

Case Study: Performance Improvement for Collections



About The Client

This COPC Inc. client is a North American telecom company that largely grew through acquisition. All business segments had grown rapidly with 20% year-over-year growth. The company's credit policies were developed to allow flexible options so nearly anyone could purchase their services and products. Subscriber-based programs ensured continued revenue, assuming customers paid their bills.

Challenge

The company's collections targets were not being met. Net Bad Debt (NBD) levels had skyrocketed and were trending up. Involuntary churn was increasing and above budget. NBD losses were \$9 million OVER budget for a quarter.

The company's CFO recognized that earlier budget requests had been denied, but management had not warned that NBD performance would be impacted so greatly.

While adding collections staff would possibly help, company executives recognized they would be scaling existing, antiquated and potentially bad practices. To make matters worse, any new acquisitions would only exacerbate the situation, and a large acquisition was on the horizon.

Improvements

- Stopped quarterly loss of \$6-12M in bad debt during first 12 months
- Achieved \$24M increase to bottom line
- Managed staff growth from 300 to 700 agents with subscriber growth more than doubling
- Reduced involuntary churn from >.60% to targeted performance of .44%
- Increased right party connects by 3X

The COPC Inc. Solution

COPC Inc. conducted an assessment of the company's customer experience (CX) operations and determined that the CFO's initial concerns were warranted.

Due to an inadequate organizational structure and cobbled-together reporting, the actual performance of the organization was heavily masked and potentially had critical integrity issues.

Practices were highly inconsistent across two facilities, and management did not know where to begin to move the needle of performance issues.

The COPC Inc. team decided to address the NBD issue in two phases. In Phase 1, COPC Inc. determined the most urgent areas to address and implemented an improvement program.

During this time, COPC Inc. essentially "ran" the collection business, including supplying an interim vice president. During Phase 2, the COPC Inc. team transferred the improvement process to existing company resources. The entire initiative was completed in 24 months.

PHASE I:

The COPC Inc. team reviewed, developed and implemented processes in the areas of people management, the company's outsourcing strategy, and metrics. COPC Inc. also provided COPC® High Performance Management Techniques training to managers.

People Management:

- Developed and implemented improved hiring practices and processes to ensure staff with the right skills were recruited and hired
- Created robust approach to verify agents were hired and trained with required minimum skills
- Implemented bonus/reward structure to drive desired behavior and performance
- Modified capacity planning, scheduling practices and skills-based routing to ensure staffing plans were appropriate, agents adhered to schedules, and transactions were delivered to qualified agents
- Realigned organization to consolidate all credit and collections into a centralized organization including development of key positions

Outsourcing Strategy:

- Developed, decided and deployed strategy and SOW for new supplier
- Created dialer strategy to improve right party connect (RPC)

Metrics:

- Implemented complete set of metrics and established appropriate targets
- Enhanced quality program to focus on critical areas that drive performance in a collections environment

PHASE 2:

The COPC Inc. team transitioned the improvement process to company resources as they together worked on business planning and performance management.

Business Planning:

- Facilitated annual/quarterly planning
- Conducted acquisition impact planning for people, processes, and systems

- Cascaded existing metrics top to bottom
- Developed a Program Management Office

Performance Management:

- Developed a position responsibility alignment (RASCI) to clarify roles and expectations at all levels
- Continued improvements in quality program
- Provided coaching to transfer knowledge from COPC Inc. team to new senior team

Benefits

Through COPC Inc.'s focused approach, this telecom company recorded significant financial and operational improvements:

- **Net Bad Debt improvement during the first 12 months:** Stopped quarterly loss of \$6-12 million in bad debt. The company achieved an estimated \$24 million increase to the bottom line despite an increase in quarterly operational expenses of \$12 million.
- **Net Bad Debt improvement during second 12 months:** Net Bad Debt was budgeted at the "corrected performance levels," and performance was 6% below forecast. Involuntary churn was at target.
- **Growth Management:** Managed staff growth from 300 to 700 agents. Subscriber growth more than doubled (to 3.7 million) during this period of time. Contacts per subscriber increased from 9% to 11.5% during this time due to allowance of lower credit scores and credit-limiting monitoring requirements.

Telecom Company AR OPEX and Net Bad Debt (NBD) in Dollars (in 000's)

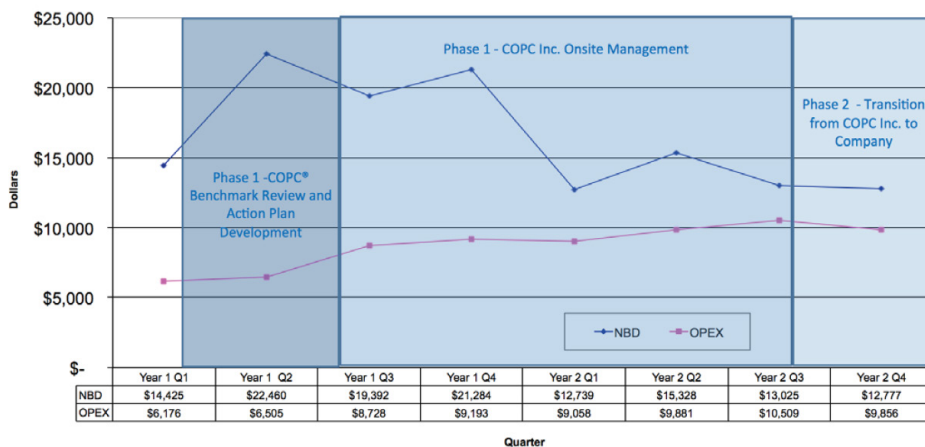


Figure 1: This graph shows the progression of the COPC Inc. team during this performance improvement program, from review to implementation to transition. The graph also reveals the dramatic drop in NBD during the middle of the program implementation and the sustained improvement during the transition.

About COPC Inc.

COPC Inc. provides consulting, training, certification, benchmarking and research for operations supporting the customer experience. The company created the COPC Standards, a collection of performance management systems for customer experience operations, customer experience management, vendor management and procurement.

Founded in 1996, COPC Inc. began by helping call centers improve their performance. Today, the company is an innovative global leader that empowers organizations to optimize operations to deliver a superior service journey. COPC Inc. headquarters are in Winter Park, FL, U.S., with operations in Europe, the Middle East, Africa, Asia Pacific, Latin America, India and Japan. www.copc.com.

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