

Clear Communication Between Creditors and Customers

“The art of communication is the language of leadership.”

—James Humes, five-time presidential speechwriter

Credit managers are the heroes on the frontlines to protect a company’s financial wellbeing. Whether assessing credit decisions or following up with customers on payment, credit managers lead their company into battle and one of their most versatile weapons is communication. As an essential element to personal and professional lives, how one wields this weapon will determine if he or she reaches their desired outcome.

From the first phone call to the final payment, communication is a requirement for a healthy credit-customer relationship. Successfully harnessing and implementing communication strategies requires a very specific set of skills. Although credit managers can’t necessarily control customers’ willingness to communicate, there are techniques they can practice to improve the process. During her presentation “Bridging the Communication Gap,” NACM Southwest Regional Director Diana Crowe reviewed four essential communication skills for a promising practice: engaged listening, verbal and nonverbal communication, managing stress in the moment and asserting yourself in a respectful way.

“If you’re really listening, you have to stop talking,” Crowe said. “Today, people aren’t good listeners because they’re so distracted. You don’t have to agree with people, but they want to be heard and understood.”

For example, when calling customers for payment, most credit managers expect they will be the ones doing the talking. “I was reviewing your account and noticed you are weeks behind on payment ABC. If you do not send payment within this period of time, we will withhold future orders.” Sometimes, credit managers have to be this direct; however, Crowe recommended favoring your right ear, i.e., listen. According to an article on Seeker, an audiology research study at Auburn University in Alabama found the right ear is better wired for speech.

“A lot of it has to do with the brain’s odd habit of cross-wiring input on the left-right axis ...,” the article states. “Sounds that enter the right ear are processed initially by the left side of the brain, which controls speech, language and certain kinds of memory retention.”

Rather than interrupt customers, credit managers will see better results if they listen and try to understand the customers’ viewpoint. Perhaps the customer is a subcontractor in the construction industry and can’t pay the credit manager because he/she has not yet been paid. Maybe the customer was preparing payment moments before the credit manager’s phone call.

Good communication skills also require an understanding of verbal and nonverbal cues. When speaking to customers, credit managers want to be aware of their appearance (clothing and surroundings), body language (facial expressions, gestures, postures) and sounds (voice tone, volume, speech rate). Furthermore, use K.I.S.S. in the conversation: Keep It Sweet and Simple. Credit managers have to weigh the pros and cons of verbal communication, e.g., they may receive quick feedback, but customers won’t have adequate time to formulate a progressive response.

“The majority—65%—of what people see and hear is nonverbal,” Crowe said, the remaining 35% being verbal.

“Negotiating silence is also a tool,” added Dale Semple, director of credit at The Equity. “You don’t have to use it directly one-on-one either. It can be over the telephone.”

Managing stress in the moment and asserting yourself in a respectful way then go hand-in-hand, Crowe said. Customers will use excuses. “I never received the invoice,” or, “I sent that payment.” These statements will frustrate any credit manager, but pausing to collect thoughts and delivering a direct and clear response will sink in. An appropriate level of assertiveness shows a sign of mutual respect. It’s OK to say, “No,” and/or disagree with customers. Credit managers must establish the needs and wants of the credit department with customers, while maintaining the company’s value and the creditors’ opinions.

“It’s really hard in the work environment to know how far is too far and how far is not far enough,” Crowe said. “But as a human being, you deserve respect. When a conversation gets heated, remember to take a few calming breaths and say, ‘Help me understand.’ We want to say, ‘I,’ rather than, ‘You,’ so the person doesn’t get defensive. We all have room for improvement.”

—Andrew Michaels, editorial associate