



# ADRA February 2007 Newsletter

Gauteng Region

Volume 2, Issue 1  
February 2007

## ASSOCIATION OF DEBT RECOVERY AGENTS

### From the President

Dear Members

Gauteng region kicked off with a fabulous breakfast meeting held on the 15<sup>th</sup> of February with an amazing 32 people attending.

I started off by giving some feedback and also to explain the buddy-list process –we have divided the region into groups with a board member allocated to a specific list of members. They will ensure that all communications are sent through to the members and will also be the first contact should the members have any questions or proposals. If one looks at the numbers that attended – this is paying off and we are getting more members involved early in the year already. Members soon started getting involved in the conversation and a list of concerns and questions were tabled that will be tackled this year.

One of the major concerns that were raised by our mem-

bers were the NCA and the impact thereof on credit bureaus and the listing process –we invited Greg Brill from Octagon to come and talk to us with regards to this. He gave a stunning presentation and the members had lots of questions and uncertainties that they addressed. I do believe that after this session – we certainly understand more of how careful we should be in submitting data as well as retrieving credit information.

During our Board meeting in January – we compiled an action plan for the year and one of the items that stood head above shoulders – were the small unanswered questions that impacted heavily on our collection industry. We have started to compile a list of FAQ's and will continue to forward these to the National Board for inclusion in the Adralink as well as the website. These should be available for all new and current members in future to ensure we have a

well educated and prepared industry.

Another aspect we would like to focus on this year – will be the different industries like the Medical, Micro lending, Retail etc – they each come with their own concerns and methods. We will be getting experts from each industry to address the members that are currently collecting in these industries as well as members that would like to expand to those specific industries as well.

We are also busy lining up major players in the industry and regulating bodies to address the concerns raised by our members – these will be communicated to all in the region shortly.

Gauteng region's focus this year will be to ensure we are there for the members – big and small. We are looking forward to a stunning 2007!

Marina Short

### From the Editor

Dear ADRA Members

I trust you all are well rested and geared for 2007. I am sure each one of you had a great start to the new year.

A lot of changes will be taking place in 2007, and as always, we will keep you, our members, updated on these events.

I am pleased to share that the newsletter will now be

sent to you on a bi-monthly basis, and not just quarterly as was in the last 2 years. This means that you will be receiving all the relevant news more frequently.

I once again urge all our members to attend the breakfast meetings, as these meetings are always extremely interesting and informative and deals with industry issues. If you are unable

to attend, please send a representative from your company, so that you can still get the feedback from the breakfast meeting.

I am looking forward to meet you all at the meetings, and to have lots of interaction this year.

Your editor, Nadia Beling

Association Incorporated

Under Section 21

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## ADRA Membership

The Gauteng ADRA Board would like to welcome the following new members to ADRA:

- ◆ Gillis Briel & Momakoe
- ◆ Saya Recoveries
- ◆ Collectweb

We hope to see you at our events and functions, and encourage you to take advantage of all the benefits that your membership offers you.

We are constantly striving to increase our membership base

in order to maintain a strong voice in our industry, and to keep our membership fees down, so if you know of any agencies who are not yet members please encourage them to join.

Alternatively, please forward their details to Bianca Marchesich ([biancam@bellevy.co.za](mailto:biancam@bellevy.co.za)) who will approach them directly.

**Ordinary membership** is open to any person, legal and juristic

who practices or intends to practice as a debt recovery agent and who is in good standing with ADRA.

**Associate membership** is open to any person, at the discretion of the Executive Committee, who carries on a business or profession associated with debt recovery.

The Executive Committee may award **honorary membership** to a person who, in its discretion, deserves thereof.



## Benefits of being an ADRA Member

**UNITED VOICE** of the collection industry

With the passing of the Debt Collectors Act, a united voice of our industry is even more necessary. As and when necessary we will lobby the Council for Debt Collectors regarding various relevant issues such as:

registration fees, collector probationary period, increases in prescribed collection fees, handling interest on Trust Accounts, auditing of Trust Accounts, etc.

These are important issues which affect all debt collectors. There is strength in numbers and ADRA provides a credible and strong voice.

