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Best Practices for Improving Compliance in Collections

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Table of Contents

Introduction

In the accounts receivable management industry, some aspects of call compliance in the contact center are straightforward. Are you recording calls? Are you storing the recordings in a way that make them difficult, if not impossible, for outside parties to exploit? Is your company — and are your collectors — licensed to collect in the states in which you're doing business?

Operating questions that can be answered with a yes/no response are easy. However, compliance isn't just a yes or no issue.

There are trickier compliance questions. Are your collectors FDCPA-compliant when they're on the phone with consumers? Are they representing your operation in a correct and ethical way? More importantly, how do you know? Having a policy on file isn't the same as following that policy. You must be absolutely certain that your collectors are representing your agency in a legally compliant fashion.

To ensure compliance, many options are available to call centers and collection agencies. insideARM.com, working with Interactive Intelligence, have garnered the thoughts of four industry authorities on ways to ensure call compliance from your collectors.

The goal: helping you make the best compliance choice for your agency.

Can you guarantee compliance? No, but we can get you pretty close.

Hiring Practices

Agent turnover is inescapable in any contact center or collections agency. It's not uncommon that most agencies face turnover rates of up to 100% during a given year, and even agencies with the best retention rates must replace 15%-25% of their agents annually. But no one can afford to hire a warm body just to fill an empty chair. And no matter where your company rests on this scale, there's a cost associated with recruiting.

With regards to compliance and a constant stream of new agents, best practices can help get you close to "guaranteeing" compliance through your hiring practices. Here are the most prominent of those best practices.

- **Define your business objectives**
  It takes between six to eight candidates to produce one strong hire. Knowing this, you'll want to define tactical business objectives as they pertain to hiring your collectors.

    o What caliber of agent/collector is required for this opening?
    o How significant are the business risks if the 'wrong' people are hired?
    o Is this a 'new' line of business for me and how critical is agent experience going to be in the success of this program?

> "We bucked the standard for most agencies and focused on hiring collectors with degrees or persons with no collections background but heavy sales-customer relationship experience. At the time, we had the 'old school' guys, and we wanted to track the difference in results."
>
> **Deanna Causey**, *VP Operations*, *Clovix & Richie, Inc.*

- **Create a "New Hire Profile"**
  A New Hire Profile sets the foundation and tactical requirements necessary to succeed in each position. It's smart to look at success rates for different types of hires, and important to understand what it is that makes those hires successful. So what skills and knowledge do candidates need to meet the hiring qualifications you've established?

    o Outgoing and energetic attitude
    o Good listening skills
    o Persuasive communicator
    o Multi-tasking ability
    o Problem solving capabilities
    o Previous agency or computer experience
    o Education level

Consider the unique environment of your business and the types of persons with whom your collectors communicate. Collectors must have the flexibility to adjust their communication style based on type of collection and the person they're speaking with.

You must also consider the traits and skills you're willing to relinquish in a new hire, with the intent of filling that recruit's gaps through training, mentoring, and on-the-job experience.

- **Track and rank all sources of your applicants and new hires**
  Tracking sources of successful hires and various performance metrics is critical. It helps decipher which recruiting mechanism (print ads, on-line job postings, job fairs, referral bonus, outside agencies, and so on) bring in your desired candidate. This type of reporting can also provide input for creating your desired New Hire Profile.

- **Consider behavioral and competency assessments**
  Screening and initial assessment can be automated using off-the-shelf software that quickly and efficiently compares position requirements to each applicant's qualifications. The data gathered can also be used to modify the New Hire Profile, based on assessments of those who were hired, their unique traits, and their eventual success in the position.

Whether agents/collectors are required to read accurately from a script or whether they're permitted to use their own words — as long as specific key words or phrases are included — it is imperative for the agency to be able to confirm compliance. At the same time, collectors are forbidden from speaking to certain topics ("… you could go to jail…"), or saying specific words or phrases, including cursing.

Now that recruiting and hiring is completed, how else can you guarantee compliance?
Through a combination of the following:

- The work environment
- Agent training
- Call recording and quality management
- Real-time speech analytics

The Work Environment

A person's work environment often plays a role in compliance, albeit in a more indirect fashion. Contact center and agency environments, by their physical make-up and nature, are especially prone to ambient noise at high levels. Ringing phones, people talking and typing on computer keyboards, heating and cooling systems, and movement around the office in general. Though some people find these environments stimulating, many others consider noise a distraction and find it difficult to focus on the task at hand. Distractions or not, an unfocused employee is someone in danger of making a critical compliance mistake.

