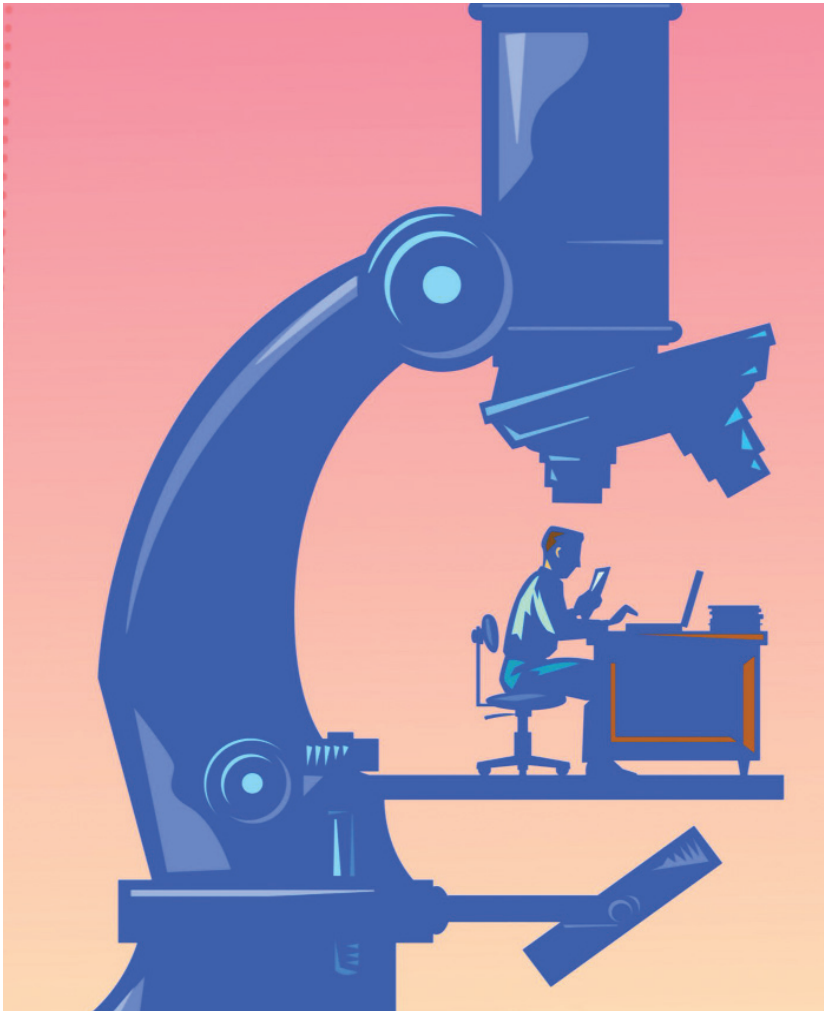


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Under The Microscope: Collector Productivity

Economic and industry challenges have led to a heightened need for agencies to get the most out of collectors. By Bill Grabarek

WITH AN ECONOMY PLAGUED

by rising unemployment, tightened credit conditions and shrinking liquidity, getting the best from collectors is now more than simply a matter of success, it is a matter of survival.

“If there is one thing [the industry] is trying, it’s to create efficiencies within their operations,” says Jay E. Gonsalves, president at Middleboro, Mass.-based Action Collection Agency of Boston Inc. and president of the executive committee at ACA International, the association of credit and collection professionals. “These economic times create the impetus to do things better and smarter and more efficiently.”

Razor-thin bottom lines and ever-present competition has led several companies to closely examine collector productivity. Agencies are looking into areas ranging from a system of complex “key performance indicators” to technology improvements to simply revamping the collectors’ workspace – all with the goal of helping their collectors produce.

“Your productivity equals returns for your clients,” says Robert Sherman, vice president of marketing for Vengroff, Williams & Associates, a Garden Grove, Calif.-based receivables management company. “If you’re not driving [productivity] further, the client has many different opportunities to go out and look for other viable partners. For the sake of survival, productivity is key. It’s a no-choice scenario.”

Several agencies are turning to technology to modernize and streamline their operations, as well as provide more convenient methods for consumers to square up their debts.

Near the end of 2008, The Affiliated Group, based in Rochester, Minn., installed the latest generation of predictive dialing technology, complete with all the “bells and whistles,” says Mark Neeb, president and CEO.

“Our outbound dials have increased 50%. Some of that was just capacity, no real magic there. But we have had a major increase in productivity,” Neeb tells *Collections & Credit Risk*.

The Affiliated Group’s investment on infrastructure and technology has not stopped with a fancy new dialer. By February, the company hoped to have its new Web portal operational, Neeb says.

The Web portal enables consumers to log onto the company’s site and not just look up their account and make payments, but also propose payment plans. The system either will accept or reject the proposal based on parameters set by The Affiliated Group’s clients.

“It will allow consumers [at any time] to handle their affairs without necessarily having to talk to anybody,” Neeb says. “And it will be flexible to the extent that they can weigh their own options and ability to pay and try to match those up with what

ing the technology approximately eight months ago. Neeb says the company has not set any efficiency goals for the portal but expects to see results within the first 90 days of operation.

Neeb says the industry must do a better job of working with consumers using methods with which they are most comfortable.

“We have to create the convenience that they expect and do business the way they want to do business to keep ourselves competitive,” Neeb says. “It might not be too common today, but I guarantee you in the next few years collections will be done via e-mail, text messaging, Web portals – any way the consumer wants to do it. The onus is on us and our industry to wake up and start behaving that way.”