**INFORMATION SOURCE** of the collection industry

By means of a regular magazine called "ADRA Link", relevant information is disseminated to our members. This keeps members abreast of the latest local and international news and trends, helps answer members frequently asked questions, provides helpful articles covering a wide range of relevant topics (computers, legal, collection tips, internet, credit scoring, etc.) and offers advertising for members.

Our board members attend meetings at the various forums so that anything that affects debt collecting is learnt about and shared with members.

Regular email newsletters are sent to all members keeping them in touch with ADRA and the industries latest news and developments.

**TRAINING PROVIDER** for the collection industry

ADRA is working in close co-operation with FASSET to establish training programs for the collection industry. This will ultimately allow collectors to attain a "professional" status and prove their abilities by means of recognized qualifications. ADRA assists its members in obtaining tax benefits and government grants when utilizing the available skills programs and learnerships.

**ASSISTANCE AND ADVICE** for the collection industry ADRA can give advice and assistance to their members on topics related to the collection industry. Each of our board members are given a portfolio that suits their field of expertise. Therefore there is always a board member to answer queries and to give advice.

**DISCOUNTED PRODUCTS AND SERVICES** for the collection industry

**Debit Orders** - A facility is currently being put in place for ADRA members to process debit orders on their debtor's accounts at very reasonable rates.

**Fax to email offer** - We can arrange for fax to email numbers for our members. This service allows our members to allocate a fax number for each of their collectors. Received faxes are converted to an attachment and emailed to the collector's email address that is linked to the fax number.

**Tracing/enquiries at greatly reduced rates.** - As an ADRA

member you can access enquiries at approximately R1.00 per on line search. For less than 100 enquiries you can save your yearly ADRA membership fees! **This service has been temporarily suspended due to the National Credit Act**

**Payroll Deductions** - A facility is currently being put in place for ADRA members to process both statutory and voluntary payroll deductions on their debtor's salaries at very reasonable rates. This has never been done before and will have a major impact on the efficiency of debt collection.

**Bulk SMS sending** - ADRA has set up a facility for sending SMS's to debtor's cell phones. Based on collective volumes, this will produce substantial savings for ADRA members.

**ADRA Endorsed Suppliers** - ADRA is constantly negotiating discounts on goods and services needed in the debt collecting industry. Any special offers obtained are passed on to our members.

**Medical Aid** - ADRA has secured a unique and unbelievable agreement with a major medical aid group and a leading wealth planner. All ADRA members and their staff qualify to participate in a medical aid scheme tailored for ADRA members.

Participation in this scheme holds numerous benefits for our members and their staff.

**THE QUESTION IS, CAN YOU AFFORD NOT TO BE A MEMBER?**

**ADRA supports the Debt Collectors Act, which provides national standards for the fair treatment of consumers by third party collectors and regulates the**



## Usury rate is fixed

Article written by Tom Robbins - The Star, 19 February 2007

Cape Town - The National Credit Regulator (NCR) said on Friday that interest rates on existing store accounts would continue to be fixed by the current usury dispensation, even after the new Credit Act took effect on June 1.

The new act will allow retailers to increase usury rates at their discretion. The NCR's statement follows uncertainty expressed earlier last week by credit retailers Truworths International and Woolworths Holdings as to whether they would be allowed to hike the usury rate on existing accounts in June.

Gabriel Davel, the chief executive of the NCR, said "the legal position is very clear. Loans taken out under the Usury Act will remain under the Usury Act until repaid."

Davel said the loans were contracts agreed between credit retailers and account holding customers, and one party could not simply change the rate.

But new loans from June will be governed by the Credit Act that allows for greater discretion on the part of credit retailers on the rates they can charge. This will enable them to charge a higher rate of 28.7 percent for riskier clients and a lower one of 8.7 percent for customers considered safer bets.

The usury rate has remained capped at a maximum of 20 percent for most clothing purchases, despite four hikes in the Reserve Bank's official repo rate since May last year.

But Davel said he had proposed to the department of trade and industry a mechanism that would allow the cap on a usury rate to be adjusted after May. He said it

was "quite likely" to be adjusted. He said the options included a formula to link the rate to the interest rate set by the Reserve Bank. But he said he would have no hesitation in prosecuting retailers that raised the usury rate on existing loans from June 1.

Woolworths, which unlike most retailers funds most of its credit from borrowings, said earlier last week that the interest rate hikes had squeezed the margins it earned on store accounts.

