

# SELF SERVICE: NOT FOR ME OR THEM, BUT FOR HER AND HIM

You must understand your customer if you are to provide the best service – so how can you target each generation?

By Jim Stanley

I come from the baby boomer generation, and the technology influencing me in adolescence included space invaders, a couple of extra television channels, the Sony Walkman and the compact disc. I read books, made from paper, and open the post each day.

If you are in credit or collections, it is so important to understand my generation and your own and, more importantly, subsequent and future ones.

Why? The generation that we belong to is defined and sculpted by world events, work culture, parents and family, media, politics, social environment and technology. The 'lost generation' were those affected by the First World War; the 'silent generation' those between the world wars and affected by global depression; my own generation, the baby boomers, were born in the 1960s; 'generation Y' or the 'millennial generation' were born in the 1980s; and, more recently, 'generation Z' or the 'internet generation' were born from the 1990s onwards.

These social groupings have a profound impact on our daily lives and the way we react to contact and communication. Where a younger member of my team would arrange a web meeting with you this afternoon, I would prefer to come and see you face to face.

In the world of collections, the behaviour of these groups should determine our approach towards them as customers or debtors. One-size-fits-all will not work.

## Generational research

I recently worked with a group of university students (1,426 in total) as part of research to determine how communication affects them as generation Y and Z'ers. Interestingly, the

research questionnaires were completed online or via SMS text messaging by participants.

Within the group were consumers, debtors and probably a couple of customers of yours! In total, 99% send and receive e-mail, 89% send and receive instant messages, 82% use social media sites, 59% purchase products online, 26% make and receive telephone calls and 8% send and receive letters in the post.

Where is the relevance to credit and collections? Well the relevance relates to the 'individual' or the 'customer', where marketing tries to attract and

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secure a decision. In finance, you also try to attract and secure a decision – the only difference being one is looking for the order while the other focuses on payment.

The individual's psychology is central to both and, if only 8% of under 25s use the post, why send chase letters?

## Learn from marketing

The modern method of managing credit and risk must surely adopt the same approach as marketing, where customer type, sector, profile and segment are key factors within the communication strategy. Understanding the individual and their generation is vital to success.

Credit management has much more in common with marketing than some would expect. Take 'contact' for example. What response do letters get? Phone calls? E-mails? Text messages? How do these results differ between generation types?

As with marketing, we also have 'mixed-mode' communications in collections – the next technological step is to create a low-resistance 'experience' for the non-paying customer, driving them towards an online environment where they can 'self service' their account?

My company embarked on an exercise last year to ascertain results from various forms of communication used within the cash collection (accounts receivables) process. With a group of clients, we then ran a blind survey to 1,000 'slow', 'in arrears' and 'delinquent' customers to gather their anonymous view of the process. We segmented the survey recipients into demographic splits, gender and generation.

The survey asked the question: "If you were not called or mailed, but had access to your account online, at what

stage would you have viewed your account?" A large percentage would visit their account within the first two weeks of being made aware that payment was overdue, with 31% stating they would never go online, interestingly most of these respondents fell into my generation group.

Marketers use a mixed-mode approach to communication – they may send me a letter, but they will send a 30 year old an e-mail or a 20-something a Facebook poke. As with marketing, the mixed-mode approach will work in collections and an online 'customer experience' will yield an improved response rate from segments of your debtor base.

## Unified portal

The technical tongue twister term is a unified customer communications portal (UCCP) and implementing one is likely to provide a major boost to your order-to-cash contact strategies over the coming years.

## CCR-2



UCCP, by virtue of its nature, sets a tone that, although the customer is in arrears, they continue to benefit from the same great customer service they should have received at the point of sale – as opposed to a strategy that could alienate them. If I communicate online and shop online, I am more likely to view my account with you online when in arrears, but if you try to call or send me letters, the chances are you will be ignored.

The modern day debtor (consumer or commercial) will owe more than two creditors – the one offering the most acceptable and 'natural-to-me' form of communication will win my attention.

Unifying your communications and using one single interface enables customers to have an effective solution that eliminates psychological barriers between various communication streams. In turn, this allows customers to spend less time avoiding contact with you – which many do.

You take away a threat and it can encourage willingness to comply. If your customer wants a copy invoice, proof of delivery and so on, then it should be available, at a click – likewise if they want to pay or raise a dispute or complaint.

At NEXUM, we developed and released an online portal for our clients to add to our collections software (in fact it can be added to any collections or accounting software).

A year on from initial product release, we have now gathered statistics from our various systems used by participating clients. Although there is a general improvement in responses to early-stage letters, the big news is where an e-mail or SMS message is sent to the debtor with a link to our online portal.

As an average, there is a 24% improvement in customer or debtor contact within the collections processes when the online portal is offered. The rate of success will vary, but if online access to their account is a click away, most will have a look, while trying to avoid calls and letters from you.

Across the board, the average improvement of 24% in contact only yielded an increase in cash collections of 7%. But, within the first 30 days of the collection process, there was an increase in cash collections of 28%, so although, in total, only 7% extra is paid, 28% more is paid earlier on, promoting better cashflow.

Promises to pay and account disputes also increased within an earlier

timeframe allowing collectors to act and progress within a tighter timeframe.

Marketers are excited that the speed to order has significantly improved with the introduction of online self-service shopping. The cost of marketing and selling online is considerably less than traditional methods.

Likewise, in the world of credit and collections, it would appear that human psychology, so important for the marketer to tap into, is equally as important to the finance director, credit manager, and head of collections.

A UCCP will provide a self-service facility, which is what a large proportion of your customer or debtor base want to access. Our focus has been to provide an online portal that can connect with any finance system, making such technology more affordable and easier to establish, without necessitating a change in existing legacy systems or burdening internal IT resources.

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