

TOOLS FOR OPTIMAL COLLECTIONS PERFORMANCE

Ken Evancic

Vice President

Resource Management Services, Inc.



RESOURCE MANAGEMENT SERVICES, INC.
CONSULTANTS IN RECOVERY AND COMPLIANCE

Agenda

- Introduction
- Performance Management System
 - Setting Expectations
 - Measuring and Monitoring
 - Coaching and Development
 - Rewards and Recognition
- Implementation Concepts
 - Collector Performance Plan
 - Practice a Performance Plan

Performance Management System



- Performance Management – “The process to ensure that people **Understand Expectations**, that information exists to **Measure and Monitor** performance, that skilled people are available to **Coach and Develop**, and that **Reward and Recognition** is used for the expected results.” RMS

Performance Management System

- Discuss the four components of the system:
 - **Expectations**
 - **Measuring and Monitoring**
 - **Coaching and Development**
 - **Reward and Recognition**
- Now that we have discussed the 4 components of the performance management system, we need to understand how all the components work together with each other. Let us try to answer the following question.
 - What is the most critical Component?
 - Which 2 components fit best together?
 - Can you change the order of the components?
 - If you had to cut one out, which one would you choose?

Expectations

- **Expect** - To consider reasonable, due or necessary: to consider bound in duty or obligated. Merriam Webster
- **Objective** – Something toward which effort is directed; an aim, **goal**, or end of action. Merriam Webster
- Expectations are what the Credit Union defines as what it expects or has defined as it's objectives.
- Expectations include what you will deliver for your Credit Union and what you expect to receive for delivering?
- Discussion

Expectations

- What are the characteristics of fundamentally good expectations/objectives?
 - Have you heard the term **SMART** goals?
 - **Specific**
 - **Measurable**
 - **Attainable**
 - **Relevant**
 - **Trackable**
 - We are going to add a few other principles that the goals must pass to meet the objectives of the collectors.
 - Are the objectives reasonable and fair?
 - Does each person understand the Why behind the objective?
 - Can they control the result?
 - Do multiple expectations conflict with each other?

Expectations

- Have you seen a scorecard or evaluation with more than one metric involved?
- Let us discuss examples of the scorecards or evaluations you use today and see how well they pass the SMART approach and objectives of collectors.
- Discussion

Credit Union Goals:

- Minimize Contractual Losses
- Improve member satisfaction
- Eliminate compliance issues
- Improve employee development

Current Collector Scorecard:

- Contacts per hour
- Average call handle time
- Service quality
- Attendance
- Number of complaints

Measuring and Monitoring

- You are flying on vacation with your family and the pilot comes on the radio and says that all the information systems on the plane have gone out. He also says he has been a pilot for over 20 years, so do not worry.
 - How would you respond to that announcement?
 - What are the odds that the rest of the flight will go as expected?
- Discussion

Measuring and Monitoring

- Let's discuss what types of information we use today to assess how well each person is doing against expectations.
- Does the information you receive help you understand how you are contributing to the overall Credit Union?
- How do you find ways to overcome these obstacles?
- Discussion

Measuring and Monitoring

- I want to share an approach that uses many of the indicators we identified that we use today.
- The **Collector Performance Model**
 - This approach takes basic collections metrics and aligns them into a straightforward approach that outlines the end-to-end process of collecting.
 - Using the Collector Performance Model, each person can assess their performance against their personal objective, against other people, and against the overall team.
 - This tool creates a great opportunity to drive individual ownership in their results.

Measuring and Monitoring

- The metrics in the **Collector Performance Model**

Volumes/HR:

- Paid Hours
- Productive Hours
- Total Reviews
- Total Contacts
- Total Promises to Pay
- Total Kept Promises
- Total \$ Collected

Rates:

- % Productive
- Contact %
- Promise to Pay %
- Kept Promise
- Average Payment Size

Measuring and Monitoring



The Principles of the Model

- It enables your performance diagnosis from \$ collected or paid hours.
- You can break down your \$ collected goal into each of the critical collection's components.
- You can determine what the optimal \$ collected could be for a your personal goal.
- Each person can diagnose specific skill gap areas for themselves.
- You can make mid-cycle adjustments to better enable achieving the goal.
- It is the foundation for establishing performance ownership.