Evolution of Payments

Many agencies have adapted to the evolution of how individuals want to pay. Triad Financial Corp., a third-party loan servicer

Another feature of Speedpay enables Triad to immediately receive funds while a representative is on the phone with the consumer, thus eliminating the need for the consumer to travel to the local grocery store, for example, and send money from a Western Union kiosk, France says. The process is more convenient for the debtor and Triad receives the payment faster.

Approximately 35% of Triad’s customers provide their bank routing and account numbers to enable the company to process payments, France says. Some 12% visit Triad’s Web site and self-serve their account by scheduling payments themselves. “Consider the productivity gains. Those customers who self-serve their own accounts do not require any communication with us in making the payment transaction,” he says.

The self-service interface removes from the collection queue those consumers who prefer to log onto the site, provide their banking information, make a payment and leave, says Steve Kramer, vice president of electronic payments at Englewood, Colo.-based Western Union Payment Services. “[Speedpay] frees up time for your collectors so they can handle the calls that might be a bit more complex,” he says.

Triad recently began using Western Union’s billing feature where the bill is enclosed in an e-mail, says Kramer, enabling the consumer to make a payment directly from the electronic message.

Any trust issues consumers might have had with these forms of electronic payments were quickly resolved, agree France and Kramer, to the point that a growing number of debtors appreciate the convenience and welcome the ability to quickly take care of their account without the embarrassment of having to speak with a collector.

And, France appreciates the results. “It has added so much efficiency to the payment process. We don’t even have to touch a lot of our transactions anymore,”



“We have to create the convenience that they expect ... to keep ourselves competitive.”

MARK NEEB, THE AFFILIATED GROUP

our clients will accept in the form of a payment plan.”

The Web portal will know to accept or deny a debtor’s settlement proposal whether it is ABC Utility Co. or XYZ Hospital, Neeb says, adding that consumers will not know what the client’s predetermined parameters are, but they will see there is opportunity to have a say in shaping their payment structure.

“If their offer equals or exceeds what our client will accept, then that transaction will be accepted and it will all be done electronically without any human intervention,” Neeb says.

The Affiliated Group began investigat-

based in North Richland Hills, Texas, updated its online features to give consumers the ability to schedule payments automatically on any given day each month.

“The customer can self-serve their account and set up a payment schedule themselves via our Web site or they can call us and we can enter the transaction,” says Scott France, Triad’s executive vice president of collections and servicing. “When that date rolls around for the customer, [the system] processes it.”

Furthermore, the software, Speedpay by Western Union Payment Services, removes the account from Triad’s calling file after the transaction is processed.

personnel

France tells *Collections & Credit Risk*.

The Human Condition

In addition to employing technology to improve productivity, agencies also are finding ways to maximize efficiency at the desk, or individual collector, level.

Vengroff, Williams & Associates a few years ago developed their Key Performance Indicators (KPIs), a series of metrics used to measure the health of the organization and to ensure that all parts of the company are marching in step with the same goals and strategies.

These metrics are based on an individual's productivity in areas such as number of accounts worked, skip-tracing effectiveness or liquidation ratios by specific industries. These KPIs are rolled into what

every company. Our model is expensive to produce but once you get over the hurdle of getting this type of culture inherited in your business, it becomes very easy and it's not much of a demand fiscally on the business," Sherman says.

But not every system for maximizing collector productivity need be nearly so analytic. National Check Trust Inc. and Collection Services Inc. are Miramar, Fla.-based sister companies that match collectors with accounts that they feel collectors will experience the most success.

For example, one of the collectors is male, in his early 50s and is originally from New Jersey, so the company assigns him cases that are high balance and involve bounced business checks because most of those debtors tend to be male,

debtor would run all over her."

Similarly, NCT/CSI will assign bilingual collectors to debt cases in Florida and California, where there is a greater percentage of Spanish-speaking debtors. "Our collection numbers are still very strong [despite the economy] and we see results right away by [profiling]," Rathburn tells *Collections & Credit Risk*.

Sometimes all it takes is an improved working area for collectors and their supervisors. Following a move to a bigger office in late 2008, Action Collection Agency reconfigured collector workstations to make them more visible to supervisors who now are better able to observe collector operations, quickly address questions or take corrective measures, says Gonsalves, ACA's president. "We have started to see some more focus because of the way we reconfigured the work stations on the collector floor," he says.

Like many other agencies, the company also is working to shift nonproductive work from the collectors to support staff. Gonsalves admits the concept is not groundbreaking, but it is effective.

"A collector can be tied up on hold with an insurance company for God knows how long. So, we are shifting that work to collection support staff to let the collector continue to work their portfolio," he says. "We're just trying to create efficiencies and use the collection talent for collections, not waiting on hold."

With the challenges facing the industry, these agencies have left no stone unturned as they discover methods – or employ tested ones – to maximize collector efficiency and productivity. **CCR**



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ROBERT SHERMAN, VENGROFF, WILLIAMS & ASSOCIATES

the company calls Vital Factors, a broader set of goals that the company measures monthly.

"Vital Factors are more of an individual as well as departmental model for us monitoring all of the key attributes that are vital to our performance in the business," says Vengroff Williams' Sherman, adding that within the first 12 months of implementing Vital Factors, the company noticed results.

"I can't say our philosophy works for

says Michael Rathburn, risk manager at NCT. NCT/CSI collects on bounced checks in the auto, building supply, furniture and equipment rental industries. The mix of paper is 60% consumer and 40% commercial.

"With him being a [crusty] guy in his early 50s, he is able to motivate them more to pay as opposed to putting a 25-year-old woman to collect on a business check in New York," Rathburn says. "We wouldn't see success with that. The