

The psychology of choice:

*How to engage positively
with your customers – so they
choose to pay you first!*

By Jodie Bedoya*

Choice in its simplest form is ‘an act of choosing between 2 or more possibilities’ (Oxford Dictionary). Customers always have a choice. To pay or not to pay.

Each day there are countless choices and decisions to be made. Along with the more routine choices such as getting out of bed in a morning, getting dressed and deciding what to eat for breakfast customers also have options to choose who they pay and how they prioritise their bills. And it’s not always about who charges the most interest, who might cut the customer’s services, or who is likely to take legal action. Customers often choose which organisation to pay, by how they have been treated, and how they are made to feel.

As Maya Angelou, popular American poet and civil rights activist said:

“people will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

The psychology of choice is about understanding what subconsciously influences the choices our customers make so we can have more productive conversations with them that make them feel like they have been treated well and with respect.

Since 2010, eMatrix have trained thousands of staff in collections and frontline teams across Australia to have more genuine, positive, and effective conversations with customers. And – collecting respectfully – as in using the right language, applying empathy, removing judgement and bias, and building trust with the customer – gets the best results for companies hands down every time. Our continued success is measured through 5 key metrics: improved collections, reduced bad debt, reduced AHT, improved customer experience and reduced complaints. Leaving no doubt that it’s easier to collect when you’re genuine and respectful about it.



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In this article we will look at the psychology behind the choices our customers make and discuss why taking a positive approach to collections works. We'll raise awareness around some of the common blockers to having genuine conversations, before taking you through our 5-step human call flow model designed to get collections teams engaging more positively with customers.

But first, how do you collect respectfully without being a pushover?

The art of collections is no different than sales, just a harder form, as you are selling something the customer would prefer not to buy! It is about building trust, positioning, navigating objections and asking the right discovery questions at the right time to find the best solution that the customer buys into.

What is likely to be happening in our customer's brain?

So, let's look at what is likely to be happening in the customer's brain when the collection call begins.

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More often than not, the customer is 'ready for battle'. With the poor customer service experiences many of us are dealing with now, due to staff shortages and limited training time, many of us are conditioned for a bad interaction. It's likely therefore that our customers are full of expectation of long wait times, being talked over, communication issues, and general apathy.

Add to that the sensitive nature of a collections call, and the customer vulnerabilities that are being experienced in 2022, and a customer's 'fight or flight' part of the brain is easily triggered. When that part of the brain is triggered, this is the like the 'bodyguard'. It will protect us from threat and means the logical part of our brain is reduced and we start operating from emotion - usually in the form of anger. Or if freeze kicks in, we zone

out, nod our head, and say nothing. When a customer is operating out of this part of the brain, the likelihood of them 'making the choice' to pay their account is zero.

Remember, as an organisation, you hold the power and control. You provided the product or service, you have all the repercussions up your sleeve, you are armed with staff who have the smooth corporate language, and the customer can be left feeling vulnerable and exposed. So, if their 'bodyguard' is activated, for many, the only place left for them to go is yell or escalate their language. What else does their 'fight and flight' have to beat you with? And most importantly, staff may think they have the win in the verbal stoush, but if the customer doesn't pay, no-one wins.

What is critical therefore, in the training of collections staff is ➤

knowing what triggers this part of a customer's brain. Most of the time it is a subconscious reaction from the customer as result of the following:

- Poor tone eg. condescending, indifferent, apathetic, passive-aggressive
- Judgement eg. 'Well you used the services so why didn't you pay?'
- Trying to control a call by steam rolling a customer with over complicated processes and jargon
- Negative language
- Telling a customer what they have to do
- Blame

And blame is one we will focus on here, as it is the biggest killer for any negotiation, yet staff use it daily and constantly and even worse, it is peppered throughout collections letters. This is what blame looks like:

- We've sent you letters
- We've made numerous attempts to contact you
- You didn't pay, you didn't call
- I can't proceed with the call because you haven't passed the security test

- You didn't meet the criteria
- You missed the cut off time

And we know what many of you will be thinking 'But they didn't pay or call, and they need to be accountable!' And yes, we know, and they know, but using this as leverage, will only trigger the 'bodyguard' in their brain and the battle begins.

We don't hold people accountable through blame, we hold them accountable by working with them on their actionable item in the negotiation and repayment plan. And that is key for positive customer engagement - to work with them.

Be on the customer's side. And they will be much more likely to pay you.

Often a collection call can be perceived like it is either the Organisation and the debt versus the customer, or the Organisation versus the customer and 'their' debt. This automatically creates a negative starting point. A preparation for battle. A shift in mindset needs to take place.

