

10 Phone Skills

**To Collect as
Much Revenue as
Humanly Possible**

BALTO 

Introduction

Did you know that the debt collection industry has been around since 3000 BC? In Sumer, the southernmost region of Ancient Mesopotamia, when a debtor was unable to pay his or her balance, the debtor had to repay the debt with physical labor.

Things have gotten a lot better since then.

Over the course of 5,000 years, the world has learned a lot about debt collections. We've learned what works and what doesn't, what's ethical and what's not, and how to stay on good terms with those you collect from.

This guide tries to distill 5,000 years of collections wisdom into 10 phone skills that will help your agents collect as much revenue as humanly possible. This guide will put performance at the forefront, and while it aims to promote only highly compliant practices, legal and compliance decisions obviously need to come from you and your lawyer, not from an ebook.

Now, let's talk about phone calls.

The phone is just one medium for collections, but it's an undeniably powerful one. Spoken conversations are the fastest way to exchange complex information, require no response time, and allow for persuasive, personalized, consumer-centric dialogue.

Nothing gets a touchy matter settled better than a phone call.

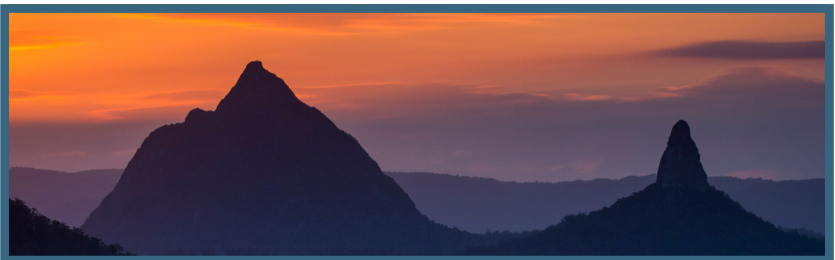
Let's teach your collectors how to use the phone. Not just how to dial, give the mini-Miranda, and ask for payment. But how to really *use* the phone as the incredibly powerful tool that it is.

And, of course, we can't forget that when we're on the phone, we're not collecting from IVRs or algorithms. We're collecting from people. Treating people like people is the number one principle of this guide.

With that principle in mind, for the rest of this guide, let's define collections like this:

Debt collections is customer service with the aim of helping consumers pay their bills.

If we view debt collections as customer service, so will our consumers. If we treat collections like a service - a friendly, consultative, easy way for consumers to settle their debts - consumers will follow our lead.



Let's introduce you to the 10 phone skills that collections agencies are using to (compliantly!) collect as much revenue as humanly possible.

- 1. Always ask right-party contacts for payment in full.**
- 2. Start every talk-off on the consumer's side.**
- 3. Recognize that the consumer doesn't care about updating your information.**
- 4. Work to truly understand the consumer's situation.**
- 5. Prove that you understand.**
- 6. Negotiate with the step-down method.**
- 7. Use lots of "we" language.**
- 8. Sing the mini-Miranda.**
- 9. Never tell consumers they're wrong.**
- 10. Couldn't get a payment? Get a micro-commitment.**

1. Always ask right-party contacts for payment in full.

When you're making dozens or hundreds of collections calls every day, it can be tempting to give up at the first sign of pushback.

When I visit collections agencies all across the United States and sit with collectors, I'm always surprised to hear how quickly collectors will say, "When's a better time to call you back?"

"You don't have the money right now? Oh, okay, when's a better time to call you back?"

You're busy? Oh, okay, when's a better time to call you back?"

"You're waiting on your disability hearing? Oh, okay, when's a better time to call you back?"

I get it: we want to be respectful. We can't call consumers at places known to be inconvenient. But in 99% of scenarios, we can still ask for the balance before getting off the phone.

Owners, VPs, managers, and QA leaders take note: your collections will skyrocket if you simply drill into your team that they need to ask RPCs for the balance on every call, no exceptions*.

Do you know how often your collectors are asking for the balance in full? Agency owners are usually unpleasantly surprised to learn it is far, far lower than they had thought.

So, here is a single, very practical skill you can drill into your team's phone calls:

On every call, say, "Let's get your balance taken care of."

It's that simple.

With this single sentence, you're setting the expectation with the consumer that you are, in fact, making a firm request for payment. You're being assumptive, implying that, *of course*, the consumer is going to make a payment. You're using "Let's" to show that it's a team effort - you're not putting the consumer on the defensive by saying, "How do *you* want to take care of the balance today?" Rather, you're working *with* the consumer to resolve the debt.

This is what great collections sounds like. This is what customer service sounds like.