Davel said raising the usury rate would in fact lead to greater overall consumer indebtedness. He said credit extension had been pushed by retailers to the lower end of the market, as opposed to being demand driven. He said unsolicited credit offers had been unprecedented.

Article supplied by Nadia Beling



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***Please note that there has been an increase in the Usury Rates - this increase took place on 5 March 2007***

## Guidelines for Debt Collectors

The Committees appointed to investigate complaints of improper conduct during the past year had to deal with a number of issues. The most important findings made by the Committees are listed below to serve as guidelines to debt collectors.



*The Committees appointed to investigate complaints of improper conduct during the past year had to deal with a number of issues. The most important findings made by the Committees are listed below to serve as guidelines to debt collectors.*

- Debt Collectors are not allowed to use pseudonyms when dealing with a debtor
- A debt collector who makes use of an agent is responsible to ensure that such agent is registered
- A debt collector may recover 10% (to the maximum of R300.00) on each installment paid in redemption of a debtor's debt, which includes the interest legally payable thereon.
- A debt collector is not entitled to 10% fee on installment paid in redemption of the fees and expenses which a debt collector may in terms of Annexure B to the Regulations recover from a debtor for the debt collector's own account
- A debt collector is not allowed to recover any tracing fee from a debtor for the debt collector's own account. If it is necessary to have a debtor traced it is for the creditor's account. The cost of having had to trace the debtor may only be recovered on behalf of the creditor if the creditor has a legal claim against the debtor for the recovery of such costs. A tracing fee may in any event only be claimed on behalf of a creditor if the whereabouts of the debtor had subsequently become unknown and necessitated the tracing of the debtor.
- Any attempt by the employee of a debt collector to recover debt on behalf of the employer even if it is only a phone call, brings the activities of that person within the ambit of the definition of debt collection in terms of the Act, and if such employee is not registered the employer may be found guilty of improper conduct.
- The cost allowed for a necessary letter, facsimile or e-mail does not include SMS's and the cost of an SMS can only be recovered from the debtor in terms of item 3 of annexure B. The total amount that can be recovered in terms of item 3 for other necessary expenses not specifically provided for is R10.00 per account
- The recovery of more interest than that which is legally due and payable amounts to improper conduct
- The recover or attempt to recover any fees other than the capital amount of the debt due, interest legally due and payable thereon and necessary expenses and fees as prescribed in Annexure B to the Regulations is not permissible and may result in a debt collector being found guilty of improper conduct
- Only where a debtor expressly requests a free settlement account and no free settlement account has already been delivered to the debtor in the preceding six month period is a debt collector compelled to deliver the statement account free of charge. Where the debtor does not request to be furnished with a free settlement account the debt collector is entitled to charge the debtor for the settlement account
- All directors of a debt collecting company or members of a close corporation must register whether or not such a director or member is him or herself involved in debt collecting. All new directors or members appointed after registration of the company or close corporation must register immediately. A failure to do so may result in a company or close corporation and its directors or members being found guilty of improper conduct.

Taken from the Council for Debt Collectors website—31 January 2007

Submitted by Marina Short

## Banks unveil code on selling loans

2 March 2007 - By  
Tonny Mafu

Johannesburg - Banks yesterday unveiled a new code of conduct on how they would sell loans to customers after concerns of harassment and forceful credit selling.



**However, the National Consumer Forum was sceptical of the banks' move. Thami Bolani, the chairman, said he did not "believe banks did this out of goodwill, but it's just a culmination of pressure on them".**

The industry's representative body, the Banking Association SA (BASA), said the code would provide for banks to approach consumers after assessing their creditworthiness. Lenders would limit the number of times an existing or potential customer could be contacted.

Under the codes, banks will not be allowed to pester a consumer who declines credit at the first offer. The code, though an interim measure, will apply even after the National Credit Act (NCA), a law that will require them to check creditworthiness on a central database, comes

into force in June.

However, the National Consumer Forum was sceptical of the banks' move. Thami Bolani, the chairman, said he did not "believe banks did this out of goodwill, but it's just a culmination of pressure on them".

Last year industry analysts said banks were giving out credit generously in anticipation of the NCA. President Thabo Mbeki and Reserve Bank governor Tito Mboweni have expressed outrage at the level of credit extension and said non-interest rate adjustments such as capital adequacy and cash reserves could be used to curb lending.