Instead, a call should always be

approached as the Organisation and the Customer 'working together' to solve the debt.

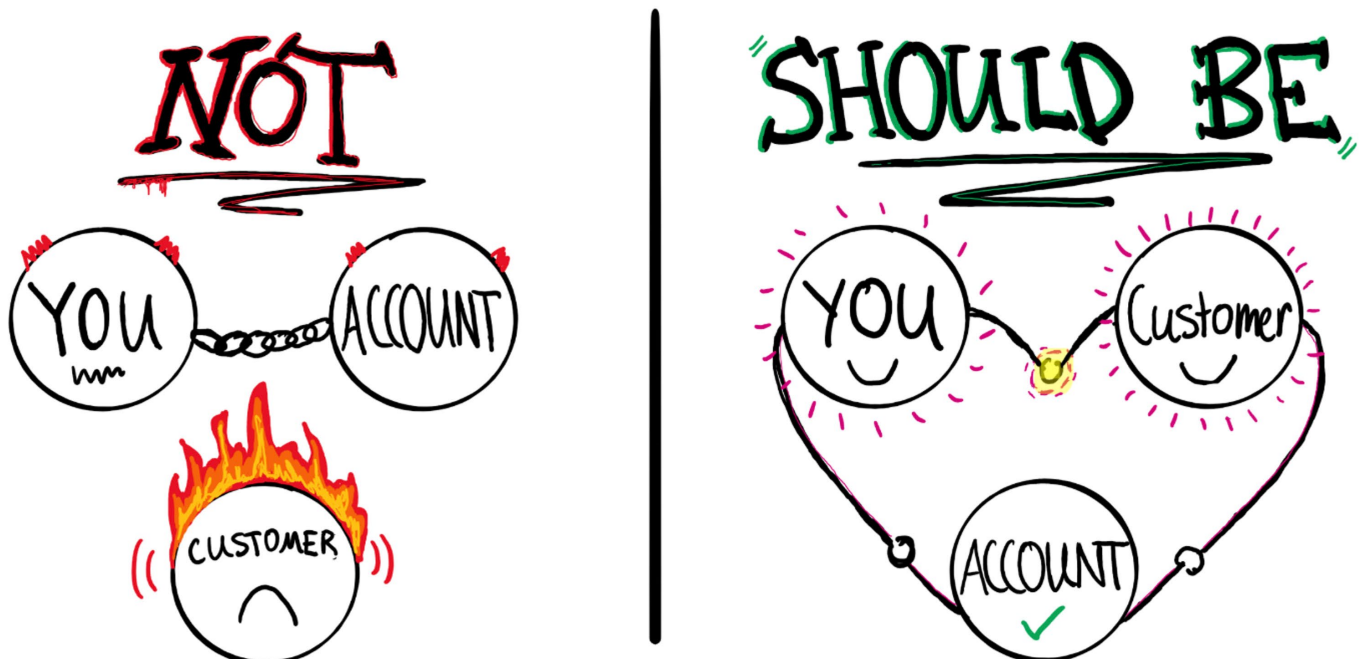
In this instance, there is a show of solidarity, support, and commitment from both parties to solve the debt, and to reach an improved outcome, for all. Both parties have essentially the same goal: provide the customer with an amount they can commit to that considers their financial situation, reduces the debt, and empowers the customer to reach an improved financial position.

Consider this sentence as an example:

"Despite previous attempts to contact you, your account remains unpaid. If you don't pay immediately then we will {put your account on hold/refer to our collection agent or solicitors/take legal action/issue a credit default}. This will incur further costs and could affect your credit rating."

Now consider this:

"If you make payment today that will protect the account from {being put on hold/referred to



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a collection agent/taking legal action/issuing a credit default}. If you are having difficulties making payment, we can work together to find a solution.”

One triggers the fight and flight in the brain, as it sets us up to make the customer feel told off, belittled, judged, threatened and defensive. The other, sends the message that you’re on their side to try and resolve the debt.

Key blockers to improving customer relationships

Good intentions – no practical application follow through

Many companies invest a lot of money into customer relationship management but often miss the basics of how to have a genuine conversation. Something we hear a lot of these days is ‘customer journey mapping’. Everyone’s doing it – investing big on such projects that are packaged up all nicely in a bow, but all too often then put on a shelf with little to no translation into practical application.

Others invest a lot in big digital transformations centred around the customer. But too many customer relationship management initiatives fail because they focus on siloed, internal strategies within marketing, sales, or other support areas with little consideration of the practicalities of customer conversations within collections and frontline teams. Debt should now be everyone’s business, not just the domain of the credit team. People skills training coupled with a real understanding of collections and customer psychology is an integral

(and often missed) step in any customer relationship management initiative.

