can do this when you have clear plans and boundaries – possibly have a number of solutions and ask for clarity on which one to use first.
- 🔵 Get others on your side....
- 🔵 Recognise who you should be working with, make sure they are on the same page, approach them early and keep them informed.
- 🔵 Handle Unreasonable Demands
- 🔵 Recognise that “unreasonable” is subjective and try to understand the other party’s side. Work with the facts only and try to find a compromise or solution.





**Thank you for attending our workshop today**



## Certificates

You will receive a certificate for this training within two weeks of attending. If for some reason you don't receive it, head over to [www.StaffTraining.co.za](http://www.StaffTraining.co.za) and enter your ID number in the Certificate Lookup box, which will display all of your certificates from Staff Training.



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If you are interested in attending any of the above workshops (or simply want to know a little bit more about them) you can send an email to [info@stafftraining.co.za](mailto:info@stafftraining.co.za) or visit [www.StaffTraining.co.za](http://www.StaffTraining.co.za)

*We hope to see you soon!*