Measuring and Monitoring

Collector Performance Model		
	Volume/HR	Rate %
\$ Collected	<input type="text"/>	
Average Payment Size		\$ 300.00
Kept Promises	<input type="text"/>	
Kept Promise %		85.00%
Promise to Pays	<input type="text"/>	
Promise to Pay %		75.00%
Contacts	<input type="text"/>	
Contact %		20.00%
Review	<input type="text"/>	
Reviews/HR		25
Productive Hours	<input type="text"/>	
% Productive		75%
Total Paid Hours	150	

Calculate the Total Volume

- Productive Hours _____
- Reviews _____
- Contacts _____
- Promises to Pay _____
- Kept Promises _____
- \$ Collected _____

• Now let us change the contact % to 15%. What is the impact to \$ collected?

Measuring and Monitoring

Collector Performance Model		
	Volume/HR	Rate %
\$ Collected	\$125,000.00	
Average Payment Size		<input type="text"/>
Kept Promises	400.00	
Kept Promise %		<input type="text"/>
Promise to Pays	500.00	
Promise to Pay %		<input type="text"/>
Contacts	650.00	
Contact %		<input type="text"/>
Review	3000	
Reviews/HR		<input type="text"/>
Productive Hours	120	
% Productive		<input type="text"/>
Total Paid Hours	150	

Calculate the Rate%

- Average Payment Size _____
 - Kept Promise % _____
 - Promise % _____
 - Contact _____
 - Reviews/HR _____
 - % Productive _____
- Now let us change the contacts to 500. To keep the \$ collected the same, what has to change to the promise to pay %?



Measuring and Monitoring

- **Practice – Our Practice Collector is Sally and the month just reviewed was May 2022.**
- As a Group, use Sally's collector metrics to answer the questions. Use Sally's Collector Performance Model templates to assist in your answers.
- Question 1: Fill in the missing metrics for Sally.
- Question 2: Next month Sally is less productive in her reviews by 25%, but she said she made up for it in doubling her contact %. Are you OK with her plan? Why?
- Question 3: The next month she wants to try a new strategy, she lowers her reviews by another 25%, but states she will increase her promises to pay % by 25%. Are you OK with her plan? Why?

Exercise 5 Debrief

Sally's Collector Performance Model

	Volume/HR	Rate %
\$ Collected	<input type="text"/>	
Average Payment Size		<input type="text" value="\$ 425.00"/>
Kept Promises	<input type="text" value="285.00"/>	
Kept Promise %		<input type="text"/>
Promise to Pays	<input type="text"/>	
Promise to Pay %		<input type="text" value="60.00%"/>
Contacts	<input type="text" value="525.00"/>	
Contact %		<input type="text"/>
Review	<input type="text"/>	
Reviews/HR		<input type="text" value="35"/>
Productive Hours	<input type="text" value="120"/>	
% Productive		<input type="text"/>
Total Paid Hours	<input type="text" value="186"/>	

Notes:

Exercise 5 Debrief

Answer to Question 1

Sally's Collector Performance Model		
	Volume/HR	Rate %
\$ Collected	\$121,125.00	
Average Payment Size		\$425.00
Kept Promises	285.00	
Kept Promise %		90.48%
Promise to Pays	315.00	
Promise to Pay %		60.00%
Contacts	525.00	
Contact %		12.50%
Review	4200	
Reviews/HR		35
Productive Hours	120	
% Productive		65%
Total Paid Hours	186	