Attitude and Culture – In-Group/ Out-Group thinking

A key blocker to improving customer collections conversations can be the attitude and culture of the team. Sometimes there can be a group mentality of judgement and bias towards customers and this is aired within the office. Jokes about customers, sharing negative stories and training our brains to a ‘them and us’ mentality.

This is a known phenomenon playing out, made popular by Henri Tajfel, a Polish social psychologist – it’s called the in-group and out-group bias. In this case, the customer is the out-group – they all don’t pay, they all lie, they all should have paid their bills. And we are the smart ones, the corporate collections people, the in-group. We then bond as a team in ‘putting down customers’. This sets us all up for an adversarial relationship. Without the right training to guide leaders how to manage these behaviours within the team, this judgement and bias will absolutely translate into the collections conversation with customers. And of course, awareness training and empathy is the key to addressing this.

Overbearing Compliance – Transactional conversations

Overbearing compliance can be another big blocker to successful customer engagement as it results in overly transactional

conversations. Collections teams work within a highly regulated environment and a strong focus on compliance is obviously required both to protect the customer and the organisation.

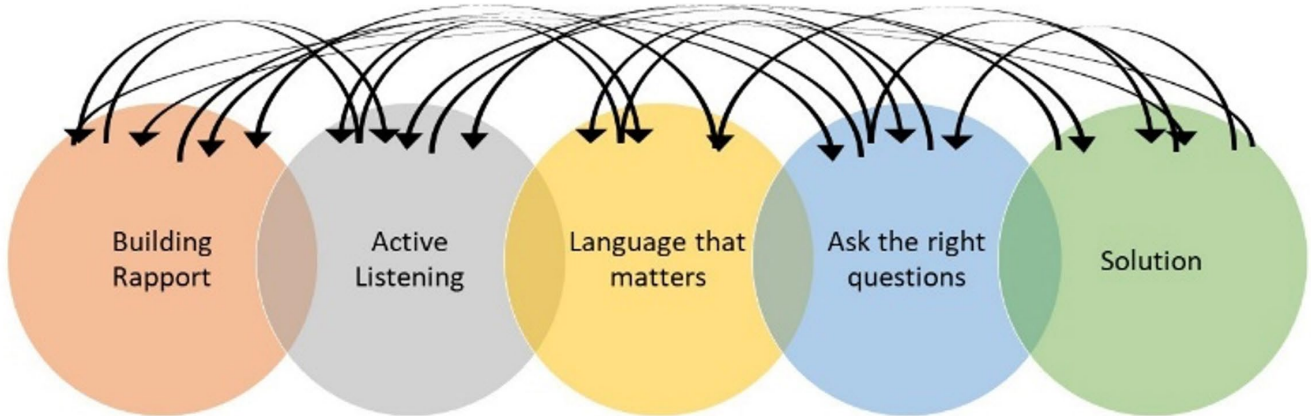
However, compliance requirements taken to extremes can stifle genuine conversation; to adopt an overly scripted response is counter intuitive to getting good results for both the customer and your organisation. So many frontline conversations are governed by back office legal and compliance departments who are often removed from the daily interactions with customers. This linear thinking is a classic case of the tail wagging the dog and this is often how it plays out....

Overly scripted responses become too transactional and are counterproductive to having a genuine conversation and improved customer engagement. Many of you will be familiar with the comedy sketch from Little Britain “Computer says no”! Unfortunately, real life examples of this are everywhere: “The policy says.....” “The system won’t allow it....” “They are the rules....” This language is hard to hear as a customer, it’s dismissive and impersonal and results in a poor customer experience.

If staff aren’t empowered and upskilled to take ownership of the conversation within a flexible call model, then their hands are tied trying to reach a better outcome for the customer.

Despite good intentions, they will miss key moments that matter to customers. ➤

Human Call Flow



5 steps to adopting a human call flow

Most call quality models follow a prescriptive linear model. Yet, we all know, a call never goes in a straight line.

Instead, empower your staff to go with a human call flow; a conversational framework that recognises that the duration of a call will go through **5 key stages** and often go back and forth between each stage several times within a conversation. You can build on this framework by including examples of language and statements that may be used effectively in each stage for staff to refer to:

1 Building Trust: Encourage staff to be authentic and engaged. Thank a customer for calling before jumping into transactional identification and date-of-birth checks. Use empathy to acknowledge what the customer is telling you and demonstrate understanding;

“sounds like you’re juggling a lot at the moment”, “that would be frustrating for you – lets explore some ways to alleviate some of the stress for you.”

2 Active listening: Stop looking at compliance checklists and start listening to your customer. Use verbal nods such as ‘ums’ and ‘ahs’,

acknowledge you have heard your customer by repeating things back to them in your own words. Share the air-time.

