

The Mistakes I Made as A Junior Collector

When Tim Wan asked me to speak with you today and provide a one-hour presentation on the mistakes I made as a junior collector – at first, I was honored, and next I Googled exactly how many words went into a 60-minute presentation. It turns out this little speech is supposed to be 7800 words.

This topic made me reminisce a little, and I want to leave room, as I regale you with my mistakes, so you can share your own stories.

I have been in the credit and collections industry since 1986, and, like almost 99.9% of the people in this business- I got into it completely by accident.

It began like this:

In 1985 I worked as a stock boy for a local retailer. Everyday at 10:00 o'clock I would take my coffee break in the store restaurant. Each time I had my coffee break I would see this older distinguished-looking gentleman who wore a suit and tie and carried a briefcase. I thought he looked spiffy, when compared to my dirty stockroom clothes. At the time I was a teenager, so I never paid him much attention but, over time, I gave him the obligatory head bob to knowledge his presence when I entered the restaurant, and soon we became coffee buddies.

As with all new acquaintances, our conversation eventually came around to our work. I asked him what he did for a living and he told me that he was a bill collector. I had no idea what a bill collector was so I asked him to explain and he said that he chases people who don't pay their bills. I was flabbergasted! I am from a small farming community where everyone paid their debts. I did not know that such a thing could happen.

The gentleman's name was Reg. One day he asked me if I was willing to do a little private eye work and follow a guy to work for him and report the location the next morning. If I were successful, he would pay me \$50.00. That was big money back then! Well, my gas tank was empty, and the weekend was coming so I said sure. He told me that the person he was chasing had an evening job somewhere and he could not figure out where. So, in the middle of freezing January, I packed a thermos full of hot chocolate and promptly went to stake out this guy's house. He left at 10:45 PM and I followed him to a local steel plant where they made pipe. The next morning, I gave the information to Reg, and he used it to garnishee the gentleman's wages. I got my \$50 and was a very happy camper.

About six months later I was upgrading some high school courses so I could enter postsecondary. At this point I still had no clue what I wanted to do with rest of my life so I thought I would take a one-year hiatus and work for a living and see what the world had to offer. I came across an advertisement for a local collection agency hiring consumer collectors. I went in for the interview, told them of my "VAST experience", and got the job. When I started with the company in 1986, we had 18 people and two offices. When I left in 2005, we had almost 300 staff in five offices. I started out as a junior collector, and eventually came to own half of the organization.

The barrier to entry as a collector is exceptionally low, in terms of postsecondary education, yet can provide a very good living, if you are street-smart and quickly learn from your mistakes.

As you recall, I was quite young when I started working for the regional consumer agency, and the laws and rules back then were significantly less / non-existent when compared to today.

Being from a rural farm community where credit was extended by handshake and bills did not go unpaid, I recall being petrified to having to speak to someone about paying their bills.

I was NOT street-smart.

These are some of the many mistakes that I had gone on to make, and I survived despite myself.

Mistake #1 – Getting Thrown on The Phone On My First Day.

Because of my earlier “collection” experience, my manager assumed that I had made calls before, and could follow a script. Like many of our armed forces members will tell you, everyone has a solid battle plan until the first shot gets fired. The same can be said for collections. A script is nice, but if our staff do not know what to do with the responses they receive, it makes them feel stupid, and the opportunity gets wasted. On many occasions, that one call is your only chance to speak with the debtor, so we want to make it count. I was just out of school with no “real-world” experience yet. Had I gotten training on the various responses to my script, I would have felt better prepared and had quicker wins. Today most of us have sophisticated training systems and our new collectors are much better prepared but pay particular attention to your youngest employees. They may not have the life experience yet, so our training has not been as well understood as we would hope/assume.

For those of you who are counting, that is 918 words.

Mistake #2 – Not Knowing the Debtors’ Financial Picture Before Calling.

We were a small agency at the time, and management did not want to pull credit bureaus on each debtor due to cost, so we would get on the phone, read our script, and “see what happens.”

Imagine sending your new associate to court for the first time and they just wing it? My calls would have been 10 X more productive had I known what the financial situation of the debtor was, before I made the call. There is no point in suing someone who is the bankruptcy poster boy for 2022. A credit report would have helped me to make faster, better educated decisions.

Mistake #3 – Treating the Debtor Like a Customer

Retail customer service was my first exposure to the working world and so my next mistake was treating the debtor like a customer. It had been drilled into my head that the customer was always right, yet I was not trained on the customer / client / agency dynamic, so when the debtor said he couldn't pay- I accepted their answer at face value. It became apparent very quickly that I had to change my approach because I was getting a ton of “No’s.” Accepting “no” at face value brought my conversations to a quick and unproductive conclusion. It took me some time to understand that no is just a moment in time.

One of the best pieces of advice I received on this topic is that *“it is the debtor’s job to pay, not mine to collect.”* In 1936 Dale Carnegie wrote the book “How to Win Friends and Influence People”. In this book he goes on to say that one of the most effective methods of getting a positive outcome – in this case... a conversation with a debtor – is to have the debtor believe the decision to pay is their own and not me forcing the transaction.

Mistake #4 – Underestimating My Influence

My next hurdle was underestimating my influence on the lives of the people I was calling. Depending on the training received, the impact we have on the debtor's day could be very positive or destructive. If the collector is trained to listen carefully- every complaint can be avoided. There is a tipping point when a call can go from productive to a flaming ball of fire, and it is the collector's responsibility to gauge that moment in time. If the contact is done correctly- the power of my contact should continue long after our call has ended.

