

e-book

A practical guide to managing staffing shortages in auto finance

Here's a fun math problem.

If auto loan delinquencies are at 7.3% (that's *above* pre-pandemic highs), and...

...unemployment is hanging around 3.6% (that's near-record *low*)...

...then who are you going to hire to help those delinquent borrowers get back on track with their payments?

Maybe we should have paid more attention in calculus.



The employee shortfall in auto loan servicing has become a vicious cycle, as understaffing contributes to operational inefficiencies, errors, and poor payment outcomes. That results in reduced revenue, which means thinner margins for hiring additional staff, and it goes back around again.

The U.S. Bureau of Labor Statistics shows that over the next decade, there will be an 8% decline in the need for debt collectors.¹

But that doesn't help you *now*.

Can you *really* do more with less?

According to Work Institute's *2023 Retention Report*, there was one person for every 200 job openings in the U.S. at the end of 2022.²

For auto financing teams trying to hire, those aren't great odds.

This shortage often leads to an attempt to "do more with less," but those efforts are fruitless. Instead, increased workloads for existing staff instead often leads to burnout, errors, and decreased productivity.

Those problems trickle down to the borrower's experience, affecting their willingness to pay and their understanding of their financial responsibilities as overworked employees are unable to devote time to explain bills, debts, and help borrowers create a payment plan.

So, sure, you could do more with less, but at what cost?

But here's the good news. We're in an unprecedented situation, but we've got unprecedented solutions to meet it head-on.

Let's dive into your options to alleviate the pains of understaffing in your auto loan servicing team.



¹ "Occupational Outlook Handbook: Bill and Debt Collectors." U.S. Bureau of Labor Statistics.

² *2023 Retention Report*. " Work Institute.

Option 1: Location, location, location

With the shift to remote work, organizations face new challenges in managing remote teams, maintaining productivity, and ensuring data security.

But in terms of attracting and retaining employees, those challenges can't be the deciding factor.

McKinsey & Company's most recent survey indicates that a flexible working arrangement (e.g. working from home or a hybrid) was in the top three most important motivators for people looking for a new job.³

And a Robert Half survey reported: "Nearly one-third of workers (32%) who go into the office at least one day a week are willing to take a pay cut for the ability to do their job remotely all the time. When asked by how much, the average response was 18%."⁴



In other words, auto financing payments leaders who want the best need to provide arrangements the best employees expect.

In Prodigal's recent webinar, "Tips for hiring and retaining top collections agents," the panel members talked about offering remote work and flex time, but incentivizing them as rewards tied to performance, an interesting compromise for organizations worried about losing oversight.⁵

And there are ways to keep in touch with representatives even outside the office - it's common to do training in person even if day-to-day operations are remote, or to have quarterly off-sites, or, as we'll discuss further in the technology section in a few pages, use new solutions designed to keep remote teams close.



Try it:

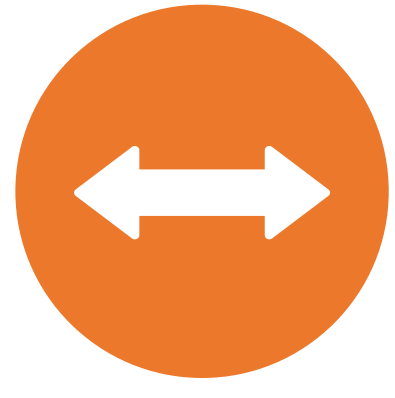
Explore technology to make your team comfortable and compliant with remote work. Offer remote or hybrid options as a reward for performance.

³ "Americans are embracing flexible work—and they want more of it." McKinsey & Company.

⁴ "The State of Remote Work: 5 Trends to Know for 2023." Cision PR Newswire.

⁵ "Tips for hiring and retaining top collections agents." Prodigal.

Option 2: Outsourcing options



When businesses were forced to go remote in 2020, it caused a great deal of anxiety for everyone.

But the lending and repayments industry as a whole is no stranger to remote work, with consumer finance leaders having experimented with outsourcing and offshoring over the years before.

With the fresh round of hiring and retention pains, leaders are looking anew at options for outsourcing their staffing needs.



Finding individuals with the right skills to be a successful auto loan servicing representative can be challenging. But business processing outsourcing organizations with expertise in hiring and training for that knowledge can create ready-to-go teams to help you optimize revenue collection.