*Okay, of course, there are exceptions. If the consumer says that they're being represented by an attorney to handle the debt, then you should explicitly not ask for the balance. But the spirit of this point stands: if you have the right party contact on the phone and there's no compliance or ethical reason not to ask for the balance in full, you got to do it.

2. Start every talk-off on the consumer's side.

I can't tell you the number of times I've heard a conversation start with the consumer saying, "I don't remember making that charge," and then the collector immediately responds, "Well, you actually did make that charge. My system shows..."

Woah, hold on there. No one's looking for a fight. The consumer said that they don't remember the charge. Let's start by taking the consumer at their word and asking a few questions to better understand the situation.

Try this: for one 60-minute block this week, walk around your collections floor and take a listen. How often do you hear your collectors arguing with the consumers? If your collections conversations sound more like an episode of Around the Horn (for those who aren't familiar, it's a TV show where a bunch of sports commentators in suits talk over each other), it's time to train your collectors on a different way, pronto.

In the world of tech sales, there's a simple approach we use to get on the customer's side: we agree, then we explore.

Trying this approach with a handful of agencies, I've found that there's a real opportunity to apply it to collections. Here's what it might sound like.

Consumer: "I don't remember any hospital bills at all. That wasn't me."

Collector: "Oh, I'm sorry for the confusion. Let's take a second to figure this out together."

Now, you and the consumer are on the same side. It's not, "I already paid this!" "No, you didn't!" Instead, you're working together to get the balance resolved.

You know, like customer service.

Here's the takeaway: any time the consumer gives you pushback, get on your consumer's side and start with, "Let's take a second to figure this out together."



3. Recognize that the consumer doesn't care about updating your information.

Okay, this one might break some hearts.

Every time your collectors say, "Let me update your information in my system," they provide absolutely zero value to the consumer. Phrases like these are clear signals to the consumer that you don't care about helping them resolve their debts; you just care about checking the boxes to get your bonus at the end of the month.

Weed phrases like these out of your vocabulary, fast.

I tell Balto's sales team all the time: customers don't give a \$@%* about your system. So stop talking about your system and start talking about how you can help the consumer. A few examples of consumer-focused language include:

- "I can help you take care of this."
- "The easiest way to take care of your balance is..."
- "Let's get this quickly resolved for you."
- "Let's get this off your mind."
- "Let's get you back on track with your payments."

Notice a pattern here? Every one of these phrases is *consumer-focused*. It's all about how the consumer's life will be better after making a payment. It's not about *your* system or *your* information. Your consumers have no idea what Latitude is, and hopefully, they never will.



4. Work to truly understand the consumer's situation.

First of all, what does it mean to “truly understand” the consumer's situation?

It means that you should be able to paraphrase to the consumer exactly what their debt is about, why they haven't paid it yet, what obstacles they're worried about, and what their intentions are for making a payment.

Here's how you get all of that information from the consumer: you ask.

Of course, the more in-depth your conversations are, the fewer calls you can make. But that's okay. If you're able to take your time and get payments on twice as many calls, it's almost always worth it to cut your call volume in half.

Let's say your consumer tells you, “I can't do any sort of payment right now.” Here's how you might respond.

“Hey, I totally understand that. Let's take a second to figure this out together.”

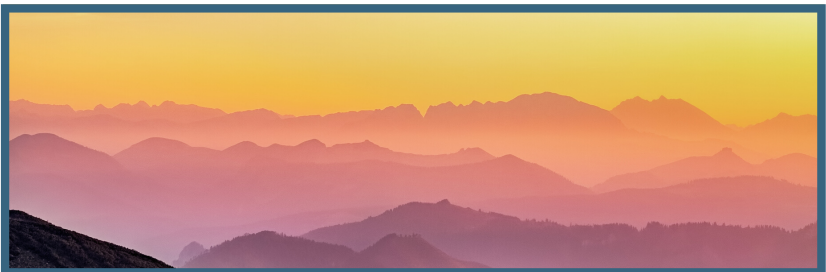
- *“What's making it difficult to pay this balance?”*
- *“What does your employment situation look like right now?”*

- *“What do you do every day to make ends meet?”*
- *“What credit cards or debit cards are you using day-to-day?”*
- *“About how much do you have in your checkings and savings?”*
- *“When were you thinking you wanted to take care of the balance?”*
- *“How can I be most helpful?”*

They're just 7 questions, but those 7 questions do wonders.

Those 7 questions are about understanding the consumer's situation - understanding how the consumer is getting by and what you can do to help. Those 7 questions also slow the conversation down. They help you avoid a “You need to pay!” - “Well, I can't” conversation.

Be consultative. Be service-oriented. And show the consumer that you care.



