



COLLECTIONS KARATE 2016

Scott Holmquist
Second Alliance, Inc.
Cruisin' to Collections 2016



Second Alliance, Inc.
Campus Based Loans and Receivables

Collections Karate

- Debt collection by its very nature is combative. Collection attempts bring to the forefront an obstacle between the student and the university. This obstacle conflicts with the student's agenda, the universities or both.
- YOU, the collection representative, step into the arena of conflict when making or receiving a collection calls or by an in-person discussion.

Collections Karate

- We know the obstacle is the student's responsibility to their financial obligation but some student don't want the news you've given them to be true or will make justifications for why it is not true (excuses).
- Further, students can use their advanced language techniques and communication skills (LOL) to make YOU out to be the obstacle and not their own accountability.

Collections Karate

- Let's look at one example:
- Student: (Big smile) Hi! I need my transcripts.
I'm so excited!
- You: You have a hold on your transcripts.

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- Student: What?
- You: Yes. Your unpaid account has been assigned to our collection agency.
- Student: Okay, well can I make a payment plan?
- You: Sure. here's their phone number.

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- Student: Ok. If I make a payment plan can I have my transcripts?
- You: No. Because your account is defaulted your account must be paid in full.
- Student: How much is it?
- You: Your balance is \$4,000.00

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- Student: How do you expect me to come up with \$4,000.00?
- Student: Do you know how much money I've spent at this school?

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- Student: What's your boss's name?
- Student: Do you know that I paid your salary?

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- Student: Why are you ruining my life?
- Student: I may have to call my attorney!
- Student: I can't believe this is happening to me!

Collections Karate

- Collections Karate is designed to:
- Keep the focus on the obstacle at hand
- Use language that is not perceived as combative
- Understand rules of Motivation and Influence
- Develop confidence in yourself and in your collection interactions



Collections Karate

Influence. Rules we live by

Reciprocation

- The old give and take, and take!
- The principal of reciprocation is a deeply instilled social norm. It says we must try to repay those who provide us with a gift or kindness, no matter how trivial and even if it is unsolicited
- Hare Krishna's, weird and not liked, built 321 centers in the US and abroad by giving away flowers

Perceptual Contrasts

- If the second item is fairly different than the first, we will tend to see it as More different than it actually is
- This is why the accessories are sold second in cars and clothes

Reciprocal Concessions or Rejection then Retreat

- To secure a certain request first make a much larger request that will likely be turned down. Your second request will be viewed as a concession

Consistency and Commitment

- Inconsistency is viewed as a disagreeable quality, which is why people strive for their actions, words, and beliefs to appear consistent over time, regardless of whether that is to their benefit. This means when a person makes a commitment, he or she will tend to stick to it.

Social Proof

- Social proof involves our tendency to pick up on behavioral cues from society in general, our community, and our peers, and use them to validate our own behavior. The idea that the greater numbers of people that find an idea correct the more a given individual will perceive the idea to be correct

Liking

- Physical attractiveness or tone
- Similarity age, views, opinions, background, RELATABILITY
- Complements and Flattery
- Cooperation efforts
- Good cop, Bad cop
- Conditioning and Association

Authority

- There is a universal tendency for people to acquiesce to the requests or orders of those in positions of authority

Scarcity

- The rule of scarcity explains why individuals place more value on that which is rare or restricted or difficult to get

The Collection Conversation

Different Styles of Karate

- The Apologetic
- The Tough Monkey
- The Indifferent Approach
- The Wine and Dine Method

The Collection Conversation

- Collections Karate is a lot like regular karate in that it is a defense strategy first to deflect strikes away from you, the school and their situation and redirect them towards the obstacle at hand. As part of this exchange however, you CAN make your own assertions (karate chops if you will) in the form of direct requests and forward assertions.

The Collection Conversation

- When you enter the arena of a collections discussion you enter an intimacy bubble that most students find uncomfortable largely because they are powerless or embarrassed and because of this they can become defensive and when people become defensive the claws come out. This is why making assertive statements need to be done thoughtfully.