And then, of course, there's an immediate benefit to you in handing over the stresses of recruitment and retention to an outsourcing partner.



Another option with outsourcing is looking for an organization which works with offshore or nearshore teams.

Like other outsourcing partners, offshore/nearshore teams have proven experience in hiring quality talent, but their locations mean they are able to offer pay and advancement opportunities that are trickier to match onshore.



Try it:

Research and interview outsourcing partners for onshore, offshore, and nearshore operations.

Option 3: Defeating employee turnover

The high turnover rate among representatives is another significant challenge affecting auto loan servicing. Understaffing and the demanding nature of loan servicing can lead to stress and dissatisfaction in your team members.

Consequently, employees may look for better opportunities elsewhere, causing high levels of turnover. That's an issue for any number of reasons, including a lack of institutional knowledge and experience, but it's also expensive.

With the job market this tight, the cost of recruiting and onboarding new personnel is increasing, so we have to figure out how to retain the employees we've got.

But how?



Hire or retain?

Everyone's focused on recruiting, recruiting, recruiting, desperate to fill the empty spaces on their teams.

And that's expensive. The Society for Human Resource Management (SHRM) estimates an average cost per hire of \$4,700.⁶

But talent management consultants E.L. Goldberg & Associates say that when you include "soft" costs (such as managers' time in reviewing, interviewing, and discussing candidates), the cost of recruitment might be as much as three times the empty position's salary.

And *The New York Times* points out that soft-cost drain keeps going. New employees need time to ramp up, and their trainers are pulled away from their own duties, causing a double drain on productivity.⁷

"For nearly two years, companies have complained that they are caught in an unending cycle of hiring and training workers, only to see them leave in a matter of weeks or months. Constant recruiting and training drains management resources, and new hires often do not stick around long enough for that investment to pay off. Veteran employees are often asked to pick up the slack, leading to burnout," that article argues.



So maybe we should be thinking differently, focusing on representatives who are thinking about leaving their jobs.

In 2022, the Work Institute's *2023 Retention Report* tells us, nearly 51 million U.S. workers voluntarily left their jobs - a third of the nation's workforce. And further, "35% of turnover occurred within the first year of employment, with 37% of that occurring within the first 90 days of employment."

While we can't generalize that to every company, the conversations we've heard at auto finance conferences this year indicate it's possible servicing teams are experiencing close to a 30% turnover. Given the cost and stress of hiring, we might be better off prioritizing retention.

⁶"The Real Costs of Recruitment." Society for Human Resource Management.

⁷"Wave of Job-Switching Has Employers on a Training Treadmill." *The New York Times*.

Getting good people to stick around

But how do you get your best people to stay?

In Prodigal's "Tips for hiring and retaining top collections agents" webinar with Clint Daoud of Unifin, and Chris Schumacher of Optio Solutions, LLC, both leaders noted that solid training and mentoring programs help to improve performance and employee satisfaction, ultimately leading to better retention rates.

"We find that training and mentoring helps with reducing our attrition," said Clint.

At Optio, Chris said that they've shifted from asking supervisors to be trainers to having a national sales trainer, responsible not only for onboarding new representatives but for offering continuing training.

An effective initial ramp program, followed with a structured process for training and support, has made a difference at both Optio and Unifin in keeping their employees around. And it's a rewarding relationship for both representatives and managers.

Larry Baker of RGS Financial, in the "How to keep collectors from burning out" webinar from AccountsRecovery.net, agreed.⁸ "I think part of the best part of this job is helping them see what [representatives] can do and accomplish in this industry, and help them build a career."

According to Work Institute, 52% of all turnover happens in the first year. But with an effective onboarding program, 69% are more likely to stay 3+ years.⁹



Chris also pointed out that investing in employees who genuinely want to learn and improve, rather than the "trouble" cases, is a great strategy. It's easy to let the representatives who have been around for a while and who are performing well go on auto-pilot. But that would be a huge error, explained Gordon Beck of Valor Intelligent Processing in the webinar on avoiding agent burnout.

"Losing somebody that's been with you for five years and is racking in 10 grand a month in revenue is backbreaking, especially in this day and age where attrition is higher than usual and keeping people employed and happy is harder than ever. It's absolutely imperative to our business that we don't lose people in the mind. Because once you've lost somebody in the mind, it's very hard to bring them back from that."

