



Collections HealthCheck

CHC

Every collections call needs to be effective, productive and deliver continued improvements in order to be successful, profitable and sustainable. Over time, standards and processes can slip or become outdated, and like many things in life, businesses need regular maintenance too.

The Collections HealthCheck™ is the first logical step to becoming an optimized collections and recoveries organization.

Collections HealthCheck

The Collections HealthCheck is a systematic review of the people, processes, management systems and results in the collections lifecycle of any business involved in high volume (usually) low ticket collection and recovery.

- Gets to the heart of your operation using a diagnostic approach extrapolated from the fasEo Business HealthCheck
- Examines the collections lifecycle - processes, organisation, structure, strategy, use of technology (out/inbound), scoring systems, contact channels, resource and forecasting models, management information, benchmarking and much more
- Develops the “as is “ state and projects a roadmap for the future with real value identification
- Diagnostic, not prescriptive
- Provides for execution in support of the diagnosis
- Delivers savings in efficiency (extra capacity/greater recovery rates/productivity increases), and bottom line effectiveness (bad debt, provisions and expenditure on third parties)
- The Collections HealthCheck will seek long term solutions, but like our Business HealthCheck will also recognize short term low hanging fruit – often the ‘no brainer’ that justifies the HealthCheck at a stroke!

Flexible approach, unobtrusive and bespoke to your situation.

We will review your collections business against seven key areas and, dependent upon the size of the enterprise or department, we expect to have a completed report with identified, quantified areas for improvement within 4 weeks of undertaking a project.

7 - Steps to Optimizing your Collections

We service our cars regularly - and as individuals we know it makes sense to have regular Health checks and act upon the diagnosis. Likewise, organizations require assessments on their performance and the components that make that business 'healthy'.

More importantly, in fast changing markets or economic downturns, the fine tuning of performance is often neglected or simply not recognized.

The pressures associated with operating the day-to-day business often means that the collections group does not make the time or have the resources to 'self-assess' its performance.

Attempts at self improvement are often limited in their effectiveness due to internal managers being 'too close' to the processes, or perhaps having pre-conceived, sometimes defensive, views - or an assumption that technology cannot meet the demands of the collector. What is needed is an external view based on facts, industry-wide benchmarks and best practices. **What is needed is the Collections HealthCheck.**

The Collections HealthCheck will bring performance advantages to most collections and recovery organizations, irrespective of size or complexity – and across a variety of business verticals - improving the performance and the cost to earnings ratio.

Our approach is based upon the principles of Business Excellence; assessing an organization against the criteria of the proven European Business Excellence Model, and identifying performance gaps. Coupled with that theory, we are expert in developing collections solutions, and can bring those principles of 'best practice' across many continents to our clients.

When looking to the future, developing and aligning the organization to deliver successful strategies, it is vital for the organization to understand its present strengths and areas for improvement.

The Collections HealthCheck can develop this picture and provide not just the large-scale view of the territory for the management team, but also give a detailed map for people in the organization to follow, and help them identify their contribution in progressing towards the Collections Vision.

At the macro level, the Collections HealthCheck will help organizations align identified improvement opportunities with their business goals. At the micro level it will identify areas for improvement, where low-hanging fruit can be reached and quickly harvested.

How does it work?

The Collections HealthCheck is a holistic diagnostic that recognizes the interdependency between each element.

Ask yourselves – how effective and efficient are we in these functions? How often have you taken the time to evaluate your effectiveness in optimal collection and recovery services?

We believe that vast amounts of benefit lie in examining collections efficiency and productivity – the managing, training and evaluating collector performance, and the resulting effectiveness in saving dollar write-offs that immediately improve the bottom line.

We undertake 7 critical business elements aligned to the fasEo Business HealthCheck. Examples of the content is identified below.

1. Leadership – driving collections strategy and managing customer relationships
2. People (individual) - managing, measuring and rewarding best in class performance
3. People (team) - getting the Contact Center inbound/outbound missions to be both effective and efficient and aligned to purpose
4. Processes – ensuring that operationally at every level we are effective
5. Technology and Channels – embracing every collections channel and integrating the activity across business verticals
6. Resources – Managing internal resources and external partners
7. Results – getting the right management information to decision makers so that collections at all levels is functioning optimally – and getting sustained improved results

1. Leading Collection Strategy and Building Customer Relationships

Is collection viewed and measured as a profit or loss center?