Of course, other factors impact the collections work environment in addition to noise. The expectation, and pressure, is constant for agents and collectors to handle calls, make transactions, collect debt, and meet key performance indicators such as talk time and abandon rate. While such factors can be viewed as inherent to the collections industry, you should still evaluate your contact center's environment and influencers:

- Overall noise level in your center during a standard work day

- Proximity of agents to one another

- Sound absorbing capabilities — cubicle materials, cubical wall height, floor and wall coverings, and so on

- Dress code for agents — business attire, business casual, relaxed, no dress code?

- Lighting, background sounds (music, overhead announcements), and temperature

> "We're a small, 'boutique' collection agency. We take a cooperative and flexible approach toward collections, and receive very few complaints from debtors claiming harassment or over-aggressive conduct by our staff. In a small office there are very few secrets, and a loud or aggressive collector would be quickly cautioned if their behavior didn't keep with our collection style and methods."
>
> **Chris Bradbury**, *President & CEO*, Assigned Credit Solutions, Inc.

Agent/Collector Training

The accounts receivable management industry is flush with regulations that require strict adherence, which makes debt collector training critical to guaranteeing compliance. Among the list of regulations that an agency and its debt collectors or contact center agents must be knowledgeable of, consider just three of the industry's more prominent regulatory statutes. Foremost, the Fair Debt Collection Practices Act (FDCPA) codifies the ways collectors can, and cannot, communicate and interact with consumers. The Telephone Consumer Protection Act (TCPA) further governs how collection agencies can use dialers and phones, and the role of agents/collectors should an automated call become a live interaction. And with the Fair Credit Reporting Act (FCRA), the act governs how consumer reporting agencies and their agents collect and disseminate information about consumers to be used for credit evaluation and certain other purposes.

Training time for a collector depends on various factors. Among them, experience of the employee, the type of accounts collected (medical, telecommunications, retail, and so on), client expectations of contract, type of service (primes, secondary), and type of position (contact center, break collector). Training also can range from days to weeks.

> **The "Mini Miranda" for Collectors and Agents**
> Each time a debt collector or agent contacts a consumer, they must inform the consumer that they are a debt collector, and must read a "Mini Miranda" statement, similar to this example:
>
> *"Hello, my name is (name of collector). I am/or this office is a debt collector representing (name of creditor). Information obtained during this communication will be used for the purpose of debt collection."*

Many agencies and contact centers in-source their own training, developing most of or the entire curriculum and maintaining their own training staff**.** However, because federal and state regulations constantly change, in-house training personnel and curriculum might not retain the appropriate up-to-date regulatory knowledge levels.

If you fall into this category, consider outsourcing training to qualified regulatory trainers for the sake of compliance.

The roll of call recording should also be considered in any training curriculum. By doing so, agents and trainers are able to critique interactions, evaluate critical call-handling skills, and correct mistakes prior to taking calls in production. Recording practices can serve to reinforce script adherence and compliance, and have proven valuable for quality assurance in the ARM industry in particular.

Recording and Quality Monitoring

Recording

While call recording for training is a nice-have, several factors at play in the ARM industry make recording a must. Most vital is the typical mandate from first-party creditors to their collection agencies to record 100% of calls regarding collection issues.

Recording calls can also be effective in consumer law suits, especially those of the collector-said/consumer-said variety. If a consumer claims that FDCPA violations occurred during a call that involved them, having that call recorded and stored safely on site can be an effective insurance policy for the agency and its employee.

> "We record calls foremost for training and quality assurance, but have used recordings many times as a method of complaint resolution. In several other instances, recordings have also helped us with regards to legal situations."
>
> **Leigh R. Marcus**, *Vice President,* Professional Claims Bureau, Inc.

Here are some suggestions with regards to recording and guaranteeing compliance:

1. Assess the economic feasibility of a redundant recording solution. Determine if the additional costs outweigh the potential costs of lost or partial recordings and litigation from non-compliance.

2. If recording 100% of calls, consider a system where stored recordings are easily searched on several key criteria (agent name, account #, date, time, call type).

3. Determine what data needs to be retained versus what can be purged. For example, retain an audio recording for 12 months, but retain its associated screen recording for only 2 months.

4. Adhere to strict backup and archiving procedures, automating as much of the process as possible.

Effective quality monitoring

For a quality monitoring program to impact your ability to "guarantee compliance," it must be valued as a strategic aspect of your compliance portfolio. If this isn't already the case, how best to make this shift? Recording 100% of calls is a start, but is no guarantee of compliance or quality service. At the heart of every successful inbound or outbound contact center is the ability to continually make performance improvements that add business value and support a positive customer experience.

The most effective quality monitoring programs therefore are based on understanding the contact center's role in contributing to the organization's goals and objectives. "Are we monitoring calls to improve service quality? To insure compliance? Or both?"