Answer to Question 2

Sally's Collector Performance Model		
	Volume/HR	Rate %
\$ Collected	\$181,695.15	
Average Payment Size		\$425.00
Kept Promises	427.52	
Kept Promise %		90.48%
Promise to Pays	472.50	
Promise to Pay %		60.00%
Contacts	787.50	
Contact %		25.00%
Review	3150	
Reviews/HR		26.25
Productive Hours	120	
% Productive		65%
Total Paid Hours	186	

Double Contact %

Is 25% less productive on reviews

Answer to Question 3

Sally's Collector Performance Model		
	Volume/HR	Rate %
\$ Collected	\$170,187.79	
Average Payment Size		\$425.00
Kept Promises	400.44	
Kept Promise %		90.48%
Promise to Pays	442.58	
Promise to Pay %		75.00%
Contacts	590.10	
Contact %		25.00%
Review	2360	
Reviews/HR		19.67
Productive Hours	120	
% Productive		65%
Total Paid Hours	186	

25% increase in Promise to Pay %

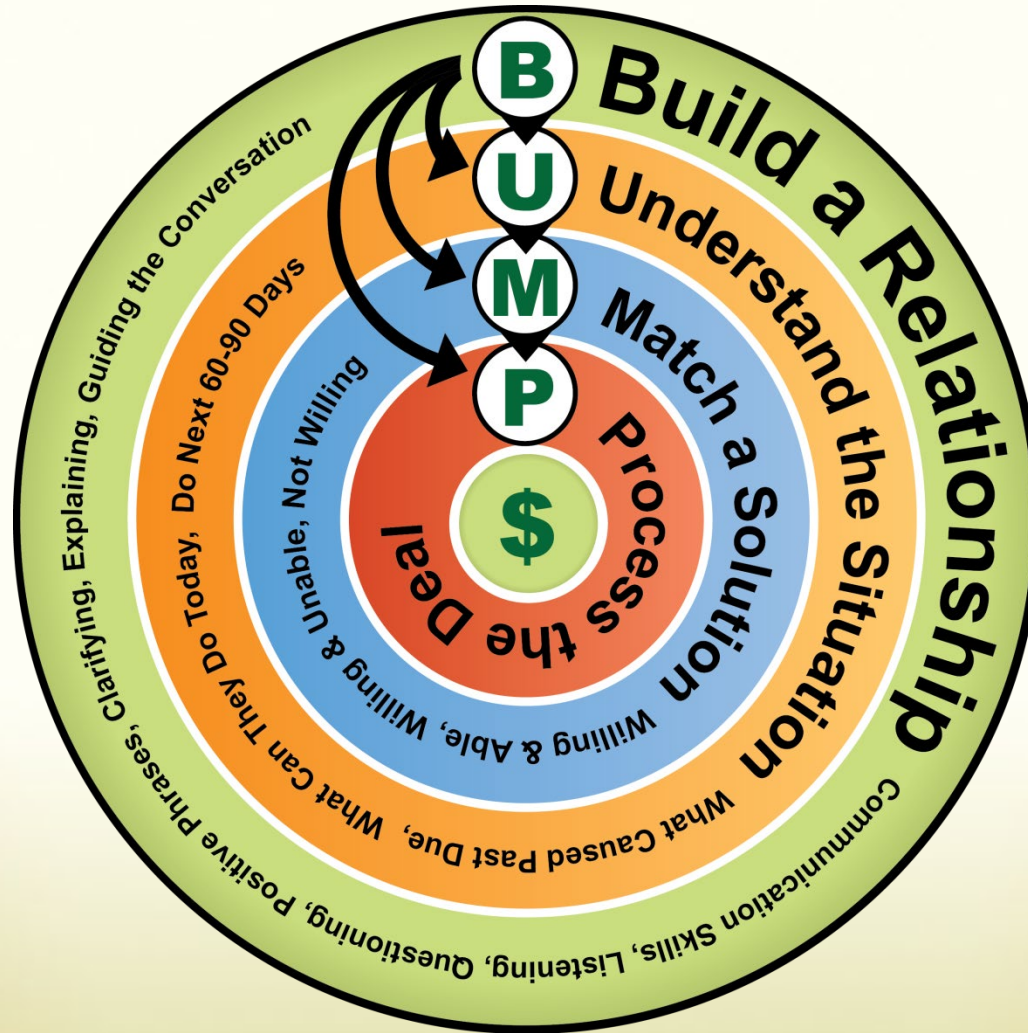
Is 25% less productive on reviews



Measuring and Monitoring

- There are fundamentals that make up a solid collections call. Here is a simple 4-step process to help measure and monitor a collector's performance:
 - Did the collector **Build** a Relationship with the member?
 - Did the collector completely **Understand** the Situation of the member?
 - Did the collector **Match** a Solution that worked for the member's unique situation and is aligned to the procedures of the Credit Union?
 - Did the collector **Process** the Deal, follow all procedures, and/or position the member for the next call so that it ends in a commitment?
- **This process is used to BUMP up the collection skills of your collection team**

BUMP



BUMP

- **Build a Relationship** requires communication, listening, questioning, positive phrases, clarifying, explaining and guiding the conversation skills.
- **Understand the Situation** requires the collector to learn what caused the situation, what can the member do today and what do they think they can do in the next 60 – 90 days.
- **Match the Solution** requires the collector to determine if the member is willing and able to pay, willing and unable to pay and not willing to pay.
- **Process the Deal** requires the collector to execute all the tactical elements required of the system to execute the agreement.

Coaching and Development

- Now that we have:
 - Established clear and aligned expectations,
 - Identified the critical components of a collection call
 - Have tools to assess a your actual performance before, during, and after the month,
- It is now time to discuss coaching within the performance management system.

Coaching and Development

- One fundamental principle we are going to discuss now is, “Who ultimately owns their own performance”?
- _____ owns their own performance.
- Discussion

Coaching and Development

COLLECTOR OWNERSHIP MODEL



- Low Risk
- Lower Loyalty
- Multiple Levels of Engagement
- Lower Reward
- Deliver Expected Results