Try it:



- Ask your HR team to devote 50% of recruitment time to training plans instead.
- Develop a formal one-on-one mentoring and coaching program.
- Adjust schedules to allow for rotating weekly training.

⁸ "How to keep collectors from burning out." AccountsRecovery.net.

⁹ Work Institute.

Rethinking compensation

In an industry with ever-shrinking margins, discussing pay and benefits can be painful for managers and executives. But it's vital.

University College's London School of Management Professor Anthony Klotz explained, "Pay is never far from employees' minds, and with the cost-of-living crisis right now that's even more the case. If you're not in the right ballpark when it comes to pay and benefits, it's going to be hard to get employees to fully invest their energy back into their jobs."¹⁰

But making sure auto finance payments representatives are well-compensated can make a huge difference in retention and motivation.

"I've always been a firm believer of allowing [representatives] to live at a wage that is above standard," said Clint from Unifin in the webinar on tips for retaining top agents.

"Our average tenure is somewhere close to three years. They do stick around. A lot of that has to do with: we do pay a competitive salary, offer proper and great benefits, and an uncapped bonus," he explained of Unifin's packages.



In that same webinar, Chris said Optio offers education benefits, and has agents who stay for three or four years while working on a degree.

Reinforcing that alternative way of thinking, in Prodigal's webinar on "How to stop the riskiest agent mistakes," Tomekia Mitchell of Rash Curtis & Associates talked about how companies choose to incentivize representatives makes a difference in how they work.

Focusing on bonuses, she explained, "creates a culture of, 'How much can I get? How soon can I get it?'"

Because Tomekia's team deals with medical debt, she wants to create a culture of empathy more than a culture of greed.

"You're going to have somebody get on the line and tell you why that debt was generated. It could be from cancer, it could be from a child passing away, and you have to have some sort of compassion coming into the door." Because of that, she works to incentivize employees on statistics like their QA score rather than payments received.



Try it:

Benchmark pay against competitors, including options for remote workers.
Revise incentives to reward the behavior that actually matters to your team.

¹⁰"In an Uncertain Job Market, How Can Companies Retain Workers?" *The New York Times*.

Holistic thinking

But all of these leaders stress compensation *packages*. In other words, it's not only about money.

Remembering those survey results about offering employees remote or hybrid work arrangements, or the webinar comments about training improving retention, this difficult staffing moment is an opportunity to think not only about wages and paid benefits, but also about an employee's total experience at work.

And making sure employees are genuinely benefiting from their benefits is a vital managerial strategy for keeping folks around, especially if they are compensated for performance.

It's all well and good to offer vacation time, but if employees don't take it, they are more likely to burn out, especially if they are in one of those "do more with less" situations.

"It's very important that your agents are using their PTO and time off correctly. Sometimes we need to refresh and reset. It's very important that it's planned, scheduled, and they understand the importance of that when they are getting burned out. What I've noticed is a lot of times some agents that seem really burnt out, they don't use their PTO strategically. They use it for a sick day here or there, so they don't ever really get that chance to reset," said Larry from RGS Financial.



Try it:

Analyze benefits usage and restructure plans to support popular or desired benefits.

Create a system and cultural plan to encourage staff to take PTO without sacrificing incentives.

Option 4: Supporting your staff via your tech stack

Remember that decrease in the job outlook for debt collectors we mentioned at the beginning?

That's good news for a tight labor market. (Finally!)

But there's a reason for that expected shift.

Technology finally has the power to transform auto loan servicing representatives' jobs, including relieving them of repetitive, rote tasks, such as time-consuming notes in after-call work, increasing their efficiency, coaching them through every call to ensure consistent success, customizing training just for their needs, and more.



As Shantanu Gangal, CEO of Prodigal, which provides AI-powered solutions for consumer finance teams, including auto finance, explained, "Anything you are doing several times a day or that you spend several hours in a month doing is something you should figure out how you can automate."¹¹

¹¹"LLMs in ARM webinar recap." Prodigal.

New answers for teams failed by technology

Auto loan servicing can be a complicated process that requires multiple steps and interactions between different stakeholders. In the past, technology has helped move to streamline some of these steps, but significant complexity remains.