However, according to Jacko Maree, the chairman of BASA, banks had done well in ensuring access to banking services for the low- and middle-income sector as required under the financial sector charter frame-

work. While not so long ago, there were concerns that banks were not giving loans to some consumer segments such as black people, the institutions had turned the situation around in a short space of time. The phenomenon of banks approaching clients is "healthy, it means banks are serving clients" and this is in line with global trends.

Article appeared in Business Report section - Independent News and Media - online edition

Article submitted by  
Nadia Beling

## National Credit Act not a license to increase your debt before June

3 March 2007 - By Neesa Moodley

If you are entering into loan agreements and committing yourself to debt, be warned that the National Credit Act (NCA), which comes into full force on June 1, will not apply to any loan agreements taken out before then.

You will also not be able to default on credit agreements that you entered into before June and cite the NCA as your protection. This means you will be fully liable for any credit agreements entered into before June 1.

Reckless lending provisions in the NCA (these place more responsibility on stores and banks that give you credit or lend you money). But these provisions will apply only to transactions entered into after June this year, Peter Setou, the senior manager of education and strategy at the National Credit Regulator (NCR), warns.

However, the Banking Association this week announced it had a code of conduct which banks have promised to adhere to with immediate effect. The principles of the new code will remain in force as a minimum standard for banks even after the NCA comes into play in June, Cas Coovadia, the managing director of the Banking Association says.

Some of the provisions in the new code of conduct for banks include:

- Bank representatives will inform you at the beginning of a telephone conversation that the call is about a credit offer and the conversation will continue only if you agree. The representative will end the call if you, at any point, indicate you are not interested in the offer.
- Banks will contact customers to offer credit only if they have assessed the customer's ability to repay the debt.
- The bank will inform you that a preliminary assessment indicates you qualify for the offer but you will still be taken through the appropriate credit checks and Financial Intelligence Centre Act (FICA) processes if you accept the offer.

Banks will limit their credit approaches to the hours between 8am and 7pm from Monday to Friday and between 8.30am and 1pm on Saturdays.

- Unless you agree to it, salespeople will not contact you more than once every two months to offer you the same product and calls will be subject to client confidentiality. All outgoing call-centre campaigns will be recorded.
- The code will cover all communication channels, including direct mail, call centres, SMSs, e-mails and faxes.

For existing bank clients, provisions of the new code of conduct include:

- Banks will ensure that they

regularly and accurately update your credit bureau records with regard to credit agreements you have made.

- They will make you offers based only on an estimate of your ability to repay the loan using your last known salary and internal customer account information, as well as your debt obligations as listed by the credit bureaux.

- Bank employees will confirm they are speaking to you before making you any offers telephonically.

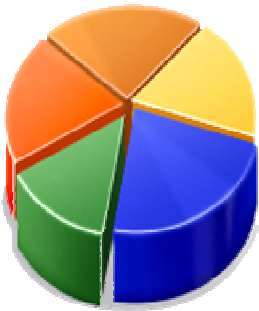
- The salesperson will ensure the product is fully explained and an explicit decision is obtained from you.

- If you are not a client of the bank that is offering you a credit service, then the bank will make the funds available to you only once you have signed the necessary documentation.

From June, debt-counselling services will be available to you if you are unable to honour credit agreements. However, the service is not about pardoning defaulters or writing off debt but is about assisting consumers who have more debt than they can afford to reschedule or restructure so that repayments are at manageable levels.

Article appeared in Personal Finance section – Independent News and Media – online edition

Article submitted by Nadia Beling



*The bank will inform you that a preliminary assessment indicates you qualify for the offer but you will still be taken through the appropriate credit checks and Financial Intelligence Centre Act (FICA) processes if you accept the offer.*

## R.E.S.P.E.C.T - Your Client's Communications Preferences

by Lydia Ramsey 2007

**Imagine this: you've worked for hours putting together the proposal that your prospective client requested and are finally ready to hit the send button..**

You envision the recipient checking e-mail immediately and contacting you within a few hours to seal the deal. You have a mental picture of yourself signing the contract and depositing a nice check into your account

What you don't know is that your prospect doesn't check e-mail everyday. You failed to ask what form of communication this person prefers. Sadly for you, your competitor was on the ball and asked, "How would you like to receive this information?" By the time your e-mail proposal is opened and read, the deal is done, but not with you.

