

Australian Receivables Limited Newsletter

traditional values innovative solutions

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Welcome to the Spring edition of our newsletter.

This newsletter is designed to assist our clients and prospective clients alike with their credit management activities and includes informative articles on debt collection techniques and credit industry news. If for any reason you do not wish to receive our seasonal newsletter please refer to our subscription details which can be found along the right hand side of this newsletter.

We would like to thank our clients for their continued custom and support, the team at ARL look forward to working with you throughout the remaining quarter of 2007.

Paul Cooney

Managing Director

IN THIS ISSUE

Our feature article discusses motivational theories and provides some practical advice on how you can motivate your credit team. The article incorporates motivational articles written by employees of NCO Group Inc. which is ARL's parent company in the US. The second article discusses the importance of teamwork

How to motivate your credit team!

Motivation can be described as the needs, desires and beliefs that determine a person's actions, effort and behaviour, or more simply put; 'having the desire and willingness to do something'. Keeping employees motivated is a crucial skill for any manager to learn but for credit managers in particular, mastering the art of motivation is essential in today's environment. The current shortage of high calibre candidates within the credit industry means that if you are fortunate enough to find a good credit controller then it is more important than ever to retain them. In order to do this you need to keep your employees happy which means knowing how to motivate them.



www.arcollect.com.au

Australian Receivables offers a range of collection processes, designed to meet the needs of customers with both commercial and consumer receivables service requirements.

*highly motivated, experienced
and professional*

IN THIS ISSUE

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SUBSCRIPTION DETAILS

To subscribe to our newsletter if you are not already a client of ours, please send an email to Nikki Dennis with "subscribe" as the title and include your name, company name, address and phone number.

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A motivated person in credit could be reaching for a long term goal of being National Credit Manager for example, or they may be reaching for more short term goals of attaining collection targets for the month or wanting to get a positive outcome from a particular collection call. By spending more time with your credit staff you can determine what their short term and long term aspirations may be and, once armed with this knowledge, you can then set about motivating them to achieve and even exceed their goals.

Theories of motivation abound but possibly the most widely discussed theory of motivation is Maslow's hierarchy of needs. Put simply, Maslow argued that needs are arranged in order of importance and only when our basic needs are met such as food, shelter and security, do we move on to the higher level of needs with the highest being 'self actualisation', which Maslow defines as "the desire for self-fulfilment".

This can be a useful theory to assist us when thinking about what motivates our staff. We can apply Maslow's theory to business in the following way. Money, for example, is a basic need and motivator. It has a motivating effect on employees but only for a short amount of time. Higher level needs such as recognition, challenge, praise, respect become far more powerful motivators than money and yet can only be realised when the basic needs of money, job security etc. have been satisfied.

Frederick Herzberg's two factor theory, also referred to as the Motivator-Hygiene Theory is another interesting insight into motivation in the workplace. Herzberg concludes that certain factors in the workplace result in job satisfaction while others, if absent, lead to dissatisfaction. This theory distinguishes between 'Motivators' such as challenge, recognition and responsibility and 'Hygiene factors' such as job security, salary and fringe benefits, which don't motivate if present, but will demotivate if absent (the term 'hygiene factors' is used because the presence of hygiene won't make you healthier but without hygiene your health is likely to deteriorate). This theory points out that money is not enough to motivate in itself but that it is impossible to motivate if you remove it. The message is simple; sort the hygiene before driving the motivation.

The following articles on motivation are taken from the NCO Leadership Toolkit and expand on these basic theories of motivation by providing credit managers with practical advice on how to motivate their credit team.

How are you motivated?

"Motivation is the art of getting people to do what you want them to do because they want to do it." – Dwight D. Eisenhower

To be successful leaders we must all learn how to effectively motivate those around us and encourage their desire to accomplish the team's collective goals. Despite having the same goals, not all members on a team will find motivation from the same source. Motivation can be split into two main categories; intrinsic and extrinsic.

Intrinsic motivation is apparent when individuals engage in an activity for its own sake, without external incentives present. In order to encourage intrinsic motivation it is important for the staff to feel a direct connection between their efforts and the team ultimately reaching their collective goal. It is also vital that each individual feels that their results are dependent on the amount of effort they personally expend.

Collection Tips

Use frequent and persistent phone calls to follow up on late payments.

Put some muscle behind your calls. If the customer doesn't do as promised, follow up with an agreed-upon action.

This will let them know in the future that there are consequences if they don't keep to their end of the bargain.

Set deadlines and then communicate those deadlines both to those involved internally and to the customer.

HUMOUR

A man with tickets to the AFL Grand Final finds his seat and relaxes. As he sits down, a man comes down and asks if anyone is sitting in the seat next to him.

"No", he says. "The seat is empty."