For example, technology has not been able to entirely automate the payments process, especially when borrowers have questions about their loan that require manual follow-up and empathetic and clear communication.



In a time where debt and delinquencies are on the rise, effective borrower financial engagement is crucial for successful auto finance loan servicing.

Many borrowers are struggling to pay their loans, and auto financing payments teams must manually contact them to explain bills and discuss payment responsibilities and arrangements.

The use of outdated technology and lack of automation can further exacerbate staffing issues. Without the right tools, tasks that could be automated, such as after-call notes or QA and compliance audits, remain manual labor. This not only wastes valuable time but also increases the likelihood of errors.

In the past, auto loan servicing teams heard a lot of promises about how technology would resolve all their issues, only to be stuck with old-fashioned and faulty transcription-dependent speech analytics tools that delivered endless false positives and negatives.

But AI and machine learning (ML) have ushered in a new era.



Try it:

Formally evaluate your tech stack to compare promises made vs. promises kept, ROI, feature wish list, problems, and opportunities for improvement.

Transforming auto finance payments teams with the right tech stack

In Prodigal's webinar on employee retention, Chris from Optio highlighted the importance of technology such as speech analytics and collaboration tools, to improve representative performance and communication.

"The tools that we have developed in the last five years drastically change the ability to be successful with mentoring and helping, encouraging."



The shift to remote work has forced us to rethink how we can use technology to stay connected, and for managers and representatives to work together effectively to support borrowers and deliver revenue.

AI has made real-time monitoring of representative/borrower interactions possible, as opposed to older solutions that relied on post-call processing. This means representatives can get the immediate support they need and managers can rely on having a similar level of insight into their team's work as they did when they had a floor to walk.

And tools that allow teams to collaborate remotely in real time also increase representative success, giving them fast access to managers and peers, and giving leaders insight into performance even from a distance.



The remote work environment has made evaluations tricky, said Zenon Butts of General Revenue Corporation in Prodigal's webinar on stopping the riskiest agent mistakes.

"Now we're 100% collector remote, so we have no choice but to make sure that everybody's compliant through tools. And we have to have facts, and we have to have data and you have to have recordings."

Whether it's remote work collaboration software that allows departments to work together even when they're apart, or generative AI-powered solutions to deliver real-time representative assistance, call audits, or automated, standardized notes, it's time to rethink your team's tech stack to help alleviate staffing woes.



Try it:

Make a wish list of needed technology to accommodate remote or outsourced work, evaluate KPIs or important metrics, and uncover training needs *before* you shop for solutions.

New times require new thinking

What's that oft-quoted definition of insanity?
Doing the same thing over and over and
expecting different results?

Frantic hiring efforts haven't paid off. It's time to
try something new.

"The answer is technology: automate everything
you can. And second is digital: allow your
employees to focus on high-value work," said
Paul from AccuReg.

Because AI puts us in a position to think
differently, we can consider what responsibilities
we entrust to our technological solutions and
what we want to make sure is handled by
agents.



The Healthcare Financial Management Association's (HFMA) Richard Gundling recommends
"broader thinking about how to use human staff, and matching it up with AI and robotic
processes, so that purely transactional processes like payment processes can be automated.
Meanwhile, there needs to be more advisement, as well as time and energy devoted to
collections."

Try it:



Survey representatives to uncover the repetitive tasks they'd love to see automated and
the duties they wish they could spend more time doing. Measure KPIs to uncover
opportunities to rescue time and reallocate resources.

Meet the 3 AI-powered solutions that will transform your auto financing payments team