Defining the behavioral criteria required to assess quality and compliance is the next step. To better understand conversations that are taking place, assessing live and recorded calls alike is necessary to evaluate adherence to criteria for quality and adherence to compliance. More so, this comprehensive process is a key component to successfully reducing risk. The sheer volume of recorded conversations, particularly with 100% recording, makes quality monitoring a labor-intensive process. **It's critical to know which current *and* recorded conversations might be exposing you to risk.**

So if compliance is a primary concern, how many calls should you be evaluating? Typically, the number of calls reviewed in contact centers range between 5-10 calls per month, per agent. Taking a closer look at what that means, consider a scenario such as this:

- 150 agents X 8 hour/day X 8 calls an hour = 10,000 calls recorded per day
- QA team reviews 10 calls per collector/month (1,500) = 34 calls reviewed per collector/month
- The result? 99.6% of calls are never used = unused data, lost opportunities, increased at-risk incidents

> "To monitor for FDCPA compliance, we've always preferred first-hand proof of exactly what was said or done, from both sides of the call. For this reason, we record every inbound and outbound call that occurs in the office. We also randomly review each collector's calls on a monthly basis to ensure that what we teach, and what we think is occurring, is what's actually occurring. As a bonus, this call review process generally leads to opportunities for additional training, both for the individual and the group."
>
> **Chris Bradbury**, *President & CEO*, Assigned Credit Solutions

High performing, quality focused contact centers monitor on average maybe 2%-4% of total recorded calls per month. But how do these centers determine which recordings to review? Selecting a random sampling is a common practice, but using the scenario above, how would you determine which 34 calls to review for each collector? Longer calls or short ones? Early morning? Late in the day? End of the week?

Other attributes associated with calls can help determine where to focus monitoring efforts. Unfortunately, however, the process is mostly a blind attempt to find recordings in which to identify and address behaviors that impact compliance issues in addition to other quality factors.

Reviewing 10 calls per collector, per month can provide a fairly good assessment of the collector's performance. Yet at that rate, the review process doesn't guarantee that the remaining 99.6% or the agent's conversations are risk-free. Subsequently, managers can get a false sense of security, and unrecognized compliance issues can easily result.

Real-time Speech Analytics

Real-time speech analytics technology lets supervisors in an ARM agency or contact center offer proactive assistance for agents as the conversation is occurring. Agencies can determine agent and caller sentiments, the quality of interactions, and compliance (or non-compliance) in real time, and take appropriate action when needed while an interaction is active. Innovative features can alert supervisors based on scores associated with spotting keywords, allowing the supervisor to offer assistance to the collector or agent immediately.

Especially within the ARM environment, the benefits of real-time speech analytics come from pinpointing words and phrases that lie outside of a "typical" agent/debtor call during the call. Either the agent or a supervisor can then intervene at the point where lack of compliance has the greatest potential to do harm to the business. To be most effective, a solution for speech analytics must be able to hear and analyze both sides of the live conversation, getting you closer to a "guarantee."

For post call analysis

By using speech analytics to perform post-call analysis on recordings and provide historical information, agencies can further research recorded data to detect customer sentiments. There are significant benefits to this practice, in that it:

- Automates the labor-intensive process of searching, categorizing, and identifying which recordings to monitor, enabling analysis of 100% recordings without being cost prohibitive
- Refines key words and phrases to facilitate searches
- Helps identify process and technology improvement opportunities, and to determine which agents may need coaching or refresher training
- Supports the ability to store transcripts in addition to, or in lieu of, the actual recordings (the solution must offer speech-to-text functionality to accomplish this functionality)

In Summary

Compliance is an inherent part of accounts receivable management. As we move down the continuum from acknowledgement, through effort and adherence, it behooves us to continue to strive towards that "guarantee." We encourage you to take a look at these different areas of your business — hiring, the work environment, recordings, quality monitoring — and consider if there are new ways you can approach them to help move you closer to "guaranteeing" compliance.

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Interactive Intelligence is a global provider of contact center, unified communications, and business process automation software and services, deployed via the cloud or on-premises. Within the collections industry, Interactive Intelligence offers its Interaction Collector™ software for credit grantors and their agencies for auto finance, banking, mortgage, credit card, utilities, healthcare, telecommunications, and service providers. Interactive also offers its Interaction Dialer® solution for intelligent outbound/blended dialing and campaign management. Throughout the ARM industry, more than 200 firms trust these solutions every day. Overall, the standards-based, all-in-one IP communications software suite from Interactive Intelligence is backed by more than 6,000 organizations worldwide.

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Chris has been a collector, manager, director, VP and now owner in the debt collection industry for more than 15 years. Since 2007, he has owned and overseen Assigned Credit Solutions, Inc., in Cherry Hill, NJ. In addition to his chosen profession he avidly pursues his interests in travel, reading, history, art, and architecture.

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