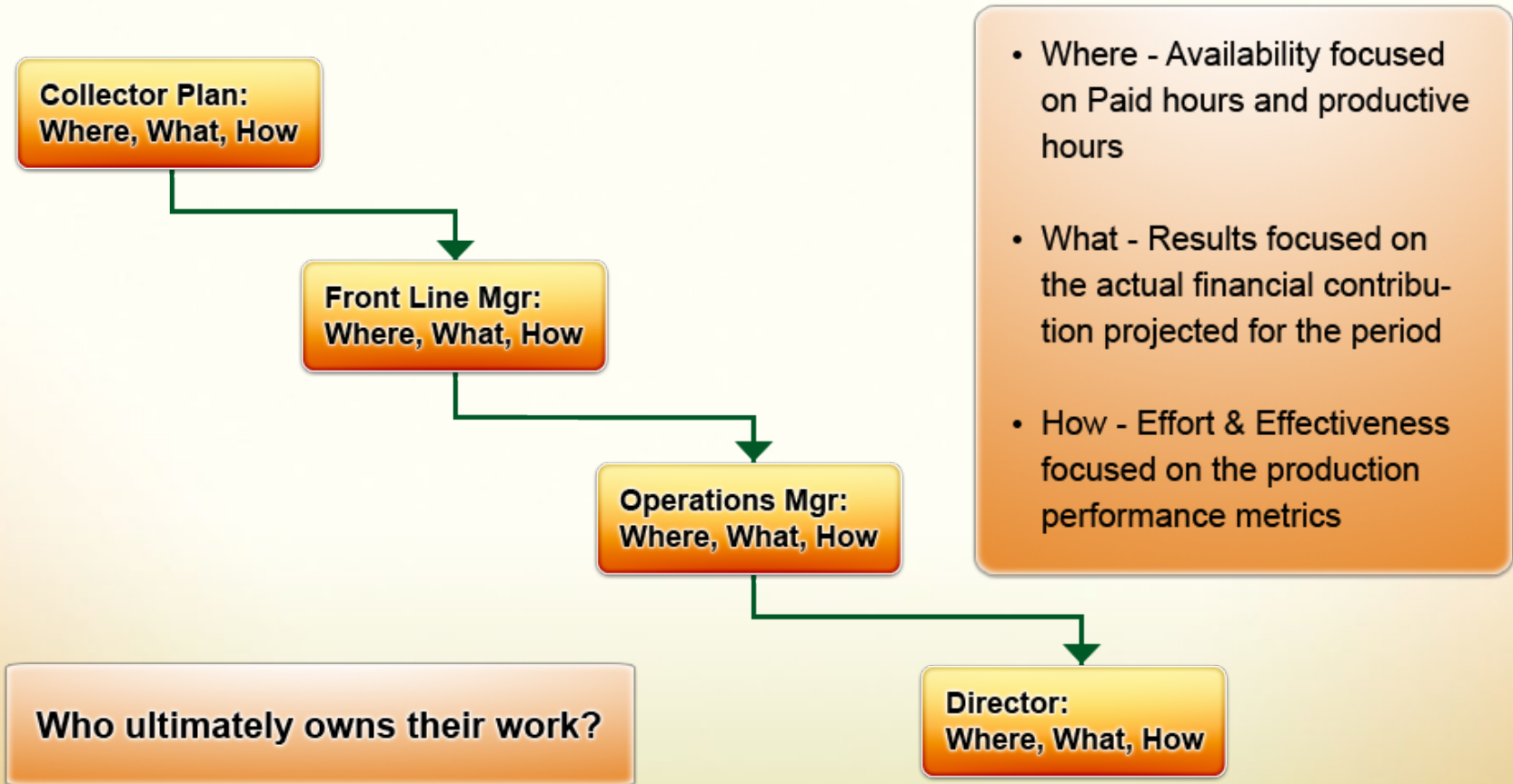
- Manageable Risk
- High Level of Loyalty
- Highly Engaged
- Higher Reward
- Develop Approaches to Exceed Expected Results

- High Risk
- Completely Loyal
- Full Ownership Level of Engagement
- Highest Reward
- Continuously Investigating New Ideas

Coaching and Development

- The **Collector Ownership Model**
 - The Collector Ownership Model approach creates a culture and expectation that ***each person owns their own work.***
 - This approach reinforces a strong performance management system
 - Moves the culture to more of an adult to adult relationship level.
 - Conflict moves from a potential confrontation between people around opinions to a straight forward, did you deliver what you committed to or not?
 - Creates a stronger buy in from each level of the Credit Union since the results run end to end.
 - When done well, each person feels that they are contributing to the results of the Credit Union.
 - People gain confidence and become more engaged as they exceed theirs and the Credit Union's expectations.
- Discussion

Collector Performance Plan



Team Reporting Example

What do you see on this report that can help determine each person's contribution to the team?