ProAssist



ProNotes



ProInsight

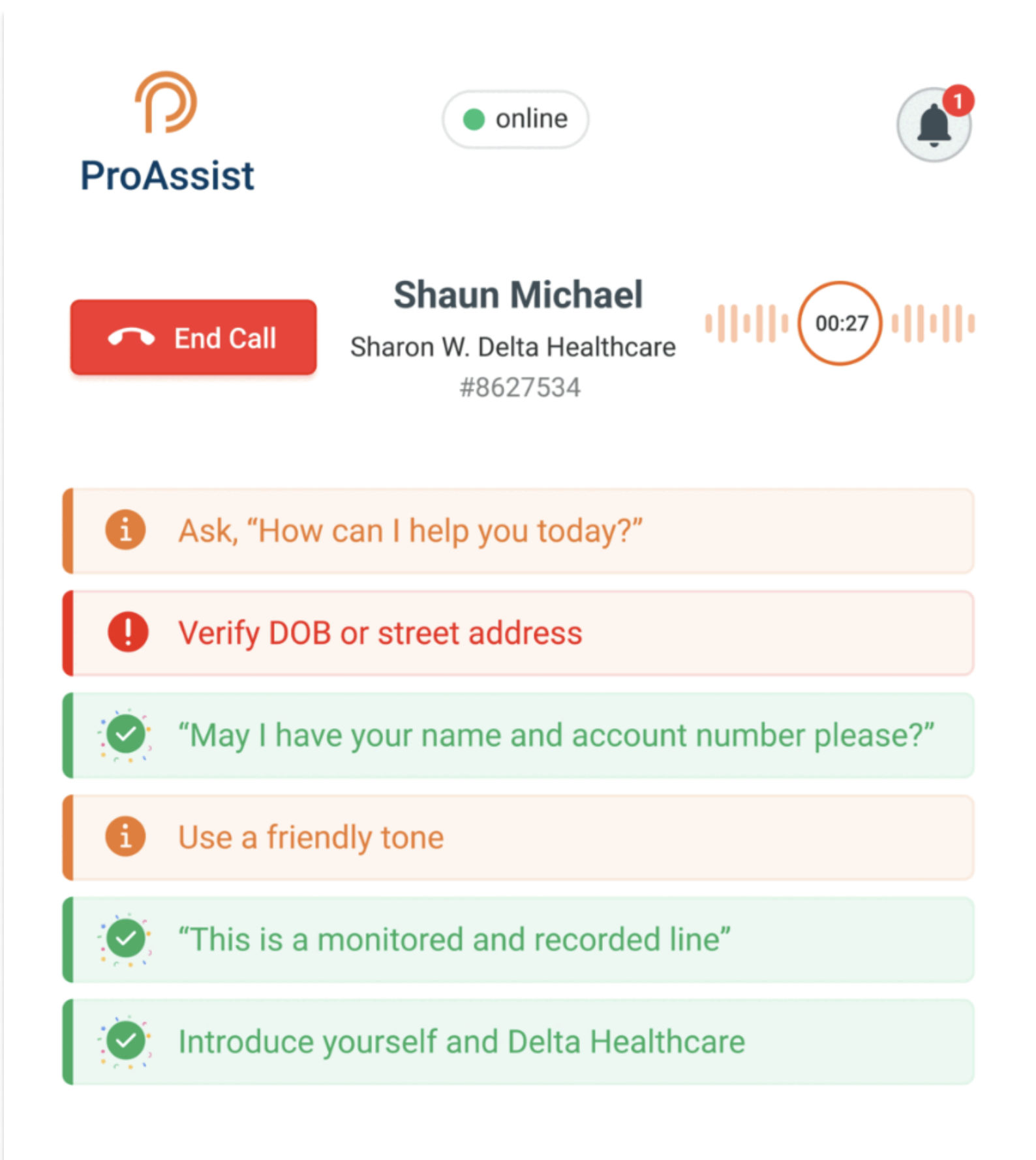