5. Prove that you understand.

People want to feel understood. It's one of our greatest needs as human beings.

It's one thing to understand what your consumer is going through. It's a whole other to make your consumer feel understood.

Once you understand your consumer's situation, before you explore payment options, show the consumer that you really do understand. Let the consumer hear their own words spoken by a nurturing, consultative, third party (you).

In his book, *Never Split the Difference*, FBI hostage negotiator Chris Voss calls this "tactical empathy". In short, tactical empathy is summarizing what your consumer says from their perspective.

Here's what tactical empathy might sound like:

"Got it. So you're saying that you haven't had any money come in for the last 2 months because you've been out of a job. You have a debit card and a checking account, but not a savings account, and you don't want to use your debit or checking because you don't know how long you'll be out of work. You do want to take care of the balance, but you want to wait until you have stable work to make a payment. Did I get this all right?"

There is no better way to show the consumer that you're on their side than to prove that you understand. It also allows you and the consumer to start the negotiation by agreeing on something. It's pretty easy for the consumer to agree on something that they said 2 minutes ago.

When consumers feel like you, the collector, understand them, they become infinitely more comfortable working with you to make a payment.

Now, it's time to proceed to the negotiation.



6. Negotiate with the step-down method.

Most collectors are familiar with the step-down method or use it without knowing it. Very few collectors use the step-down method consistently.

The step-down method is simple. Start with your biggest, most ambitious ask, and every time the consumer says “no”, propose a more favorable arrangement.

The magic of the step-down method is that your collectors will get *some* sort of payment on nearly every call. For most agencies, that’s huge.

Here’s an example of a step-down progression you can use to help your collectors get a payment on as many calls as possible:

- **Payment in full:** “Let’s get your balance taken care of today.”
- **Open-ended option:** “How much of the balance do you think you could do today?”
- **Most now, some later:** “In that case, how about we do 77% of the balance now and 23% of it later?”
- **Half now, half later:** “No problem. What about splitting this into 2 payments then, one now and one later?”

- **Some now, most later:** “Hey, I get that. In that case, let’s just do a small payment now and break up the rest of your balance into payments of...”
- **A tiny bit now:** “Since you’ve been so patient in working with me, let’s do a small good-faith payment now of _____. I can call back in 2 weeks to take another payment.”
- **Some later:** “It sounds like the main issue here is timing. How about we skip the payment today set up an auto-pay for _____ weeks from now? We can even make these recurring until the full balance is taken care of.”

Notice how *none* of these options actually proposes a settlement. Feel free to propose a settlement as one of your step-down asks if you’d like (especially if auto-pay isn’t an option), but make your collectors are fully aware: most consumers expect to pay every cent they owe. In the American economy, “settling” usually isn’t an option. Ingrain this mentality into your collections team.

If you find your collectors offering settlements on every other call, help them get more consultative and more creative.

7. Use lots of “we” language.

Balto developed a sales principle called the You-We-I Ratio.

In short, the You-We-I Ratio says you should use a lot of “you” language (words like “you” and “your”) to keep the conversation focused on the customer. You should use some “we” language (words like “we”, “our” and “let’s”) to signal to the customer that everybody is on the same side. And you should use just a dash of “I” language (words like “I”, “me” and “my”) to add a personal appeal to your calls.

But here’s the thing: we tested the You-We-I Ratio with our collections clients and made a startling discovery. Collections is different. The typical You-We-I Ratio doesn’t work.

In collections, we’ve found that “we” language and “you” language are flipped. The best collectors use lots of “we” language and a little less “you” language.

We have a theory behind this: “you” language can feel accusatory.

“How do you want to pay off *your* debt?” “What do *you* want to do about this?” Obviously, sometimes there’s no way around this, and sometimes, it can be nice to say, “How can I help you take care of this?”

But here's the you-we-I principle for collections: use as much "we" language as possible to show the consumer that you're on the same side. Here are a few examples.

- *"Let's work together on this."*
- *"Let's take care of this."*
- *"Let's see what we can do."*
- *"How can we resolve this?"*

Everyone's on the same team. You don't get paid unless the consumer decides they want to pay you.

Make "we" language your focus, and your consumer will feel it.



8. Sing the mini-Miranda.

I can't tell you the number of times I've heard a consumer confirm their ID... and then the collector sics the mini-Miranda on 'em like Ice-T on Law & Order. If you've seen Law & Order (or are familiar with any of Ice-T's top-tier quips), you know what I mean. It sounds like, "Gotcha, punk. I'm a debt collector!"

The mini-Miranda isn't a "gotcha" moment. It's a disclosure for the consumer's protection. The consumer should almost be glad to hear a mini-Miranda.