Maybe you called the prospect, who was not in, so you left the information on voice mail and waited all day for a response. As it turns out, this person only checks voice mail at the end of the day. Once again, your competitor knew this.

We are absolutely over-

whelmed with ways to transmit information. Current studies indicate that e-mail is the business communication tool of choice. However, many people still prefer the telephone which has been an office staple since Alexander Graham Bell spoke to Mr. Watson from another room. That device is no longer fixed to the wall nor does it reside only on the desk. We can have our cell phones with us wherever we go and use them whenever we feel like it. Some people live by their cell phones so you can forget the office line.

The phone, whichever type it is, comes with all sorts of features and options including voice mail, caller ID and calling waiting. An added bonus to cell phones is text messaging. There are people who rarely speak directly to others. They just send or leave messages.

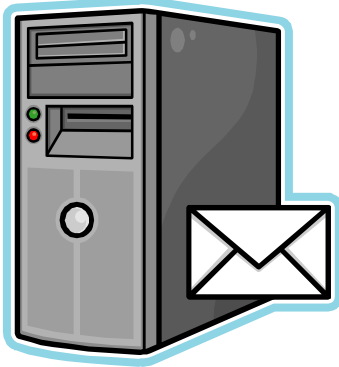
There is the fax machine, which only a short time ago was absolutely revolutionary. Many fax machines only gather dust these days as a result of e-mail, but for some people, fax is more convenient for transmitting certain information. For a few souls, snail or old-

fashioned postal mail continues to serve a useful purpose. They like originals.

We all have our preferred means of communication. If you want to be successful, grow your business and develop good client relationships, find out how your clients want to communicate. Just because you think that e-mail is the most efficient tool doesn't mean that your clients and prospects like to sit in front of a computer all day. Some may prefer to use the phone so that they can discuss issues and gauge reactions - something that is hard to do with e-mail. Others may be more comfortable getting your proposal in person.

Respecting your client's communication preferences is not just a courtesy, it's good business. It's not about you; it's about your client.

Article submitted by Marina Short



*Sadly for you, your competitor was on the ball and asked, "How would you like to receive this information?" By the time your e-mail proposal is opened and read, the deal is done, but not with you.*

## Personal Liability of Members of a Close Corporation

One of my bugbears over the years has been the ineffectiveness of the personal liability of members of deregistered close corporations provisions of the Close Corporation Act (Section 26).

[So much so that I have written numerous articles/letters about it in various publications including the official attorneys magazine, De Rebus.](#)

The gist of my rants were that while when one is faced with a situation where you are the creditor of a close corporation which has ceased trading with no real assets one can

*It would appear that the other government departments have speeded up their side of things and now creditors can use this as an effective tool against debtors.*

apply for the deregistration of the close corporation which renders the members personally liable for the debts of the corporation, that the process is unduly delayed by the Registrar of Close Corporations in its instances of first referring the matter to various government departments, including SARS, before deregistering the close corporation.

In some case it was taking up to six years to effect deregistration and effectively rendering the personal liability provisions useless. However I must say that eventually the Registrar of Close Corporations has got its act together,

in that while it still appears to be first referring the deregistration to the various government departments, they have speeded up the entire process. In my last deregistration application, we managed to effect the entire deregistration within two months, which is an incredible improvement on previous applications.

It would appear that the other government departments have speeded up their side of things and now creditors can use this as an effective tool against debtors.

Article submitted by Marina Short

## Forms of Securing Debt from a Business Debtor

The concept of separate legal personality for certain forms of business is a practice which we inherited from English law and it has important consequences when extending credit to a "business debtor". When dealing with private companies, close corporations and even to a degree trading trusts you have to be aware that the shareholders/directors, members or trustees are not personally liable for the debts incurred by the business. In addition to this factor is the fact that the credit extended to business debtor can sometimes be very large.

Therefore creditors extending credit to business must look for various forms of security from their debtors. Some of the forms of security are listed below together with their a brief description and some of their pros and cons.

### Suretyship

Is a contract whereby a person – the surety – obliges himself on behalf of a debtor to a creditor, for the payment of the whole, or part of what is due from such debtor. The advantage of a suretyship is that if the debtor does not pay, there is a second source to claim from. On the other hand it does not make a bad risk a good risk and when has to look at exactly who is signing surety and their credit worthiness.