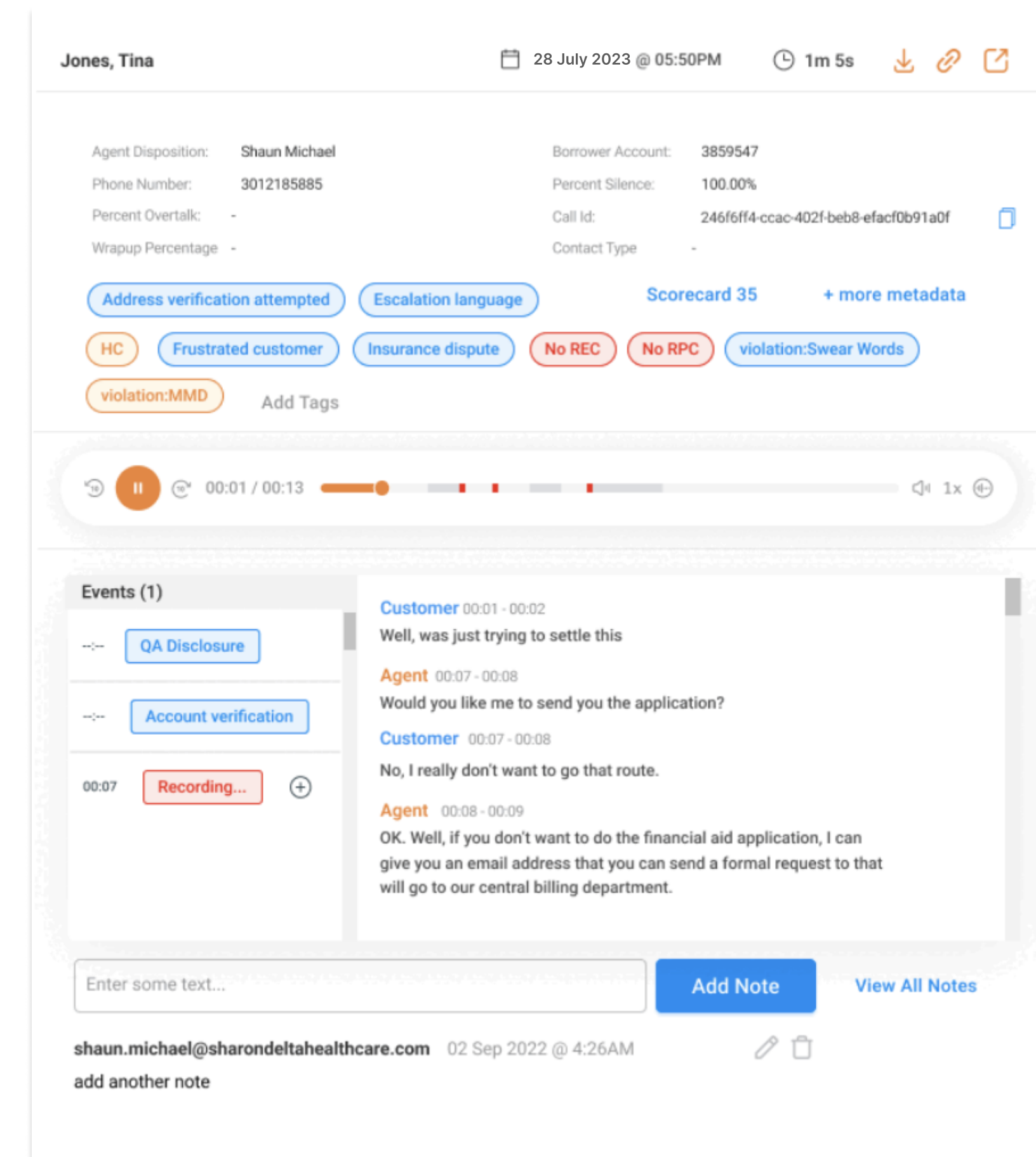