Assertive Statements and Requests

- Something to Know:
- You are allowed in the intimacy bubble because you belong there.
- Example -

Assertive Statements and Requests

To remain there you must be three things:

- Respectful
- Professional
- And Truthful

As long as you're those things you can remain there unless the other person is not being honest with the situation and most people are honest about the situation.

Forward Assertions

- Forward assertions are statements that are true. These statements are inescapable because they are in alignment with the other persons beliefs Because they are true.
- The purpose using a forward assertion is to gain alignment with a student not to obtain submission or a confession.

Forward Assertions

- Forward assertions are not “gotcha” statements, sarcastic, slanderous and condescending
- You only need as many forward assertions that are necessary to achieve this. Any more than this will be viewed as personal

Forward Assertions

- **See if you can identify the effective and non-effective statements:**
 - Your balance is \$4,725.00 and that amount is due now.
 - Your account is in default because you decided not to send your payments

Forward Assertions

- Did you think that the school was going to wait forever?
- You did take the classes you're being charged for and it's reasonable for the university to ask for payment

Forward Assertions

- Regardless of your other bills this one must be paid
- You should have thought about how you were going to pay before you took these classes
- You submitted a request to drop these classes 14 days past the drop date. This date was given to you prior to taking these courses and it's only fair that you honor this agreement

Forward Assertions

- I understand that payment may not be convenient to you at this time. However if you do not have the full amount and want to make payments it is not reasonable to accept that you will pay whatever you can, whenever you can but it is reasonable to expect you to discuss your situation further

Forward Assertions

- I hear that you are not satisfied with the university but you did choose this university and it's reasonable to expect you to be responsible for your choice

Switching Gears and Concessions

- Sometimes it's necessary to switch gears to help your student into alignment. Your student doesn't recognize you as a person or a necessity and you need to garner their attention and even more, their desire to listen.

Switching Gears and Concessions

- Tone Control – Pitch and Volume Level
- Switching from Surname to First name
- Empathy
- Affirmation
- Concession

Overcoming Objections “Excuses”

- Recognize the difference between an Objection and a Dispute then help your student to recognize it if possible.
- **An objection** is a reason to not pay a legitimate debt.
- **A dispute** is a reason why a debt is not legitimate.
- If the student refuses to let go of an objection, allow them to utilize the appeal process if your school has one.

Overcoming Objections

- Find the Objections and Disputes:
- Coach Smith said my fees would be paid by the athletic department if I played competitively for the school
- These required religious courses are not transferrable and now I don't need them since I am leaving

Overcoming Objections

- I did drop before the drop date. The professor is aware of this.
- This school is way over priced for what I got.
- This Perkins loan was a grant.

Control the Conversation

- Be the adult in the room. Recognize that your student is probably not as mature as you are. They will more often follow a leader and rebel a threat. Show your maturity but not reacting to childish behaviors and remarks. Doing so will only affirm the success of the behavior and empower them to continue.

Instant Influence or Motivational Interviewing

- Helps people discover their OWN reasons why they might want to change
- Rational and Irrational Questions

Instant Influence

- Designed by Dr. Michael Pantalon, a Psychologist and Research Scientist at Yale School of Medicine at the request of busy emergency room doctors seeking to motivate patients who came into the ER because of alcohol related accidents and medical problems. They wanted to inspire these people to seek help for their drinking but the only time they the doctors had to reach them was while treating them in the ER. In other words the doctors had about 7 minutes to influence inebriated patients. Seven minutes, resistant patients and a hectic emergency room.

Instant Influence

- Successful in 50% reduction in drinking among in their alcohol involved patients just from seven minute conversations.
Instant Influence is now a standard part of care in emergency rooms and in major trauma units across the United States and medical residents nationwide are required to learn it.

Instant Influence

- Why (finds own motivations) might (not should) you (autonomy) change?
- How ready are you to change on a scale on a from 1-10 where 1 means not ready at all and 10 means totally ready
- Why didn't you pick a lower number (or what would it take for the 1 to turn into a 2)
- Imagine you've changed. What would the positive outcomes be? (or imagine you've done nothing)
- Why are those outcomes important to you?
- What's the next step, if any?

