

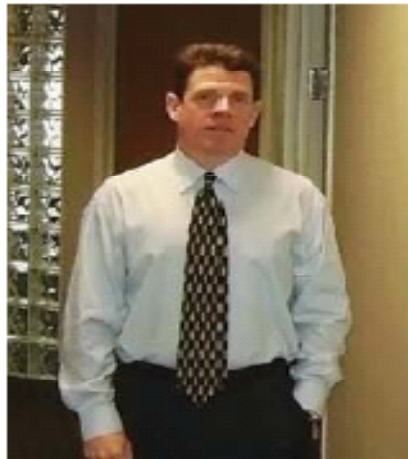
Featured American Executive Spotlights

Plaza Associates: Pay it Forward

Written by Amanda Gaines

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Plaza Associates is the arm of the financial world, literally. For the past 50 years, this collections agency has excelled in the accounts receivable management sector under the private ownership of three individuals by keeping in mind that no matter what side of the phone you're on, when dealing with overdue payments, everyone deserves respect.



Plaza Associates' primary business is collecting on old or distressed debt portfolios that are anywhere from 18 months to seven years old. The New York City-based company handles consumer accounts for credit cards, loans, mortgages, auto deficiencies, and telecommunications. Recently, it expanded its service offering to include business-to-business collections on the commercial side as well.

Founded in 1961, the company primarily deals with tertiary recoveries, those that have gone through previous layers of debt collection with no success.

Paul Brennan, president and CEO

"We do quality recoveries," said Paul Brennan, president and CEO. "We take steps to ensure we're talking to debtors in a reasonable manner while still getting across the fact that they owe money."

As a member of ACA International (The Association of Credit and Collection Professionals), Plaza Associates lives by the Collector's Pledge, which states: "I believe every person has worth as an individual. I believe every person should be treated with dignity and respect. I will make it my responsibility to help consumers find ways to pay their debts. I will be professional and ethical. I will commit to honoring this pledge."

"People who owe money aren't bad people," said Brennan. "Collection agencies are looked at as the guys with black hats, but we understand people's financial situations and offer them a variety of solutions to help them pay back their debts."



Collection agencies have gained a bad reputation. Paul Brennan and the folks at this New York-based accounts receivable management company are making moves to turn that around.

Superior service

Understanding that it's not only the debtors who deserve excellent service, Plaza Associates has developed an intricate infrastructure to support the needs of its clients, which include major banks and credit issuers. Because the company handles approximately 600,000 new accounts per month, with a 2008 gross placement of new debt in excess of \$10 billion, the need for a quality client relations department is obvious.

Brennan explained that Plaza Associates is graded by how much money it collects, but it holds itself to an even higher standard when handling its clients. "We expect that 100% of the time we can answer all of their questions and be timely with our responses," he said. "That's what our client relations staff does."

The client relations department handles any situation that may arise with a client company, whether for an individual account issue or a batch, a situation where thousands of accounts are placed at once.

"Our competitive advantage is that we provide our clients with the same type of service we provide our debtors," said Brennan. "Whatever questions they have, they get answered, and they're answered in a timely manner."

Well-crafted tools

In the collection operations industry, the attrition rate is typically between 35% and 50%. At Plaza Associates, it's 18%. The reason: the way the company treats its staff.

In addition to paying competitively and providing excellent benefits, the company recently signed up with Oasis, a professional employment-outsourcing firm, to improve its ability to service its third customer base—its employees.

"Our company has only 500 people, but we can now provide the benefits of a Fortune 500 company," said Brennan. "It helps with our retention and our ability to recruit collectors and experienced staff."

Although most people may know someone who has been on the receiving end of a collector's phone call, Brennan said finding employees skilled enough to handle being a collector is no easy feat. Not everyone can get on the phone and ask strangers for money. It's not easy, and it's often not very pleasant.

To prepare new employees for the job at hand, Plaza Associates provides a three-week training course. The first week covers the company culture. Employees learn about the company's variety of telecommunication and collection systems during the second week. The third week consists of on-the-floor training. After that, new employees go into a specialized area, such as a credit card department or a retail loan area, depending on their skill set.

"Collectors coming out of training will be placed in departments best suited to their abilities," Brennan said. "Someone who tends to be a fast talker will go into one department, and someone who takes a little more time on an account will go into another."

Plaza Associates has invested heavily in technology, such as Nexidia's Intelligent Speech Analytics program. The company records and analyzes what every collector is saying, identifying certain words that are more effective than others and using that information to train its employees to become more efficient and effective.

During a testing phase, the company singled out the best performing collector and compared her to all other collectors. Brennan said 90% of the time, this collector was asking for a payment in full, while the rest of the group was only asking for payment in full 50% of the time.

"We took that example, brought it to the staff, and showed the numbers to our employees to illustrate how they could improve," said Brennan. "We're also using the program to analyze talk-off strategies. As trends change, we can pinpoint them and roll them out to our employees as well."

Do it right

Plaza Associates also developed a proprietary system to streamline its overall operations. These IT initiatives earned the company the 2009 Collection Technology Excellence Award—one of the highest awards of its kind in the industry. In addition, the company's technology has enabled it to be able to protect clients' and debtors' confidential information. As a result, Plaza received SAS70 Type II Certification in 2008.

"As the economy tightens, we need to be able to liquidate those debt portfolios faster," he said. "As people lose their jobs, they won't be as willing to pay a debt that's two years old when they're just trying to buy milk or gas for their cars."

He said the tightening economy produces a trickle-down effect in the collections industry, with creditors often cutting fees to meet their own expectations, which in turn impacts Plaza Associates' bottom line. The company's response is to make process-by-process improvements to gain efficiencies.

With its proprietary system, the company has been able to improve the way it contacts debtors while not overlooking the pledge it has taken to treat all consumers with respect. "You can always do the right thing if you put your mind to it, and that's what we strive to do," Brennan concluded.