The Perils of Call Centers

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Ohad Samet: This is the TrueAccord podcast. This is Ohad Samet, the CEO of TrueAccord, and I'm here with Tim Collins, our chief compliance officer. We're here to talk about the perils of the call center, the challenges that we face with call centers that are distinct and special to the debt collection industry but also, in some cases, general to any company that uses a call center and how we handle that with technology at TrueAccord to make sure that we overcome those challenges and offer a 21st century technology-forward solution for most of them or all of them. So Tim, how are you doing?

Tim Collins: Good, Ohad. Thanks for having me.

Ohad Samet: Good. So, tell us a little bit about your background before joining TrueAccord, and then, we'll jump right into the topic.

Tim Collins: Okay. So, before joining TrueAccord, I had sort of that exposure to everything in the industry as it relates to debt collection. Started off in a collection law firm suing consumers about their debts. Had to call them, also. From there, went to a debt buyer. Was at a debt buyer for almost four years before moving into the agency side. Was at an agency for nine years. Really grew that agency from about 100 employees to almost 600 employees, so saw what that growth was and the pain points that we had in being able to do that. Then, had an opportunity to go work on the creditor's side and help run their call centers and build their compliance program and put that in place.

                        Prior to coming to TrueAccord, I was at one of the premier collection agencies in this space with almost 4,000 employees nationwide, international, first party, third party healthcare. Then, I came over to the new way of doing things, and I've been at TrueAccord now for just over five months.

Ohad Samet: Great. Thanks. So you've seen call centers from very small to very big, thousands of people, I assume. You've probably experienced all of these call center challenges first-hand on a day-to-day basis, but also when things break, as the legal person, having to deal with the repercussions. So let's talk a little bit about that. What type of challenges did you see with call centers at collection agencies?

Tim Collins: I think one of the biggest challenges, it's a very reactive environment. It's hard to be proactive. You're really relying on humans to do the right thing. As we all know, humans can make mistakes. People can have bad days. That can reflect in their actions with consumers that they're dealing with. As an example, we would see maybe somebody who got upset with somebody who hung up on them, the collector would turn around and call that person back over and over and over again, clearly rising to the level of harassment because they were emotionally charged. That leads to exposure that you would have later on, whether it's litigation, regulatory, or from your client.

Ohad Samet: That's basically we're human.

Tim Collins:	Yes.
Ohad Samet:	We're fallible. We make mistakes, which makes sense. When you deal with a large group of people, there's always going to be someone who's willing to take the extra step that you don't want them to take, right?
Tim Collins:	Right.
Ohad Samet:	Part of that is also monitoring, right? It's very difficult to monitor people in real time.
Tim Collins:	It is. It is. To your point, Ohad, the more people you add, there's an exponential risk that goes up, because you now have to monitor that person, review that person, train that person, keep that person onboard, keep them up to date. It's a tremendous amount of effort in order just to keep them at the level that they need to be able to do their job. You throw on top of the human elements and having a bad day, and that can throw everything that you've done out of whack. As it relates to monitoring, most monitoring done in the collection agencies, it's reactive. It happens after the fact. You have too many people that you have to listen to. You can't listen to them in real time. You have to go back and use the analytics tools, which voice analytics is the leading one. It's not where it needs to be. It's one of those things that continues to evolve. So it's a decent tool. It's not a great tool, and it's not going to allow you to catch all of your issues or concerns or compliance opportunities, because it's just too many calls from too many people to actually be analyzed.
Ohad Samet:	You catch them when a demand letter comes in, I guess.
Tim Collins:	Yes, and that's usually what you end up doing. You get the lawsuit in, a demand, or complaints. Then, you have to go back and piece together what actually happened, which can be very difficult to do. You can listen to the phone call, but more than likely, that agent's not going to remember that phone call. You can play it for them, but they're doing hundreds and hundreds of calls a day, so you're not going to get a lot of information. You're left with what are the account notes on that file and what does that call look like or the calls on there. That's really what you have to be able to base your case on. It's very reactive.
Ohad Samet:	Before we talk about a few of these cases, I want to go back and talk about something you mentioned: staffing and training. Staffing in call centers is considered to be a problem across not only debt collection industry but anywhere where there's a call center, anywhere where there's a customer service arm. One, because there's high attrition and, two, because just scaling and adopting to demand is difficult. Scaling up, scaling down. First of all, you don't want to just fire 100 people because you lost a client or because you have a little bit less demand, because these people are not going to just come back next month when you need them again. Also, when you need to hire 100

people, it's very difficult to do with the snap of a finger. Did you run against these things? Is this something you experienced?