The Power of Why

- What makes people want to change?
- Tell (your reasons) and sell (sell her on them) (bad) they might agree but won't spark a desire to take action.
- People take action when they hear themselves say **Why they want** to do something

Why Might You Change?

- Not all why's are created equal
- **Why's to avoid**

Why Might You Change?

- Why don't you?
- Why haven't you?
- Why wouldn't you?
- Why can't you?
- Why shouldn't you?
- Why couldn't you?
- Why aren't you?
- Why won't you?

Why Might You Change?

- **Why's to rely on**
- Why might you?
- Why would it be good for you to?
- Why could it work for you to?
- Why might it benefit you to?
- Why might you want to?
- Why might you decide to?
- Why might you even think about?

Reason Statements, Good and Bad

- I don't get it; it's such a simple procedure. How come you don't want to see the doctor? (gets her to rehearse her reasons for not doing something)
- What do you think is getting in your way?
- Every time I've brought this up we've had a 20 minute argument. Why haven't you ever just asked me to not to mention this topic again?

Reason Statements, Good and Bad

- Look, let's get real. You don't have to make an appointment.
- Don't you think you'll feel a lot better when it's all over and you know the results?
- Can I ask a really stupid question? Why are you even thinking about getting a mammogram?

Reason Statements, Good and Bad

- Would you like me to come to the doctor with you? (focuses on the how)
- Just for the sake of argument; imagine that you've already gone to the appointment. How do you think you'd feel then?

Three Guiding Principles of Instant Influence

1. No one absolutely has to do anything. The choice is always yours
2. Everyone already has enough motivation
3. Focusing on any tiny bit of motivation works much better than asking about resistance

Science of Instant Influence

- The law of psychological reactants; our tendency to resist being told what to do
- Telling someone to do a task they don't want to do. The more you demand and repeat the request the more the person will not want to do it.

The Law of Psychological Reactants

- Shouldn't a rational person respond to the content rather than the threat level of the message?
- Most people don't respond well to threats. Sometimes they'll argue with you outright.

The Law of Psychological Reactants

- You can't fire me when Joe is doing even less work and he comes in late all the time!
- My grandfather ate worse than I do and he lived to 92!
- Well, go ahead and fire me then! Sometimes they'll argue with you outright.

The Law of Psychological Reactants

- Avoid the Have to's and the Threats and focus on the want to's and why's
- Sometimes you have to inform someone about or impose consequences. Don't use them to try to influence someone

Cognitive Dissonance

- Cognitive Dissonance is the mental stress or discomfort experienced by an individual who holds two or more contradictory beliefs, ideas, or values at the same time.
- works with wants, not should's, ought to or supposed to's

Cognitive Dissonance

- For example when people smoke (behavior) and they know that smoking is unhealthy (cognition)
- I want to quit smoking - Cognitive Dissonance
- I should quit – I ought to quit – I'm supposed to quit – not Cognitive Dissonance

Cognitive Dissonance

- I'm supposed to pay on time but I'm always late. Not Cognitive Dissonance. You see yourself as a disobedient person and therefore Cognitive Dissonance does not exist.
- I Want to pay on-time. (especially with a reason) I'd be less stressed and I have university privileges.

Cognitive Dissonance

- If we can get a person to express even the tiniest desire to take action at least part of them will want to align their behavior with their statements
- Some scientists feel attitude comes first then behavior, some the other way around.
- Confrontation is necessary but won't work forever

Reinforcing Autonomy

- We carry our own motivation within
- I have my own ideas but the final choice is yours. You don't have to. This is your decision.

Reinforcing Autonomy

- Two key principals:
 1. No one absolutely has to do anything. The choice is always yours.
- Sometimes the fastest way to get people to do something is to tell them not to do it.