ProInsight

Evaluation and insight

Whether it's lightning-fast, 100% compliance and QA coverage or business insights to improve training and coaching or deliver insights to elevate business processes, AI can deliver it all. Evaluate, tag, score, and flag every single borrower interaction and use that detailed information to improve your team and your business.



ProAssist

Real-time agent assistance

Imagine if you could coach every one of your representatives through every borrower interaction. AI trained specifically for consumer finance can do it for you - offering reminders, identifying complaints, and reducing ramp time for new representatives by 50%.

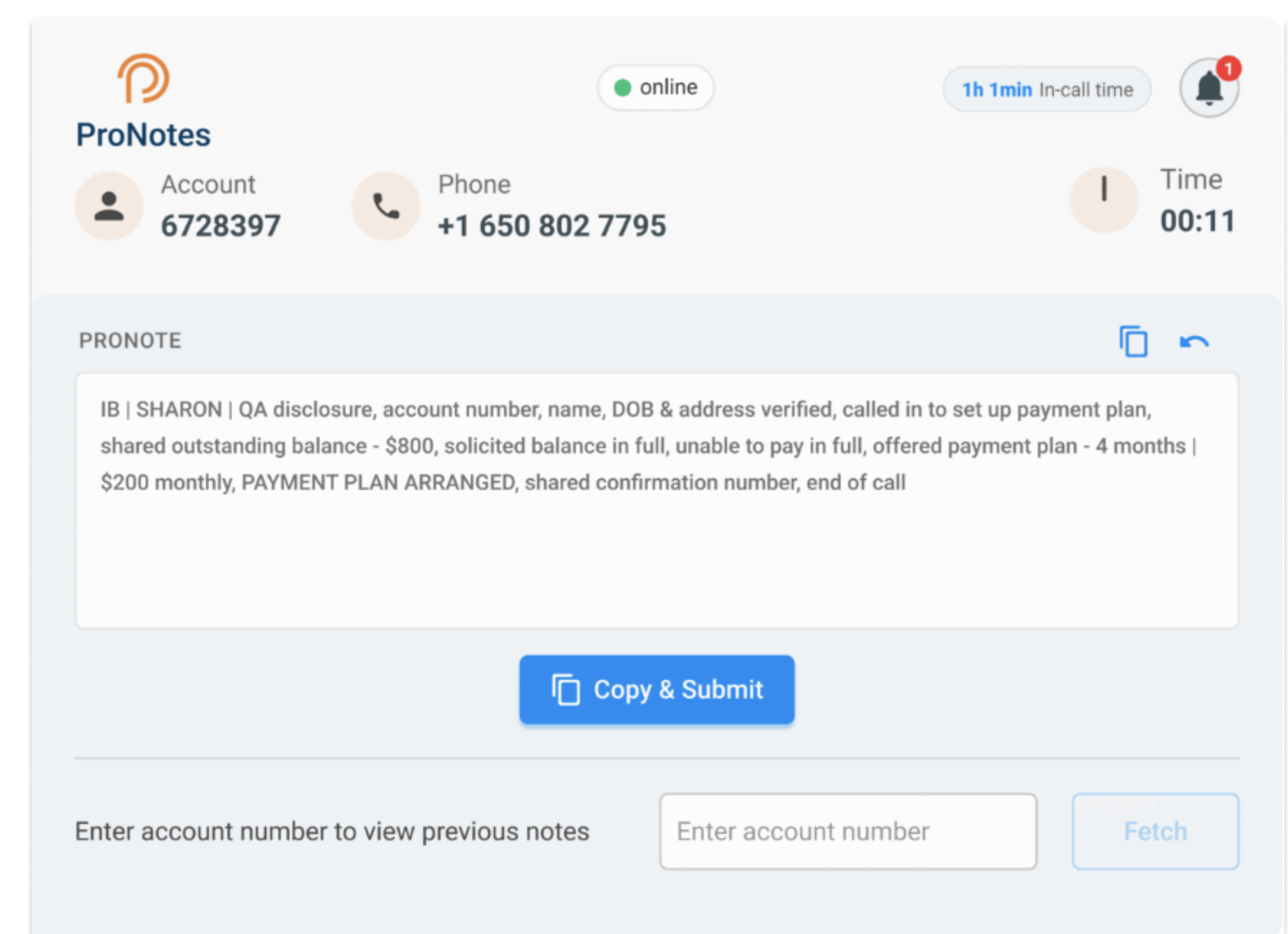


ProNotes

Automated notes

After-call work is a drag on employee productivity and morale, but it's vital. Handing that repetitive task over to AI eases the administrative workload for your representatives and ensures transaction notes are complete, standardized, and finished in seconds.

Bonus: representatives are freed up from that rote work to be able to give their energy and attention to borrowers.



Summing it up

Addressing the staffing problems in auto loan servicing requires a multifaceted approach, including targeted recruitment, training, and technology implementation.

With these tactics, auto finance payments teams can enhance their processes, increase revenue, and ensure financial stability in an ever-evolving financial landscape.



Ideas to try

- Implementing remote or hybrid working arrangements
- Contracting with agencies with loan servicing experience
- Outsourcing or building teams offshore or nearshore
- Focusing on retention above hiring
- Ongoing training opportunities for representatives
- Mentorship/career path guidance program
- Revised holistic compensation packages
- Cultural shifts to encourage use of benefits like PTO and rewarding on quality scores
- Re-evaluating your tech stack
- Deciding which processes can be automated
- Shifting low-value, low-reward work away from representatives
- Freeing representatives from repetitive work to allow them to focus on borrower satisfaction
- Using generative AI to transform representatives' work experience and deliver business insights



Prodigaltech.com

Get a free personalized demo

In your customized product tour, learn how AI can maximize payments and revenue through improved representative productivity.

[Request a demo](#)