

he demands money from someone who doesn't want to hear about it. It will give him a method to use in working towards his goal of repayment, and will allow him to better control the conversation with the debtor. And it will bring you a measurable change in your results.

This chapter will examine specific negotiation principles and methodologies separately for inbound and outbound contacts. Because inbound and outbound debtors have very different motivations, the techniques can't be lumped together, though they do share a number of concepts. And as you'll see, understanding the debtor's motivation is the key to getting the most out of the negotiation.

Key Concept: Negotiation Methodologies

There are time-honored steps in good inbound or outbound debt negotiations, and there are basic principles of negotiation that can be taught. Regardless of the origin of the debtor contact, understanding the debtor's motivation is always the key. A collector should never be allowed to represent his agency or department on the telephone until he has learned and been tested on the basic steps and principles of a debt negotiation.

Steps and Principles in an Outbound Negotiation

In almost every case, an outbound debtor contact is a conversation with someone who never wanted to talk to you and never wants to talk to you again. That's a pretty lousy starting point. In the best case, the debtor sees your collector as a nuisance, on a par with telemarketers cold-calling from lists. In the worst case, the debtor feels real shock, revulsion, and disgust at the audacity of your collector for calling at all. The likeliest outcome for the untrained negotiator? A "hang-up-in-full." As you'll see below, however, the intelligent collector controls his choice of words and tone of voice to establish control over the negotiation from its very beginning, thus harnessing the debtor's emotions and riding them to victory.

Identify the Parties

Your collector must positively identify the debtor, herself, and your client without sounding like a time-share salesman. That means she must speak slowly, articulately, and confidently. In the current telephone economy, anything less than an absolutely professional and polished initial presentation will result in a dial tone. Some collectors like to verify the last two or four digits of the social security number, just to avoid problems with Juniors and Seniors having the same name, and to get the debtor's attention. After all, a telemarketer (hopefully) doesn't know your social security number, and really doesn't care whether he's talking to the right party or not. Any customer's a good customer to him.

There's more than one way to ask for the debtor initially. Many veterans use the debtor's given name in order to catch him off guard. This is especially effective against folks who habitually avoid calls from telephone solicitors (or debt collectors). Some experienced collectors even like to slip in a tone of friendliness and familiarity, sometimes saying *only* the debtor's given name, with no 'hello' or other greeting. This is something an acquaintance might do when he expects you to recognize his voice—and not wanting to offend the caller by admitting you've forgotten him, you might reply affirmatively at once, thus unwittingly confirming your identity. Still other collectors prefer to use a firm and professional tone, asking in a businesslike but polite way to speak with the debtor. They know that even if the debtor fails to identify himself, and thus avoid a discussion, he'll at least be thinking about that tone of voice, wondering what it means, and what kind of organization he's up against. It's a pity that debt collectors have to resort to such subtle subterfuges, but debtors have been trying to elude their creditors for millennia now, and they've developed subterfuges of their own. What works for a creditor is what works, and if it isn't illegal or unethical, it should be employed—proportionately, of course.

In any case, the collector must remember that she's making a first impression. Her voice must convey confidence, intelligence, and pragmatism. The delivery of even a simple greeting can set the tone for the entire call, facilitating or hindering the negotiation to come. A collector simply can't be effective if she sounds like a minimum-wage call center employee sitting in a cubicle on a vast collection floor, even if that's exactly what she is. Therefore instruct your collectors to take their time and be articulate. Have them practice their greeting while you listen. This is your department's first impact on the debtor. It has to count.

Key Concept: Polish the Presentation

Every actor knows that how he makes his first entrance on the stage is critical to the audience's understanding of his character. Therefore he plans and rehearses this entrance carefully.

Telephone work is the same. If a collector flubs his entrance, the audience will soon lose interest. Work with your collectors to develop a powerful initial greeting. Then record it and play it back for them, doing it over and over again until it's right.

Make a Firm Demand

Your collector is about to initiate a debt negotiation. That means that what she says next will have a direct impact on how much money you're going to make. Think that's worth paying attention to?

Your collector must make it clear where your agency or department stands regarding the money the debtor owes. She should simply and professionally demand *all* of it. Moreover, she should make it sound as if it's *natural* to expect that the entire balance will be paid at once. It must be done firmly, matter-of-

factly, in exactly the same tone of voice she'd use when ordering a pound of roast turkey at the deli, sliced thin. This firm-but-professional approach will have a profound psychological impact on the debtor, and make it possible to control the ensuing negotiation. But it can't happen if your collector lacks confidence or interest. This is the firm demand, not the half-hearted demand.

But what to say? Below are some examples of good firm demands:

- *"Mr. O'Plenty, your balance is twelve thousand, seven hundred twenty six dollars and ninety-four cents. I'll need a check in that amount good today."*
- *"Thank you for taking the call, Ms. Inhock. I'm calling about the outstanding credit card bill owed to Subprime Bank. The seventy two hundred and fifteen dollars must be paid today, before the close of business."*
- *"John, I'm glad I caught you. Merriwether's department store has called in your nine hundred and eight dollar obligation, and action will have to be taken on the full amount at once."*

Note that your collector didn't *ask* her debtor whether he could pay, or if he wanted to 'take care of it.' There's a time for requests and for platitudes, but the firm demand isn't it. Asking "can you," or "do you want to," at this point will only beg a firm "no" (in one form or another) from the debtor, and sugar-coating the problem with euphemisms won't make the debtor take the matter any more seriously.

It may seem absurd to your collector—and your debtor, for that matter—that someone could expect such sums to be remitted at a moment's notice, and by telephone, no less. In most cases it can't (or won't) be. But that's not what's important here. What's important is the impression your collector has made on the debtor and the fact that she's begun the negotiation at the strongest place possible: from the balance owed.

Key Concept: Negotiate From the Best Position Possible

There's only one starting point for a negotiation: from the strongest place possible, the place that returns you the most. Good negotiators know that almost always aren't going to get everything they want, but they're well aware they'll get more if they demand it all.

Overcome the Objections

The debtor's reaction at this point will almost always be defensive. He'll almost always insist that he doesn't have or doesn't owe the money. At this point, your debtor will be in a very delicate frame of mind. Your collector must guide the negotiation very carefully from here.

It's important to understand the debtor's perspective. This is a person who has rationalized non-payment of this particular debt over the course of several months (or years). This person has not only decided not to pay, but has persuaded himself that he *doesn't have to* pay, and even *shouldn't* pay. Even a