- Are you customer or product centric?
- Do you seek to collect and repatriate?
- At what level do you break the relationship?
- Are your practices logical and transparent?
- Does the customer understand the outcomes?
- Are your approaches and strategies uniform?
- Do you have pre-collection activities?

- How do you bring accounts into the collections cycle?
- Do you deploy behavioural scoring, predictive analytics or just group accounts by stage?
- Are you collecting at individual account level or at customer relationship level?
- Do you have clear goals and objectives in place?
- Are you champion/challenging across approach, style, channel and team?
- Do you measure your staff by individual performer and reward accordingly?
- Are you managing trends and internally/externally benchmarking?

2. People (Individual)

- Are the people well motivated, coached, mentored and reviewed?
- Does every member know their role in the team result?
- How do you manage your key time workforce?
- Do 'team leaders' walk the floor and coach – or just take escalated calls?
- Is the reward system robust – do you reward the best/ train or replace poor performers?
- Are the goals shared across the Collection and Recovery Organisation?
- What percent of the team are actively collecting – versus administering?
- Are internal partners such as IT embedded within the collections mission?
- Are front-line collections staff enabled through policies and technology to make decisions and offer solutions.... and to what level?
- Do you track and audit the quality of collections?
- Is the workforce stable?
- Do collectors recognize that 80%+ of clients never default?!
- Are you managing trends and internally/externally benchmarking?

3. People (Team)

- Are agents trained in tranche collections – placing the most experienced at the early/late or other stages for example?
- To what extent are calling lists penetrated?
- Are your contact rates falling, right party connect rates falling and collection costs rising?
- Do you manage collectors to a scorecard of performance - Hours worked, agent utilization levels, level of arrears, inbound/outbound mix, contact rates, promise rate, kept rate, amount collected per hour per collector versus the mean?
- Do you blend inbound with outbound missions?
- Do you offer Customer Assistance....Is every agent a collector – whether in customer services or collection?
- Are manager's visible and driving results?
- Do executives listen in or participate in calling activities?
- Can customers negotiate settlements readily?

4. Processes

- Do you have clear documented processes?
Do you have Process Owners and identified handovers?
- How is business continuity managed – can you afford downtime?
- Are inbound and outbound missions blended?
- Do you manage the seat capacity through rigorous trend measurement and utilize predictive models?
- How is collection quality measured and adherence to policy monitored?
- Are the various business verticals/ centers/branches etc aligned and integrated?
- Do the systems deployed have complimentary processes – for example does the dialer erroneously re-sort the presented calling lists or do processes exactly mirror policy and strategy? How do you know?
- Are you managing trends and internally/externally benchmarking?

5. Channel Management and Technology

- Are channels open, fully integrated and available to customers?
- Is information appropriate and fresh?
- How often do you refresh across each channel – are there timing discrepancies?
- Is technology insourced/outsourced?
- How do delinquent customers navigate through each channel to reach the right agent?
- How is third party integration managed?
- What technology is available at the desktop?
- How is the collections and customer serving technology integrated?
- What is the IT system availability?
- Is the platform readily expandable?
- Are you managing trends and internally/externally benchmarking?

6. Internal and External Resources

- Do you split work across sites and timezones effectively?
- Is the pass through of accounts to agencies and reported collections managed effectively?
- Are accounts purged regularly and charge-offs managed?
- How are external suppliers managed?
- Do you have a league table of competing external agencies – champion/challenger?
- How important is your business to them?
- How do you manage the sale of debt?

7. Results

- Is collection and recovery managed as a profit center?
- Is information presented in a format that is clearly understood?
- How do you manage roll rates, vintage analytics, recovery rates?
- What is your collections accounts to FTE loading by bucket?
- Do you track cost per dollar recovered?
- How do you manage inbound call service levels and outbound dialler seat utilization?
- Do you maintain a scorecard of performance metrics by agent, team and department? Do you model productivity gains to reduced charge-offs?
- How do you track collection agency performance?
- Do you measure, benchmark and create performance league tables for your agents?

Collection is a process that has to be fine tuned regularly, is accompanied by techniques, analytics and expert education.

fasEo provide training programmes for basic collectors and a suite of educational programmes designed for Risk Managers – from overviews, to the depths of building appropriate risk models and scoring systems.

For more information about the Collections HealthCheck or any of the collections suite of training products and services – contact@faseo.com