### Cession of Book debts

Here a debtor cedes his the right to collect on their outstanding debtors to a creditor as security for his debt with the creditor. The advantage of this being that it is usually the single largest liquid asset of a business but the disadvantage is that the

collectability of these debts is unknown and unreliable.

### Pledge

A contract whereby a debtor places property in the hands of his creditor to secure their debt. An advantage, and potential disadvantage, is that you have the property in your possession to sell on default and another disadvantage is that the asset must be returned in the same condition as it was given.

### Post-dated cheques

A cheque draw for presentation at a future date, which is not strictly a form or security but is a way to ensure that a future payment can at least be presented for payment although it maybe be dishonoured.

... Continued on next page



## Forms of Securing Debt from a Business Debtor - Continued

### Lien

This is a legal right of retention over property held by a creditor until the creditor's claim in respect of that property in the creditor's possession has been paid. You have leverage over the debtor in that they can not get return of their property until they have paid or secured your debt. The property must be returned when the account is paid in exactly the same condition as it was given and if the property is lawfully removed from your possession you lose your right to the lien.



*It was therefore not a surprise that the personal income tax reduction (at R8.4bn) was smaller than last year's R12bn, and only enough to offset the impact of bracket creep.*



### Tax Relief

In the course of the year officials hinted that consumers should not expect substantial personal income tax relief. It was therefore not a surprise that the personal income tax reduction (at R8.4bn) was smaller than last year's R12bn, and only enough to offset the impact of bracket creep. Moreover, the Minister encouraged households to rather save than spend the benefit.

Particularly welcome in this budget was the abol-

### Notarial Bond

Obtained by registering a general Notarial bond over the movable property of a debtor, such as stock or furniture. The security is in writing and registered with the deeds office but this security only becomes effective on the perfecting of the bond by a court application.

A more effective notarial bond is the Security by Means of Movable Property Act, 57 of 1993 allows for a notarial bond to be registered in respect of specified corporeal, moveable property. This form of notarial bond is effective on the insolvency of the

debtor, which a general notarial bond does not unless perfected before insolvency.

Both process are relatively involved and timely as they involve a notary and registrar's office.

### Mortgage Bond

A registered bond over immovable property of a debtor is a very effective security depending on the value of the property, the number of other bonds but it is a lengthy and involved process to register and in addition can be costly relative to the size of the debt and is only suitable for relatively debts.

## The 2007/2008 Budget : Appropriate for the times

ishing of the retirement fund tax. Along with the reduction in the withholding tax on lump-sum pension and prominent fund payments for persons earning below R43,000, and the increase in interest and dividend income tax-free threshold, this should have some positive impact on personal savings.

While all the details are not yet available, the replacement of secondary tax on companies with a dividend tax (and reducing the rate from 12.5% to 10.0%), is certainly also

welcome. A disappointment was the absence of a further reduction in the company tax rate (which had been lowered by 1.0% to 29% two years ago). South African's company tax rate remains high in relation to most developing economies.

RMB Economics

21 February 2007

Submitted by Nadia Beling

## Thinking about relationships

Walter Pike - 15 February 2007



This week we celebrated St Valentine's Day and therefore presumably many of us spent some time thinking about relationships. While we are at it, why not spend a little time thinking about the relationships we have with our customers.

*"Your brand is created out of customer contact and the experience your customers have of you." - Stelios Haji-Ioannou.*

***Being customer focused is not only about listening to customers and CSI surveys.***

Stelios for those who don't know, is the founder of the easy group of companies, easyJet, easyHotel, easyCar, easyCruise etc. He gets it and is fabulously successful for having done so.

The marketing problem and therefore the business problem is delivering a value proposition to a selected group of customers. Customer experience management is a strategy that focuses on the experience delivered to the

customer, on the holistic value proposition. It looks at more than a collection of features and benefits, but at relationships as a key differentiator.

Being customer focused is not only about listening to customers and CSI surveys.

It is not just customer service, this is only a fraction of the strategy.

Many companies are still losing customers in spite of improving measured customer service levels as customers now have poor experiences at other touch points like invoicing. It is also not a "branding" exercise created to paper over a poor operation.