If your collectors sing the mini-Miranda, your hang-ups will go way, way down.

"Sing the mini-Miranda", of course, is a metaphor. Practically, it means that collectors should state the mini-Miranda gently and clearly, using a tone that sounds like they're delivering an update on NPR.

Take a few minutes and walk around your collections floor. Who sounds like they're attacking and who sounds like they're helping? Usually, the tone here follows a mind-set. If your collectors feel like consumers are good-for-nothing deadbeats who don't have an honest dollar to their names, it's going to come out in their calls. You can't hide that sort of thing.

With that said, here are 2 very practical steps you can take right now to increase collections.

1. Listen to your collectors give the mini-Miranda and coach Ice-T collectors to soften up.
2. Launch an empathy program that teaches collectors to truly care about consumers' situations. This could involve a 30-minute monthly training where collectors share a consumer's story of how the consumer got in debt and how the collector helped to work out a payment plan. This sort of activity has the additional benefit of making collectors feel valued and can have a phenomenal impact on employee retention.

Coach your Ice-Ts and empathize with your consumers. Pretty simple. Very effective.



9. Never tell consumers they're wrong.

This piece of advice is a delicate one. And here's the reason.

Consumers are wrong. A lot. And they think they're right. A lot. So when you have a consumer insisting, "I never made this charge!" How should you respond?

First of all, here's a list of don'ts. Don't:

- Immediately ask: "Okay, are you disputing the charge then?" The consumer is in an emotional state, not a logical one, and they don't have enough information to answer this intelligently. Save this question for the way end, once it's clear that things are going nowhere.
- Come back with, "Well, my information says..." Important reminder: the consumer doesn't give a flying hooey about your information.
- Perhaps worst of all, come back with, "Yes, you did." This is literally what it sounds like to start an argument. A big piece of your collectors' jobs is to stay cool during intense situations. If collectors are taking disputes personally and starting arguments, then they're not doing their jobs.

Here's how your collectors should respond instead:

- Start with, "I can completely respect that. Let's take a second to figure this out together." We discussed this in some detail earlier.
- Gently verify the information piece by piece. For example, "It looks like you might have visited the hospital on _____. Does anything like that ring a bell for you?" Reveal the rest of your information one piece at a time. "It looks like the total came out to _____. Do any charges around that amount sound familiar?" Keep going until the consumer has negated every single piece of information. At that point, you'll have a real, bonafide dispute on your hands, and you can feel confident that when you report the dispute to your client, the collector really did their best to get to the bottom of things.
- Whenever the consumer makes a concession, like, "Oh, yeah, I mean, I might have gone to the hospital around then. I really can't remember though," probe to understand the consumers' situation with open-ended questions. Now that you have the consumer talking (and remembering!), let him or her talk through it. Don't take over the conversation with interrogative yes/no questions.

You'll get much more quality information by asking questions like, "Really? About how much do you remember the bill coming out to? How much did insurance cover? What did the hospital tell you about how much you'd have to pay out of pocket? What sort of bills or notices have you received about your hospital stay since then?" The golden rule here is: let the consumer talk; let the consumer remember.



10. Couldn't get a payment? Get a micro-commitment.

The sales world has done a great job adopting this principle, and I think it's very applicable to the collections industry as well.

The principle is simple: whenever your collectors can't get a payment, they should set themselves up to have firm, thoughtful, realistic conversations on getting payment at a later date.

There are few principles to doing follow-up conversations well.

1. Set your call-back date based on when the consumer said that they expect a change in their circumstances. Don't just say, "Okay, I'll give you a call in 2 weeks." Plan the conversation around a payday, start of a new job, receipt of a disability check, or any event where the consumer is likely to have a legitimate change in their circumstances.
2. Make sure that the consumer knows that the call back is an important appointment to help them improve their financial health and remain on good terms with the client. Your collector needs to make it very clear that the call is a form of financial consultation (of course, making sure to stay within the bounds of relevant compliance standards). It's not a call to "take a payment" or "see if you have the money." The consumer needs to want to work with the collector and pick up the phone.

