

# How to motivate your collections team with incentives that work

By Dan Scholey

**Put yourself in the shoes of one of your collections team. The environment ahead is challenging. Their workload is increasing as the UK sinks deeper into recession and consumer debt escalates, and they are working tiring, stressful shifts talking to people who don't want to talk about their debts.**

So, what kind of incentives can improve your collections performance by creating a well motivated and productive team?

Incentives have long been used as a popular method to help boost staff performance. The rewards usually relate to the achievement of certain goals – either personal, team, organisational or a combination of all three. A well-constructed incentive scheme will increase staff morale and loyalty, as well as making a valuable difference to productivity.

## What kind of incentives?

As well as monetary rewards, Collections Managers have the opportunity to implement non-monetary incentive schemes that can provide additional staff commitment and effectiveness. To help you decide what to include in the incentive scheme, you must firstly understand what drives your team. Regular performance appraisals, call monitoring, attitude surveys and informal conversations can help to provide information on this, and it is likely that staff will probably tell you that increased status and recognition, higher pay, better working conditions and improved benefits would increase both morale and performance.

Money is the most obvious incentive for motivating employees and the current economic climate guarantees that financial incentives will be more important to your team than ever before. In the collections industry, collectors work individually so it is

wise to target them in this way when using financial incentives. Comparing individuals can also achieve higher performance levels as the cachet of being 'top dog' is a real motivator for some.

There a number of areas that incentives can be applied in a collection team environment. Collectors can be measured via 'promises to pay per hour' statistics. This means that the number of negotiations concluded with a 'promise to pay' in the time that a collector records will be used to calculate the incentive. Contact efficiency can also be used as an incentive. The number of successful customer contacts expressed as a proportion of the number of outbound calls placed can be used in this situation to devise the incentive.

Promise kept rates – for this a typical measurement period of a calendar month can be used; a collector might have 300 promises reach maturity. If 200 of those pay on time and within tolerance, the promise kept rate for the period is 300 divided by 200; 66%. Carefully consider how specific objectives might corrupt the performance of staff and choose a collections tool that can control who is offered promises and the value of those promises.

Workload management, personal development, performance planning are all areas that Collection Managers can look to for motivation through incentive schemes. Creative incentives such as offering more flexible working hours, an increased holiday allowance or a discount affiliate scheme with local businesses can also increase motivation. Regular team events such as corporate team-building days or treats, such as a social event, pizza on a Friday, or birthday cakes can also improve group dynamics and create a happier and more positive atmosphere in the office

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can be the key to a positive impact on performance, and therefore a good Collections Manager will take the time to ensure their staff are appropriately equipped for the task, so make sure that software is up to date and programmes are tailored to fit the requirements of the collections role. Investing in a debt management software solution designed to handle the entire collections lifecycle will streamline the workload and make each task as simple as possible. The best collections solutions will allow Collections Managers to allocate worklists according to the experience and ability of collectors, ensuring every collector is suitably challenged and motivation is maintained.

## Motivation

Ultimately, combining financial and professional incentives with smaller perks and changes to the business will ensure you are managing a collections team who are happier, more confident and – most importantly – motivated. Communication is key, so listen and give regular feedback to your collections agents. Be open about the challenges facing your organisation, the environment is challenging, so listening and responding to employee feedback about the incentive scheme is also important.

If your employees believe that you are trying to treat them fairly and provide the tools they need to succeed, they are more likely to respond by working hard and creatively to improve the company's prospects. Your incentive programme may need tweaking over time as demands on your staff increase, so react accordingly as factors change. Skilled staff are your biggest asset and the best tool in the collection and recovery of debt, so investing in motivating them does not cost money, it makes money.

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