We need to talk about what is important to the debtor. In what way would a better credit score help you Mr. Johnson? Getting these calls must be somewhat stressful? Lets see if we can find a way to help you achieve your goals.

Mistake #5 – I Can Get Everyone to Pay

My next mistake was thinking that I could eventually get everyone to pay me. I wasted countless hours and company resources speaking with people who had no intention of paying. This does not mean that they are bad people who are trying to rip off my client (although these people do exist) it just meant they were not ready to deal with my client. Once I was able to discern who these people were, I could quickly work through my portfolio and contact more debtors throughout my day. which brings me to my next mistake.

Mistake #6 – Not Making Decisions

If I concluded the person wasn't interested in settling their obligations right now, I would diarize the file ahead for a month and check in to see if their circumstances had changed. I should have considered whether litigation would have made a better solution. I left a lot of money on the table until I learned exactly how to qualify an account to be sent to an attorney. A by-product of my behavior was that my portfolio became larger and more unwieldy every day, which has even further negative impact on recoveries.

Mistake #7 – Chasing Broken Promises

As a Junior Jedi collector, it is so exciting to get your first promise to pay. As we all know, the more promises a junior collector gets, the more broken promises they must contend with as well. I remember thinking – I must have misunderstood the promise I thought Mr. Johnson had made, and promptly dialed him back to reconfirm my understanding. From the time of my last

conversation with the debtor and today “life” had happened for the person, and they decided that a tank of gas to get to work was more important than paying me the money they promised earlier. And so, begins the vicious cycle of our junior staff chasing payments, and wasting a ton of time and resources trying to convince the debtor to our way of thinking.

How many of you have kids or have babysat kids?

We teach our kids about consequences very early in their lives. Don’t touch the paint – its wet. Don’t touch the iron – its hot. When we do make contact with a debtor after a broken promise, we may want to ask the debtor what they feel the consequences of continual broken promises are going to be? Ask the question genuinely: “If someone owed you money Mr. Johnson, what options do you have to collect?” Don’t you suppose your creditor is considering the same options? I am happy to intercede, but you must help me to help you. What happened between the first time we spoke, and today?

Mistake #8 – Accepting an Unrealistic Promise

Have you ever made a statement to a telemarketer just to get them off the phone? Debtors do this to us as well, whether its for Payment in Full or for a regular monthly installment. Many more people don’t pay us than ones who do. It is due to this immutable fact, that our junior collectors are accepting promises back at our offices at this very moment, and they don’t know whether the arrangement is reasonable or not. If a debtor has broken a promise, sometimes it is because they feel guilty and promise for more than they can reasonably afford.

An old mentor of mine once said, “Bradley, when a debtor asks for more time to pay, they are asking you to extend them more credit by allowing them even more time to pay. If you are going to consider giving them more time, then isn’t it reasonable to get the debtor to provide another

“credit application?” The point he was making was before our junior staff accept terms for repayment, we ought to get a clear picture from the debtor as to why the arrangement is in our clients best interest. Remember, it is their job to pay – not ours to collect.

Chris Voss, the FBI hostage negotiator turned author, wrote a great book on negotiations. In his book, he refers to getting the opponent to help you solve your problem. In this case, the issue is why should my client accept your monthly payment. Our staff could say something like, “Mr. Johnson, in your written agreement with my client, you agreed that you would pay the debt in full. You do not owe me the money. I would be glad to go back to the creditor on your behalf; however, before doing so, how am I supposed to sell them on your offer?”

Mistake #9 – Choice of Mentor

In the absence of having somebody assigned to me at the beginning, I looked around the office and decided to emulate the company's best collector, Jack. Just because Jack was an amazing collector, didn't mean that he was a suitable example for junior staff to follow.

I got countless complaints in my attempts to do it like “Jack.” In my situation, the company turned a blind eye to Jack's bad habits and influence on the junior staff, because of the revenues Jack generated each month.

Today, times are a whole lot different, but we must remember a vast majority of the applicants are coming through our doors with no financial literacy to speak of, no formal negotiations training, and a vague awareness of the negative connotations of being a bill collector. That's a lot of powerful forces working against them. Even though we now have psychological testing, onboarding training and systems, remember we are employing people- people from a wide variety of values and beliefs are also getting into collections by accident.

If we want to reduce our hard and soft costs of recruitment and training - we owe it to these applicants and ourselves to assign them a mentor so they can discuss their daily feelings, fears, and apprehensions.

I'll stop here with the final story, then open up the floor to you.

My parents were mortified when they found out what I was doing for a living. They said "Whatever you do Brad, do not call anyone in our hometown." I found the work to be exhilarating, but I felt a little "dirty" at time at the same time. It was not until my first contact with a local printer who needed his receivables collected so he could make payroll, that I truly understood the value of my work and embraced it unabashedly.

Seeing the results of my efforts was so gratifying. To this day that printing company is still in business. What if I hadn't done my job correctly that day? He had twelve people working for him, all who had rent or mortgages to pay and kids to feed.

We play a vital role in our economy and our young, scared junior Jedi collectors need to understand how important their role is so they can truly embrace the work and make a difference in the local economy and this world.

thank you

Questions and Story Time.