Reinforcing Autonomy

2. Everyone already has enough motivation

- Your motivation is within you. Motivation is completely individual matter

Reinforcing Autonomy

- Tom Sawyer refused to let the neighborhood boys whitewash his fence and when they begged him to let them do it he accepted their most prized possessions in exchange.
- We tend to react very negatively when our freedom is verbally threatened often justifying the behavior that was criticized or renewing our intention to continue it.

How to Restore Autonomy

- Complete Autonomy
- This is your choice, not mine
- It's completely your decision
You're free to do whatever you want
- I can't make this choice for you, it's up to you

How to Restore Autonomy

- Within constraints or imposing consequences
 - What you decide at this point is up to you
 - Right now I'm not interested in my reasons, but in your reasons
 - Even though others will have their own reactions you're the only one who can make this decision
 - Only you can decide what you want to do. Of course, your choice will have consequences but it's still your choice to make

How to Restore Autonomy

- Always return responsibility to the influencee
- If you agree, say so. If not acknowledge the influencee's point of view
- The important thing is to let the person choose what they want to do

How to Restore Autonomy

- You can support this process by viewing your role as helping them make the most fully informed decision possible rather than getting them to choose what you want them to

How to Restore Autonomy

- You can prompt the person to imagine the consequences for themselves
If you do not make the required payments
what do you see happening with your
account?

AUTONOMY - TEST YOUR KNOWLEDGE

- There are pro's and con's to both choices. Only you can decide how things add up for you
- Someone who's really concerned about their loan would do this
- I don't really see any other way of doing this
- Sometimes you just have to bite the bullet and do it

AUTONOMY - TEST YOUR KNOWLEDGE

- We may not like this rule but we still have to follow it
- I can't understand why you're hesitating; just give it a try
- You don't even want to think about what will happen if you don't do it
- It's up to you to decide what you want and how to get it

Positive Messaging in Autonomy

- People don't want to do things they think will be hard
- Shifting from what's hard to the potential upside
- What might be good about this behavior for you?

Positive Messaging in Autonomy

- Why might you want to do this?
- If the obstacles were to magically disappear. Why might this be something you would choose?
- It will not work if you are more interested in winning than coming up with the best possible solution. A desire to win a power struggle. You're right, I'm wrong.

Reflecting Motivation

- Student: I really should make my payments on time
You: It sounds as if you'd like to make your payments on time (we replaced should with like to)
Student: I've tried before but I just keep forgetting. I find it hard to stick my payment plan
You: You feel really frustrated about this but you'd really like to be consistent

Reflecting Motivation

- Student: I am pretty frustrated; my credit keeps getting worse every time I miss a payment
You: So you might want to make your payments consistently in order to keep your credit clean
- Not “So your credit is getting worse”
You don’t want to focus how the student feels but on what the student wants. That is what you are reflecting back.

Reflecting Motivation

- Student: These payments aren't convenient right now. Why can I have a deferment?
- You: I hear you saying that you'd like to make your payments but other there are other things make this debt inconvenient.

The 6 Steps to Instant Influence

- Step 1 - Why (finds own motivations) might (not should) you (autonomy) change?
- You: **Why might you make your loan payments consistently on-time?**

Step 2 How Ready are you to Change?

- You: **On a scale of 1 through 10, how ready are you to make your loan payments consistently on-time?**

Student: **4 (or if a 1)**

- **1 2 3 4 5 6 7 8 9 10**

You are asking this question so they do not have to give a yes or no answer that they must defend

Step 3 Why Didn't you Pick a Lower Number?

- You: **Why didn't you pick a lower number?**
Or: What would it take to change that 1 into a 2?
- Student: **Well, I do want to keep my credit clean and I know that I am going to need my grades and transcripts when I apply for graduate school.**

Why Didn't you Pick a Lower Number?

- Asking the question in this way drives the person to think about the positive change reasons that exist between 0 and their number instead of the area where the person's resistance to change resides
- Remember we're focusing on the motivation, no matter how small, and not the resistance

TEST YOUR KNOWLEDGE

- Which statement focuses on the motivation?
- You: **Only a 4? Why aren't you more motivated than that?**
You: **Why haven't you given up trying altogether?**
You: **How are you going to make sure you pay on time next month?**
You: **Why haven't you started making a budget for yourself?**

Step 4 - Imagine You've Changed. What Would the Positive Outcomes be?