The customer experience is in fact the entire value proposition, what the customer is buying from you. Every touch point that the customer has with you, is all part of the strategy.

*"It is about loving your customers so much with*

*everything you have to offer that they have no reason to go elsewhere or consider other providers" - Lior Arussy*

Like the other relationships in your life it's not easy but it can be done.

Parity products, product standardisation, automation, blogs, cellphones and the power of the internet all demand that for a company to be successful it must ensure the key sustainable differentiator is the relationship.

Article Submitted by Marina Short

## 12 Ideas for Customer Service Training

By Ellen Goodwright

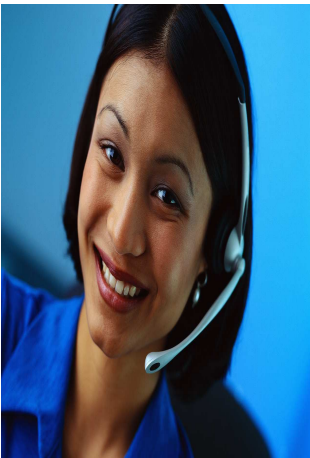
**Providing customer service training for your staff is an important part of your organization's quest to deliver outstanding service..**



Whether you own a company; work in a local supermarket; or manage a department store; customer service training is foremost in assuring you satisfy the needs of the customer at all times. After all, without customers; your business would fail. Here are twelve ideas you can incorporate into your training methods:

- Every customer should be treated as special, and must be given first priority.
- When visiting your place of business or store, your aim is to ensure they want to return by assisting from the moment they walk in the door.
- Always respect your customers, regardless of how you are treated.
- If a customer requests a myriad of services, prioritize their needs in an efficient and friendly manner.
- When you can, try to anticipate what your customers need.
- To not leave your customers lingering; provide service from beginning to the end of the transaction.
- Use a professional and courteous demeanor at all times.
- Listen to customers. Show you understand and will do all you can to meet their needs.
- When promising to fulfil a certain need, ensure you keep the promise made.

***Providing customer service training for your staff is an important part of your organization's quest to deliver outstanding service..***



- Use care and a genuine understanding of what the customer is requesting.
- Answer any and all question a customers asks.
- Always handle customer complaints with courtesy.

If all of the aforementioned suggestions are implemented, the benefits can be immeasurable. Customers will return to your place of business based on your willingness to go the extra mile. This is true for customers who are dealt with in person; in writing; over the telephone; or by email. It is vital to your company to impose a non-threatening atmosphere of civility and understanding.

Let's face it; sometimes dealing with a customer can be challenging. Perhaps they are not satisfied with the answers to their questions; or the product was not delivered on time; or it was defective. The only way to handle any challenge is with an understanding voice and definitive manner. Listen to what the customer is telling you; ask questions to determine the exact reason for the complaint; refer the customer to a superior, if necessary; and follow-up with either a letter or phone call to ensure the customer is satisfied. This is the basis by which customer care can be fulfilled.

While providing your own in-house training may be appropriate, you can use the services of professional training companies that can provide customized training for your organization. However, this depends largely on your staff quota, and the cost-effectiveness of having to train hundreds of people. While most companies have ongoing in-house training ses-

sions outside of their offices; others, such as stores and smaller businesses find that training in-house is just as effective.

A case study of Wal-Mart may be the easiest way to exemplify how customer service training is utilized. According to Wal Mart, "Customer Service Training for Wal-Mart Greeters is designed to provide simple, easy to use processes for driving customer satisfaction that are based on Sam Walton's original "Basic B e l i e f s . "

The basic tenets of Sam Walton are providing customers with superior service, and ensuring they are completely satisfied. To establish a rapport with the customer from the first moment they enter Wal Mart. Having their employees attend a seminar is crucial to providing customer care. Using a series of videotaped and audio taped role playing is just one of the exercises used to enhance customer service training. In addition, employees share their experiences with customers, analyze and participate in question and answer sessions. For one day, the employees of Wal Mart are given all of the assistance needed to enhance the quality of customer care in their stores.

The phrase, "The customer is always right," is one which should be heeded if one wants to succeed in any type of business. The main focus is to have customers return over and over again because the quality of service is the best offered. Customer service training is an important part of achieving that.