Tim Collins: Oh yes. The call center model is not scalable in the short term. To your point that you lose a client, if you have to lay off a certain percentage of people or more than 60 people, you run into WARN Act stuff, which requires notices. Then, you don't know if your sales pipeline is actually going to be able to bring another client in to replace that one. Do you have to let good people go? You've got the investment in the space, so you've got leases, cubes, computers. Everything that you've got to run that site, it's a huge investment, so to be able to pivot in a short period of time is very, very difficult to do. You talk about training. Everybody learns in a little different way. Most training models today are it's still classroom training. They show you the system. It's not scalable. There's some that are moving towards an LMS, learning management system, but still, somebody has to be able to help guide that person through that process. From a scalability perspective, it's very difficult to ramp up. It's a little easier to ramp down, but it's less pleasant. Nobody really wants to have to go through that experience.

Ohad Samet: Yeah, that makes a lot of sense. Is there anything you can share with us, maybe a story or two, about litigation or an issue that developed in the call center that you had to deal with, and what were the complexities there?

Tim Collins: I've seen the gamut. Litigation continues to go up. If you don't actually see it in the lawsuit numbers, you're seeing it in the demands, the informal lawsuits. That trend will continue. It's a very profitable space for a plaintiff lawyer to be in. Because they know they're dealing with humans, it's a target-rich environment is the way that I would describe it. I've had the gamut of experiences. I think some of the ones that really stick out in my mind are the ones where people are emotionally charged, like the example I was talking about before. I was at an agency where we had a consumer who was very hostile and pushed a lot of buttons on our agent, then hung up on them. Used profanity and hung up on them. Our agent, because they were so emotionally charged ... They were on a fairly large team, so the supervisor couldn't see what was actually happening. Called that person back 32 times in one day. There's nothing really to defend there. Really, you're trying to mitigate that exposure by resolving that before it either ... In this case, it already got to court. The plaintiff's lawyer knew he had a great case. He wanted it to get to court. He wanted to put that additional pressure on us. It required us that we be able to ... We just had to go in there and find the number. That was really the negotiation piece back and forth.

Interestingly enough, the number was how does that person ... We wiped out that person's debt on their credit report, so it was very expensive, but that's how we were able to drive them to a number that was more realistic. Look it, you'll be debt free if you accept this, and we'll pay your attorneys fees. Not a pleasant experience. Very expensive experience. There's nothing that I could do.

Again, to our point earlier, it was very reactive. There's no system that can block number of phone calls.

Ohad Samet: Right, or detect in real time that something is happening.

Tim Collins: Or detect in real time that something is happening and if the person is emotionally charged. Listening to the calls before, you can see why that collector got upset, but they're the professional here, so that reaction was completely inappropriate.

Ohad Samet: Yeah. We understand that people in that are sometimes aggressive and abusive, for many reasons. One of them is that they're in debt and they're confused and angry themselves. It may not be an excuse, but it's a thing that happens. Do you think the way that collectors are compensated is a contributing factor to the way they behave, meaning the fact that commission plays a big part of their compensation?

Tim Collins: Yes. I mean, you look at a lot of the call centers today, they're in areas where minimum wage is lower, so they're paid a minimum wage. That's not really a livable wage, so they really rely upon commissions and bonuses, so they're incentivized to push the envelope and find where that gray area is. Then, from time to time, to cross that line, because they know that if they cross it quickly enough and they do it in a fashion where they don't do it every single day, they're not going to get caught, more than likely, unless they were to do something, use some buzzwords such as garnishment or we'll sue you or something that might be picked up in voice analytics. Otherwise, they won't get caught, and they're incentivized based upon the way that they get paid. It's every single month. You finish the month, you don't have any down time. You are starting on the next month. So it's what have you done month by month by month, and that's how it's driven.

Ohad Samet: It's an interesting thing you said. So the human ingenuity here is directed towards tricking the voice analytics system?

Tim Collins: Yes.

Ohad Samet: Not using the words that are going to trigger the system?

Tim Collins: Right.

