

THE

ReCoreded

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Editor's Note: I'm sure you're as surprised and delighted as I am with the early spring weather we're enjoying. I keep waiting for the next blizzard—not longingly, but I am a realist and a native Michiganiaan. Hopefully this is a good indication that our summer weather will be warmer and longer than last year!

As always, we welcome your comments and suggestions. Please email them to: support@corerecovery.biz

You Don't Need Thick Skin

Approaching consumers with positive expectations may bring positive results

It's a good thing “thick skin” is merely a metaphor. I have a mental picture of all of us sitting around like hippos or shar-pei puppies, with folds of skin all over for protection!

In the credit and collection industry, developing thick skin may be the best way to recover from difficult calls, because that implies we do not care about the results of your work or behavior. It's like the metaphor “water off a duck's back”—it touched the duck but rolled right off with no effect or consequence.

In our business, we have to care about the results of our behavior because there are costly consequences if we do not and great rewards if we do. Choosing to perform our job with a positive attitude can help us avoid that shar-pei look!

I strongly believe our own behaviors trigger those of the consumers we work with every day, and we have a choice to decide how our day is going to go.

On one hand, we can decide that we are going to be arrogant, listen poorly and respond to every statement with sarcasm and disbelief.

On the other hand, we can decide that we are going to display empathy, pick up on the clues we get from listening well and respond with a sincere desire to help the consumer. These behaviors generally elicit positive responses from consumers, eliminating the need to have thick skin—we do not need psychological protection from positive responses!

Ken Blanchard said it takes four positive words to make up for the influence that one negative word has on someone. Likewise, John H. Reitmann once said, “It takes an average person almost twice as long to understand a sentence that uses a negative approach than it does to understand a positive sentence.”

Are you affecting consumers by using negatively phrased language? Are you setting yourself up for failure by having negative expectations?

Because we are not always successful every time we ask for payment in full, it is not surprising that collectors expect a negative response to their demand—in fact, it happens 80 percent of the time.

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However, by approaching consumers with positive expectations and positive language, we can potentially increase the positive responses we receive. For examples of how to turn a negative statement into a positive statement, see the box to the right.

Positive statements help consumers form a picture in their mind. Asking, “Who can help you?” gets consumers to brainstorm a list of people in their lives who they could rely upon for assistance.

Negative statements have only one possible answer: “No,” as in, “No, I don’t have any friend or relatives who can help me,” even if that is not true. Negatively phrased questions may even make consumers feel that the collector expects a negative response—so that is what they give!

I agree with Jim Smith Jr., who tells us that how we live our lives is a choice. We can choose to be in a good or bad mood. We can choose to be a victim or to learn from bad experiences. He says people who choose to be victims “have timeshares in Victimville.”

Don’t you just hate taking your break with the person who constantly complains about the bad month he is having? Wouldn’t you rather talk to the person who celebrates every success she has? Maybe it is time to look in the mirror and decide which person you are.

Your attitude about yourself and your work is going to wash over onto every call you make and every interaction you have with a consumer. Who knows, you might be the only positive person the consumer comes into contact with that day! If you attempt to make the consumer’s day, you will see rewards because her response can help you make your goals—and that will make *your* day. You can say goodbye to the thick-skin look and take pride that you helped someone out of a problematic situation.

Negative statement/question

You don’t have any friends or relatives who can help you pay this, do you?

You don’t have a credit card you can put this on, do you?

Your divorce is between you and your ex. I don’t care what the judge said; you still have to pay this bill.

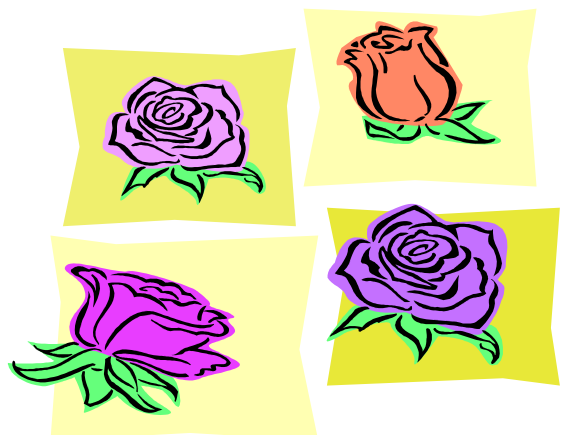
Positive statement/question

Who can help you out of this bind today?