Submitted by Marina Short

## Staff Optimization—Managing for Variability

Taken from PIC Solutions Newsletter

**In this the final tip of our series on Collections Capacity Optimisation we consider one of the perennial problems for staff optimisation – managing for variability.**

### Introduction

In this the final tip of our series on Collections Capacity Optimisation we consider one of the perennial problems for staff optimisation – managing for variability. Some simple approaches are discussed and ways in which under and excess capacity might be used are entertained.

### Managing for Variability

The figure below depicts the daily volumes of accounts which are going into arrears for a particular lender. For the purpose of this discussion, the cycle of delinquency is not split out; but it is significant to note that leading collections businesses would capacity plan for the duration, or cycle, of delinquency. This is important as collections activities are typically tailored to the urgency of the collections activity.

Notwithstanding this total view, the example demonstrates well a common fact

for any collections environment: volumes can vary considerably.

This variability in volume can prove a headache for the collections manager looking to optimise his or her staff complement. Some optimising approaches he or she can adopt include:

#### A. Planning for seasonal peaks:

Staffing to deal with seasonal spikes, accepting that there will be additional capacity for much of the time. This would constitute the most conservative – and costly – approach

#### B. Planning for long term peaks:

Staffing collections to deal with long term peaks accepting that there will be marginal under capacity during seasonal or short term increases in collections activity

#### C. Step planning to average demand:

Staffing incrementally based on the average demand, accepting that there may be additional stress on the system based on the fact that often demand will be greater than supply

These models however, inevitably also demand a discussion on ways in which excess and under capacity can be dealt with. (Certainly

this question is of greater importance for companies operating within more rigid labour markets, where scaling up or down is difficult). From our experience, excess and under capacity can be dealt with in a number of innovative ways, least of which include:

Excess capacity:

- § “Selling” additional capacity to other internal divisions for collections services
- § Blending collections activity with outbound sales
- § Creating shorter hours for staff in slow periods and longer hours when demand increases

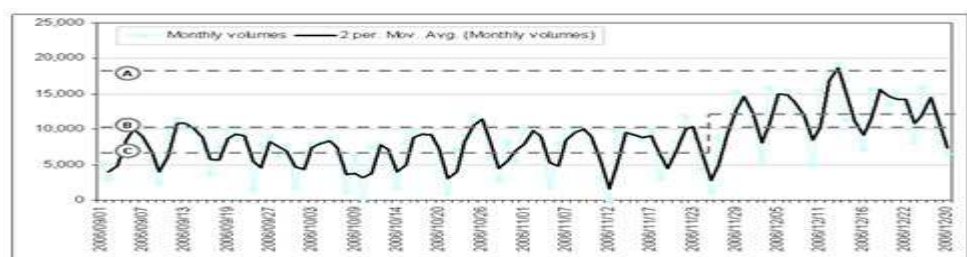
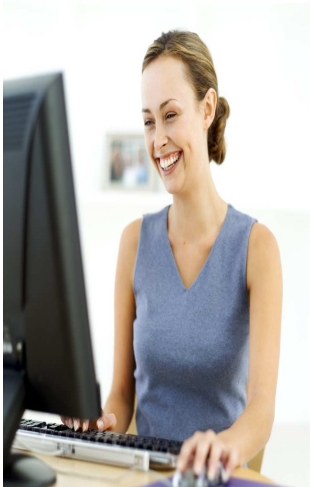
Under capacity:

- § “Buying in” collections services from outsourced suppliers
- § Extending working hours
- § Hiring temporary staff

### Conclusion

This brief discussion on collections variability is perhaps well wrapped up with the advice that staff should be planned for in the long term and managed in the short term.

Supplied by Marina Short



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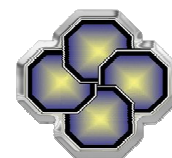
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"An optimist stays up until mid-  
night to see the New Year in. A  
pessimist stays up to make  
sure the old year leaves."

Bill Vaughan



## Gauteng Regional Board Members - 2007

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**PRO :**

Position available

## Planned Events

*Breakfast Sessions are planned for the following months.*

*The exact dates will be communicated to our members, please keep your diaries open!!*

*April 2007, June 2007, August 2006, October 2006*

## Wanted !!

**ADRA members are urgently wanted to be active  
and involved in the region.**

**Please contact any ADRA board member for more  
details.**