Ohad Samet: All right. Thanks for that review. Let's shift gears. Let's talk a little bit about now you joined TrueAccord. You bring in this industry experience. We talk a lot about our code controlled system, our machine learning system, and how it reduces the number of agents we need, reduces the number of calls by up to 95%. What is your observation, or what are your observations, from the first few months at TrueAccord? What is your experience, one, in terms of the exposure you have to deal with and, two, the mechanisms you see, in your words, how do we reduce

that exposure and allow it to be managed in a different way in a call center heavy situation?

Tim Collins: In the five months, it's been a bit of a shock to the system to me, because it's 23 years of doing it one way. Now, this is a completely different way of doing business. What I've been able to see is systematic solutions first and foremost. There's a compliance checker that's put in place that will not send content to a consumer if any one of those reasons fail. To put that in a call center term, that's like being able to control everything that your staff is going to say to a consumer before they even say it. From a systematic perspective, that's a great control. It's proactive instead of reactive, so you can actually build that system and then turn it on, and that system does what it's supposed to do. That compliance tracker is a big piece.

I think the other piece that has really been eye-opening for me is treating the consumer the way that they want to be treated using the communication channel that they want to use. Using digital communication is what they're used to. That's how they signed up for the product. That's how they've communicated with the creditor the whole time. To now start calling them takes them out of, oh, that's not what I signed up for. That digital communication channel of their choice is really a key driver, because now, you're meeting them where they want to be met.

Ohad Samet: So that means they tend to feel less harassed, and their initial disposition is different, so they end up trying to bait you less or have it be less adversarial interactions?

Tim Collins: Yes. I've looked back on your lack of litigation, your lack of complaints. To your point about baiting, it's very difficult to bait in this environment. The engagement team is not compensated using commissions. They don't have an incentive to push the boundaries. They have an incentive to work with the consumer. That baiting opportunity just doesn't exist there. From a systematic perspective, the content has been reviewed by inside counsel, outside counsel, by clients. It's had multiple eyes on it, so it's very difficult just to take an email and say that there's a baiting opportunity here. From a complaint perspective, from a litigation perspective, it's almost non-existent, those opportunities that other typical collection agencies would have, because of the staff.

Ohad Samet: The interesting thing I've seen, we do make phone calls, but rarely do we call a customer. We do that maybe once or twice a month based on their behavior. So usually, it's not a cold call. They know to expect it. The majority of phone calls that our agents have are inbound, where consumers, to a large extent, are actually looking to talk to someone to get something done. That's definitely different. I will say, by the way, that we do see abusive behavior from consumers in debt. It happens. It happens to everyone. Sometimes in response to our emails, for example. Like you said, when it's not a real-time experience, when the agent is not compensated by commission, then you get an email and the emotional response it evokes is much more limited compared to somebody

yelling at you on the phone and then hanging up in your face. That, I think, is another thing that helps us monitor our behavior. Again, the phone calls in agent-to-debtor interaction are rare compared to a regular call center. To the extent that sometimes when an audit team asks us for a few phone calls per agent to audit, we just can't provide them, because the agents don't have that many phone calls with consumers.

That definitely controls our exposure. Well, great. Anything else you would like to add? Your observations about call center management and compliance exposure in this environment versus a call center? I know there are many other things we want to talk about in future episodes.

Tim Collins: Yes, for sure. I would say the other piece, Ohad, and you touched on it, if we have a complaint that revolves around content, that is very easy for us to track. Then, we're able to go in and alter that content if needed, and we don't see those issues anymore. The ability to track and measure is at a whole different level here than in a typical collection agency. It gives me an opportunity, in my role, to worry less about litigation and complaints and focus more on strategic initiatives such as compliance and a state-of-the-art, scalable audit functions going forward. It's definitely been a change, and a welcome one, at that.

Ohad Samet: That's a great point. It's much easier to change ... If a word is problematic or a phrase is problematic, it's much easier to change that in this pre-written, pre-approved communication than talking to 1,000 agents and telling them, "Don't use this word anymore."

Tim Collins: Correct.

Ohad Samet: They will learn eventually, like you said, because you don't want to be caught by the call monitoring program, but it's a much slower process. You have to propagate and you have to train. It's a lot more of an upfront investment.

Tim Collins: Absolutely. Absolutely.

Ohad Samet: Okay, thank you very much.

Tim Collins: Thank you, Ohad.

Ohad Samet: It's been great, and we'll have more of these in the future. I hope everybody enjoyed our first podcast.

Tim Collins: Thanks, everyone. Thanks, Ohad.

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