3 Language that matters: Keep it simple. Importantly, avoid jargon and negative language. Refer to ‘the’ account instead of ‘your’ account, stop it from being personal. Provide examples of power words and phrases staff can use such as ‘Critical’ ‘Essential’ and ‘To prevent..’ along with more seasoned language; ‘take that stress away’, ‘protect your account’, ‘reach a solution’ and ‘work together’.

4 Ask the right questions: Have intuitive conversations. Ask the right questions to match the right solution to the right customer. Know the difference between willingness and capacity to pay. It’s okay to ask questions as long as it is done respectfully and after earning a level of trust with the customer, it is often the quickest way to finding a solution for them.

Whilst overly scripted responses are definitely detrimental to having intuitive conversations, it can be really useful to have conversational toolkits available to help support staff at different stages of the call. Provide staff with ideas of questions to ask to respectfully understand a customer’s position;

‘What is the reason that prevented you from making payment?’, ‘What lump sum can you pay?’, ‘What’s your plan to get on top of this account?’

Demonstrate ways in which staff can frame questions to provide context eg.

‘So I can best support you, talk me through what’s happening’.

5 Solution: Staff need guidance to wrap the call up and bring together the solution without ‘over servicing’. Give customers time to think and they will often come up with the solution themselves. We call this ‘anchoring’ as it is the best method of getting customers to adhere to proposed payment arrangements.

Sell the benefits of sticking to arrangements – ‘by making those payments of \$20 a week that will protect the account from further action’.

Don’t set customers up for failure by giving a psychological out such as ‘if you have any issues with keeping to the arrangement please give me a call back’.

Instead, have confidence in the sustainability of the arrangement and they will too.

By utilising a conversational framework, staff are encouraged to take ownership of their calls. As a result, they can inject some of

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their own personality, allowing for more genuine conversations and improved customer engagement whilst still maintaining call control.

Invest in your leaders and those doing your call quality

Last but certainly not least. Leaders need to coach to the human call flow model. Ensure Team Leaders are adequately trained to support cultural change and to assist in making the ‘new’ the norm.

Consider this stat: 60% of team leaders are new (within 12 months) yet manage 80% of your staff. Is that true in your company? If it is, it’s a sobering thought.

Coach-the-coach programs can be really effective to support team leaders with any cultural change required for improved customer engagement.

If a staff member complains about or puts down a customer post conversation, this can be used as an effective coaching opportunity for Team Leaders. At times, collectors may justify their approach, when they have reacted to the customer’s anger or emotion by blame shifting. For example; ‘the customer is an idiot’, ‘the customer just lost it’ ‘they are so rude’, and so forth. This may be construed by some as just letting off steam.

However, the problem is that when that is voiced throughout the team it can become toxic and create a culture of everyone doing it. To shift behaviours from an ‘us’ and ‘them’ mentality creeping in, there is nothing like a coaching on the fly moment. Try pulling up a chair next to that operator (or to call quick zoom meeting if virtual), and ask;

- What was the trigger for the call escalating?
- How did you respond?
- What might be happening for that customer for them to react that way?
- What do you think might be happening for that customer that they can’t pay?
- What were you thinking when you said XX?

It’s important to remind leaders and staff that whenever a customer blames us, they have an underlying reason to blame. And if we react negatively, we’ve lost the battle. One of our favourite training sessions is the ‘window of tolerance’, which everyone can relate to, as it is not usually about that account, or that debt, it is always about the build-up of events and what is happening for that customer. We’ve all been there – losing it over someone at home leaving dirty dishes in the sink...it is always about so much more than that.

And of course, always linking coaching feedback and operator approach back to your values and brand is essential. This takes the operator away from the ‘that’s the way I am’ thinking to the bigger picture, which is that every

interaction they have is representing your brand.

Supporting your team leaders to deliver ongoing training and coaching not only improves their skillset and confidence but ensures that their team are embedding the practices and techniques they have learned into every conversation with customers. What’s more, it enables them to better support their staff with effective debriefing strategies following challenging calls. And looking after your staff wellbeing is just as important as looking after your customers.

In summary, there is always a choice. Customers ultimately choose whether to pay us or not. But we can influence their decision by the way we engage with them. An awareness of psychology and taking some time to understand why your customer may react in a certain way, plays a big part in getting improved outcomes.

Adopt a more human flow. Use positive language. Change your mindset. Be aware of potential blockers and know how to overcome them. Then, you’ll be building stronger customer relationships and having more effective collections conversations in no time. And ultimately – when it comes to paying their bills, they’ll choose you! ♦

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