"That's incredible", said the stranger. "Who in their right mind would have a seat like this for the AFL Grand Final and not use it?"

"Well, actually, the seat belongs to me. I was supposed to come with my wife, but she passed away. This is the first Grand Final we haven't been to together since we got married in 1967."

The stranger replies, "Oh...I'm sorry to hear that. That's terrible. Couldn't you find someone else - a friend or relative, or even a neighbour to take the seat?"

The man shakes his head. "No. They're all at the funeral."

Though management can encourage intrinsic motivation, it is ultimately up to each individual to pursue.

Reversely, extrinsic motivation is caused directly by outside factors utilised as rewards. The rewards use to motivate staff may be both tangible and intangible. Examples of tangible rewards are things such as bonuses, promotions and awards, while intangible rewards include public acknowledgement and praise. Though we have finite resources where tangible rewards are concerned, with a bit of creativity we will never run out of options for intangible rewards to offer our staff. The next time you are brainstorming ways to motivate your staff to reach a goal, take a moment to consider which type of motivation works best to inspire each individual. Or better yet, ask them. You might be surprised by the responses you will receive.

By Andrea Wray, NCO

Small things create huge motivation

Motivating a team can be a challenge because you have individual personalities and motivating factors. There are several ways you can overcome this challenge. A key factor in this is to understand that individuals need to know how important their efforts are to you. They need to know you are counting on them. This can motivate them to do well and be sure they do not let you down.

It is the simple things that make a huge impact. Those things begin with acknowledgement. Start implementing these small acknowledgements and watch your team's motivation increase and the positive energy increases as well.

- 1) Begin greeting your employees in the morning and thanking them at the end of the day.
- 2) Publicly acknowledge superior performance.
- 3) Ask each team member for their daily projections and acknowledge where they are in meeting them.

All of these actions tell your team members "I'm glad you're here, I notice your efforts and we count on your success".

This type of motivation is easy to implement and is very cost effective because it's free; it just takes your time. There may never be a budget big enough to send your whole team to an amusement park, but there is always room in any budget for acknowledgement.

By Tori Anderson, NCO

The Goal of Motivation

A recent Gallup survey of US companies showed that "actively disengaged" employees cost employers between US\$292 BILLION and US\$355 BILLION a year. Based on those figures, for each "actively disengaged" (demotivated) employee, companies lose US\$1.5 BILLION in profitability each year.

Time to RE-engage! When you compare those numbers to the cost of employee incentives for last year, you quickly see how profitable it can be to invest in our employees through motivation.

ARL NEWS

Employee awards

ARL's dedicated employees are integral to our future growth and success and we like to recognise employees that have gone the extra mile either for their clients or fellow team mates. Our employee of the month awards for the last few months have been won by the following:

Sue Russell – Branch Manager (Adelaide)

Recognised for being an inspiring and motivational team leader and for her problem solving abilities.

Mirjana Trifkovic – Commercial Account Manager (Sydney)

Recognised for thinking on her feet and for her hard work and relationship skills.

Nikki Dennis – Business Development Executive (Melbourne)

Recognised for her sales and client management skills.

Aaron Feild (Assistant Accountant) Recognised for taking on extra duties in the finance department

Footy Tipping Winners

We are also very pleased to announce that the winners for the AFL competition this year are:

Alan Dwyer (1st) - 5 nights luxury accommodation for 2 people at the Outrigger resort, Coolangatta, Gold Coast

Ron Frier (2nd)- Panasonic Home Theatre System

Jason Cridland (3rd)- LG Portable DVD player

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Latest articles and updates
from ARL**

We all know from our leadership training that the definition of motivation is “The psychological feature that arouses an individual to action toward a desired goal; the reason for the action; that which gives purpose and direction to behaviour.” Take a minute and focus on the last part of that definition “...that which gives purpose and direction to behaviour.” In other words, we can save our organisation a great deal of money each year by re-stating our goals and how they directly affect each employee on a regular basis. But don’t stop there; go on to communicate the value of your employee by recognising the behaviours they demonstrate that get us to our goals. Another way to give purpose is to give your employees responsibilities. Show them you trust and rely on their ability to positively impact our goals.

*By **Tori Sarmiento, NCO***

Conclusion

Credit managers interested in motivating their team will see a recurring theme throughout all three articles; motivation doesn’t necessarily have to be related to tangible benefits such as large pay bonuses and lavish rewards, although achievable bonuses can play an important part. More important motivators are the intangible benefits you can provide your credit staff such as recognition, praise, acknowledgement and responsibility. Remember, motivated credit staff will always look for better ways to do their job, will be more quality orientated and will ultimately be more productive for the company as a whole.

This article was written by Nikki Dennis and includes articles from NCO employees in the US.

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