Team McQueen									
Collector	RPH	Cont/Rev	CPH	PTP%	PPH	Kept%	KPH	Avg\$	\$ Collected
Mader	35	22.86%	8.00	87.50%	7.00	71.43%	5.00	\$ 302.00	\$ 1,510.00
Sarge	39	23.08%	9.00	66.67%	6.00	83.33%	5.00	\$ 253.00	\$ 1,265.00
Finn	36	25.00%	9.00	55.56%	5.00	80.00%	4.00	\$ 300.00	\$ 1,200.00
Guido	40	15.00%	6.00	83.33%	5.00	80.00%	4.00	\$ 276.00	\$ 1,104.00
Luigi	41	17.07%	7.00	71.43%	5.00	80.00%	4.00	\$ 269.00	\$ 1,076.00
Sally	37	24.32%	9.00	77.78%	7.00	57.14%	4.00	\$ 248.00	\$ 992.00
Francesco	34	14.71%	5.00	80.00%	4.00	75.00%	3.00	\$ 328.00	\$ 984.00
Flo	42	14.29%	6.00	83.33%	5.00	60.00%	3.00	\$ 287.00	\$ 861.00
Brent	25	32.00%	8.00	62.50%	5.00	80.00%	4.00	\$ 199.00	\$ 796.00
Fillmore	40	15.00%	6.00	66.67%	4.00	75.00%	3.00	\$ 250.00	\$ 750.00
Holly	39	15.38%	6.00	66.67%	4.00	75.00%	3.00	\$ 246.00	\$ 738.00
Darrell	27	18.52%	5.00	80.00%	4.00	75.00%	3.00	\$ 243.00	\$ 729.00
Lizzie	36	19.44%	7.00	71.43%	5.00	60.00%	3.00	\$ 235.00	\$ 705.00
Jeff	34	23.53%	8.00	62.50%	5.00	60.00%	3.00	\$ 233.00	\$ 699.00
Mack	35	14.29%	5.00	80.00%	4.00	75.00%	3.00	\$ 225.00	\$ 675.00
Ramone	36	16.67%	6.00	66.67%	4.00	50.00%	2.00	\$ 310.00	\$ 620.00
Tomber	35	17.14%	6.00	50.00%	3.00	66.67%	2.00	\$ 275.00	\$ 550.00
Miles	37	10.81%	4.00	50.00%	2.00	50.00%	1.00	\$ 367.00	\$ 367.00
Professor Z	36	8.33%	3.00	66.67%	2.00	50.00%	1.00	\$ 234.00	\$ 234.00
Grem	29	10.34%	3.00	66.67%	2.00	50.00%	1.00	\$ 198.00	\$ 198.00
Team Averages	35.65	17.67%	6.30	69.84%	4.40	69.32%	3.05	\$ 263.16	\$ 802.65



Team Reporting Discussion

- In addition to measuring yourself to each person on your team, understanding the **Performance Delta** for your team provides insight into the magnitude of the overall performance of your team.
- The team Performance Delta is the variance between the top and bottom performer on your team.
 - If the top performer is delivering \$10,000 an hour in \$ collected and the bottom performer is at \$2,500, the variance is 400%.
 - If the top performer is delivering \$10,000 an hour in \$ collected and the bottom performer is at \$7,500, the variance is 33%.
- Which one do you want?
- Should all types of collections work have similar performance deltas?
- Discussion

Rewards and Recognition

- The last component of the Performance Management System is Rewards and Recognition.
- Similar to setting expectations, there are some basic principles to proper reward and recognition, back to our SMART approach.
 - **Simple** and easy to understand.
 - **Meaningful** to the person receiving the recognition.
 - **Adjustable** to many situations.
 - **Relevant** for the situation or behavior demonstrated.
 - **Timely** to when the behavior was demonstrated.
- Share some examples of approaches you have used and would they pass the SMART test?
- Discussion

Collector Performance Plan

- Now that we have reviewed the Performance Management System and the Collector Performance Model, it is time to work through **Collector Performance Plans**.
- If you were asked to develop a performance plan for yourself, how would you react?
- Discussion

Collector Performance Plan

- When developing a performance plan, what are critical points you would want to see included?
 - **Where you will be?**
 - **What you will deliver?**
 - **How you will deliver?**
- In the “How you will deliver” sections, what type of details should you detail?
- Discussion

Collector Performance Plan

- Again we revisit our **SMART** approach and apply it to building a strong “How you will deliver” plan.
 - **Specific**
 - **Measurable**
 - **Actionable**
 - **Realistic**
 - **Time bound**
- Discussion

Collector Performance Plan - Example

- Hillary High Lite has shared her performance plans for the last few months
- We are going to review the plans and develop her June 2022 plan

Next Steps

- **You** own **YOUR** results
- **You** can make a difference at **YOUR** Credit Union
- Now it is time to make **YOUR** plan and deliver **YOUR** Optimal Performance