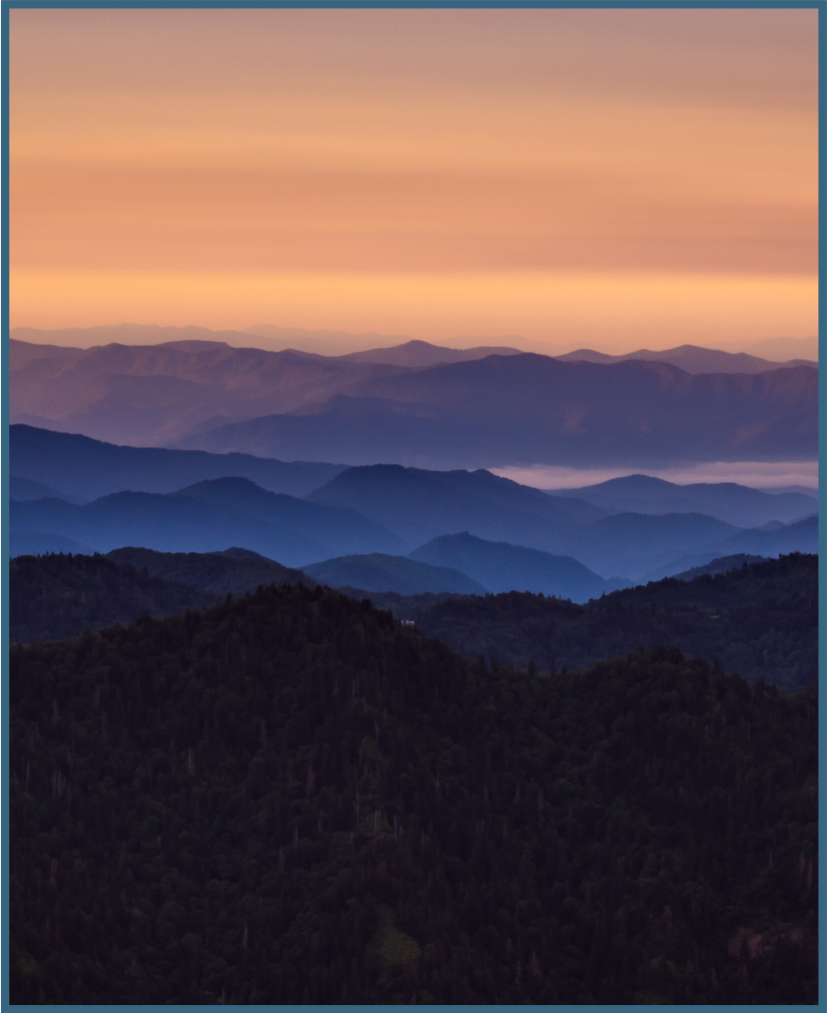
3. Set a firm date and time with the consumer, finding a window that is most convenient for the consumer, which might be during a lunch break or before or after traditional work hours. Consider that this approach implies that your management team needs to be thoughtful about your workforce management, what your hours of operation look like, and how you're doing timekeeping for your collectors.

Here's what it might sound like to set up a firm, thoughtful, realistic follow-up conversation.

"Since you said you're expecting your next paycheck on the 24th, let's set up a call for that afternoon. We'll walk through what your short-term financial situation looks like and make sure you stay on good terms with [the client]. You and I keeping our line of communication open is the #1 priority, so let's choose a time that's most convenient for you. Would you prefer to do this brief follow-up call during your lunch break, right after work hours, or at a different time?"

When your collectors commit to a firm, consultative approach, you'll be shocked at how many payments you can get on the 2nd, 3rd, and 4th attempts.

When the consumer has demonstrated that they are willing to talk to you, every conversation with them is much more valuable (in terms of average payment amount received per call) than any miscellaneous first call with a right-party contact.



Conclusion

After reading this guide on 10 Phone Skills to Collect as Much Revenue as Humanly Possible, you might be thinking something like this:

“Wow, my collectors aren’t really doing any of this. I mean, maybe some of them are using some of these techniques some of the time. But overall, this sounds totally different than our how typical calls go.”

Well, here’s the truth: if that’s what you’re thinking, you’re probably right.

People are so variable, collectors have so much going on, and there are so many things to remember, that it is highly unlikely that your collectors are religiously implementing all 10 of these strategies, let alone 2 or 3 of them.

And here’s one more truth: we’ve all seen what happens when you have a truly skilled collector that *rakes in* the payments. The difference is 2x or 3x the other collectors. That is the amount of revenue you’re missing out on.

Now, let’s take a positive approach: you have a *huge* revenue opportunity in improving your collectors’ phone skills. If your collectors get only these 10 skills right - consistently and across the entire team - your payments will skyrocket.

Let's help your collectors get it right.

Try implementing these strategies one at a time, teaching and coaching on 1 strategy every 2 weeks. Then move onto the next one and keep a visual reminder of what collectors have previously learned in the office so they don't forget.

The opportunity to increase your revenue is huge. Reading this guide was perhaps the biggest step you could take to set things in motion. Now go out and make it happen.

Balto's rooting for you.



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