Would you like to be free of this today by using Visa or MasterCard?

I’m sorry to hear about that—a divorce is a tough situation to live through.

Let’s talk about some options that will make it easier for you to get this bill behind you.



More Consumers Make Payments on Credit Cards Before Mortgages

A study finds the new payment hierarchy, where consumers pay their credit card prior to their mortgages, is occurring more readily.

Beginning in the first quarter of 2008, the percentage of consumers current on credit cards but delinquent on mortgages surpassed the percentage of consumers current on their mortgages and delinquent on credit cards, according to a new study developed by TransUnion. This “flip” is representative of the change in the conventional wisdom around the payment hierarchy, or which debt obligations consumers would choose to pay first.

The latest study, conducted on consumers with at least one credit card and one mortgage, examined 30-day credit card and mortgage delinquency data between the second quarter of 2008 (Q2/2008) and the third quarter of 2009 (Q3/2009). Although many industry analysts believed a reversion to the conventional payment hierarchy would ensue once we had passed through the worst of the recession. That has not been the case.

To the contrary, the study found the hierarchy reversal has become even more widespread, with the percentage of consumers who are delinquent on their mortgages and current on their credit cards rising to 6.6 percent in the Q3/2009, up from 4.3 percent in Q1/2008. Conversely, the percentage of consumers who are delinquent on their credit cards and current on their mortgages has decreased to 3.6 percent in Q1/2008.

According to the study, payment hierarchy shifts are even more pronounced in states such as California and Florida, which experienced a more severe housing bubble effect. In California, the percentage of consumers delinquent on their mortgage but current on their credit cards increased from 3.5 percent in Q3/2007 to 10.2 percent in Q3/2009 (a 191 percent increase). In Florida, this same variable increased from 5.1 percent to 12.4 percent (a 143 percent increase). In this same timeframe, the United States experienced a 68 percent increase (from 4.0 percent in Q3/2007 to 6.6 percent in the Q3/2009).

In contrast, the number of California consumers delinquent on their credit cards but current on their mortgages declined from 3.3 percent in Q3/2007 to 2.7 percent in Q3/2009. In Florida, this variable declined from 5.0 percent in Q3/2007 to 3.9 percent in Q3/2009.

“The implosion of the mortgage industry over the last 24 months, the resetting of adjustable-rate mortgages and the weak job market have all come together to redefine how consumers are managing their finances and meeting (or not meeting) their credit obligations,” said Ezra Becker director of consulting and strategy in TransUnion’s financial services business unit. “The insight gained through this analysis reveals a lot about changing consumer preferences.”



Cell Phone Industry Leads BBB List of Top Complaints in 2009

The Better Business Bureau (BBB) released its annual report of consumer complaints on March 8, 2010. Overall complaints to the organization increased 9.7 percent in 2009, nearly reaching one million complaints. The cell phone industry received the largest number of complaints in 2009 with 37,477 complaints, a 2.1 percent increase over last year.

The BBB also tracks the percentage of complaints that are resolved by industry. Collections agencies resolved 85.2 percent of their complaints themselves. This is significantly higher than the average complaint resolution percentage across all industries which is 73.6 percent.

The Top 5 Industries by Consumers Complaints

- 1. Cellular phones service and equipment: 37,4777**
- 2. Television (cable, CATV and satellite): 32,616**
- 3. Banks: 29,920**
- 4. Auto dealers/new cars: 26,888**
- 5. Internet shopping: 21,494**



Source: "You Don't Need Thick Skin", *Collector Magazine*, September 2006

"More Consumers Make Payments on Credit Cards Before Mortgages", *ACA International Website*, February 2010

"Cell Phone Industry Leads BBB List of Top Complaints in 2009", *ACA International Website*, March 2010

Disclaimer: This information is not presented to be used as legal or professional advice on specific facts or matters. Readers with specific questions should refer them to their own attorneys for guidance.