- Examples to phrase step 4
- Imagine you've already made the change were talking about. Tell me how you'll benefit from that.

Imagine You've Changed

- Let's say it's six months from now and you have made six consecutive on-time payments. What good things might come of that for you?
- Suppose we wave a magic wand and these changes just happened. No cost, no effort, it's just done. How would you benefit?

Imagine You've Changed

- You can: Suggest the change has already happened, describe the change yourself, encourage the person to visualize the change in detail.

This takes the focus off of the HOW and the belief that it can't be done. The goal is to make the outcome real to the other person so they have the opportunity recognize how much they want it.

Imagine You've Changed

- If the person can't identify any positive outcomes then you could take the opposite tact. Ask them to imagine things staying exactly as they are for the next 6 months and then ask them to describe the possible outcomes of that.

Imagine You've Changed

- Even if their answers are negative You should continue to present their responses in a positive way. EX: **“So you thinking that making your payments on-time will keep your university privileges in good standing and that you’ll avoid the consequences of defaulting on your loan.”**

Step 5 Why are Those Outcomes Important to You?

- We're looking for the most personal reasons to take action
- You: **Why are those outcomes important to you?**
- Student: **The university would be happy with me**

Why are Those Outcomes Important to You?

- The 5 whys – Repeating the question 5 times. Invariably the answers move from the practical and impersonal to the heartfelt and deeply personal.

Why are Those Outcomes Important to You?

- Student: the university would be happy with me.

1. You: Ok, that's good for the university but what about you?

Student: I'd stop getting collection calls

Why are Those Outcomes Important to You?

2. You: Why would not receiving collection calls be good for you? Why would that make you happier?

Student: Things have been very tense this year so I guess it'd be a welcome change

Why are Those Outcomes Important to You?

- You: Why would things being less tense be a welcome change?

Student: Well, when the university calls they would be happy for me and that would make me feel good

Why are Those Outcomes Important to You?

- You: Why would it make you feel good when the university is happy for you?
Student: We would all get along better

Why are Those Outcomes Important to You?

- You: Why would it be good for you if you got along better with the university?

Student: My parents have always taken care of these things for me. I came to college to become independent and having the university happy with me gives me feeling that I'm accomplishing that

Why are Those Outcomes Important to You?

- Include selective reflection
- So when we first started talking I heard you say that your loan payments were a real inconvenience but what I'm hearing is that the process of making payments on your own could really benefit you.

Step 6 What's the Next Step, if any?

- Finally, were asking How's and not the Why's
- You: What's the next step, if any?
- Student: I think I'm going to work on a financial statement and a monthly budget for myself.

Questions and Reductions

Why might you want to make this month's payment on-time?

- a. Why might you want to circle the date on your calendar?

Why might you want to fill out a financial statement?

- a. Why might you want to download a financial statement to your desktop tonight?

Questions and Reductions

Why might you speak to a finance counselor?

- a. Why might you want to look up the number to a financial counselor?

Why might you want to call in the moment you receive a voicemail or letter?

- a. Why might you want to program the university telephone number into your phone?

Taking Action

- When seemingly motivated people get stuck
- They lack skills they need to move forward
- It's the wrong time or situation in which to take action
- They haven't identified their true desires

Positive Framing

- If I don't make my payments on-time I'm pretty sure my privileges will be cancelled
- Paying on-time will keep your privileges active and you like that they will be there when you need them

Positive Framing

- Making my payments on-time will keep my credit up and I'm so sick of bad credit
- You like the idea that making on-time payments will affect your credit positively which is important to you.

Positive Framing

- Sticking with my old ways is going to lead to trouble. My parents are mad at me and I hate that
- Making your payments on-time is going to improve your relationship with your parents



Action Plans

- Discussion



QUESTIONS?