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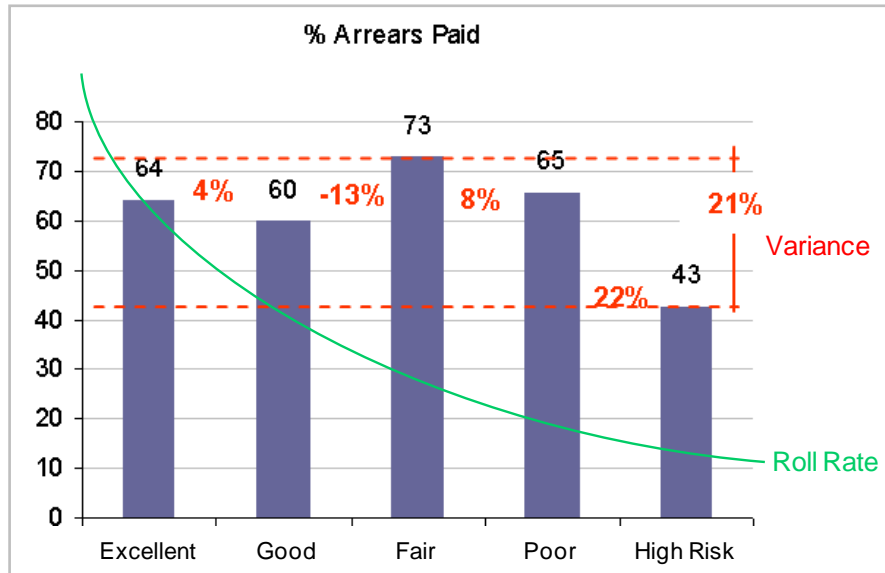
Six Lessons Learned
from Debt Recovery Practitioners
in Utilities



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Lesson 1: Credit Status doesn't correlate to 'Roll Rate'

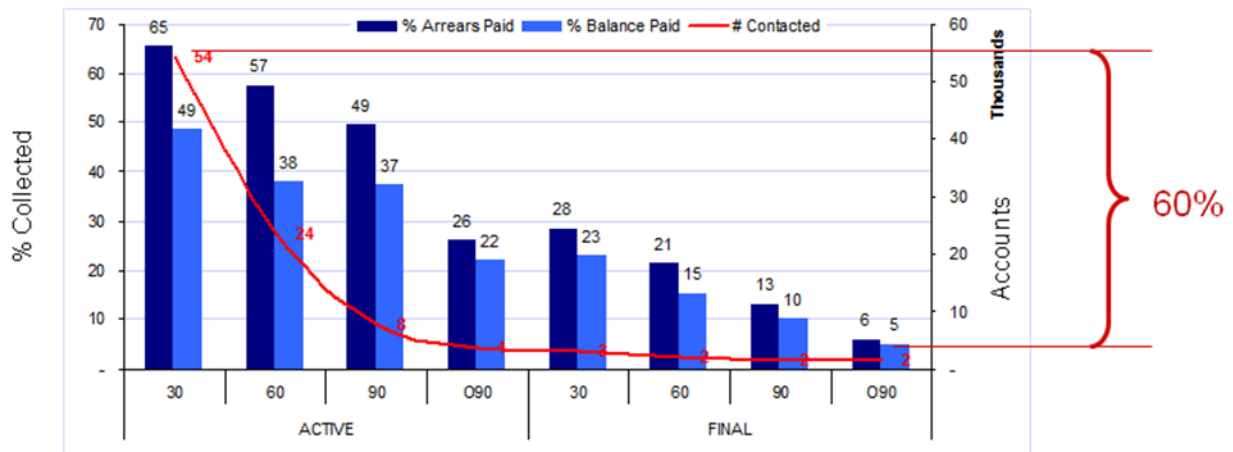
Individual account behaviour is impossible to detect through 'Credit Scoring' which has little effect on aging progression and debt transfer, typically referred to as 'Roll Rate'. In terms of dollars paid across a set of accounts with different credit scores the variance is minimal.



There is no clear correlation between 'Roll Rate' and the credit scores assigned to accounts, which suggests that assigning a credit score to an account doesn't heighten visibility, nor does it enable accurate predictions for treatment or payment.

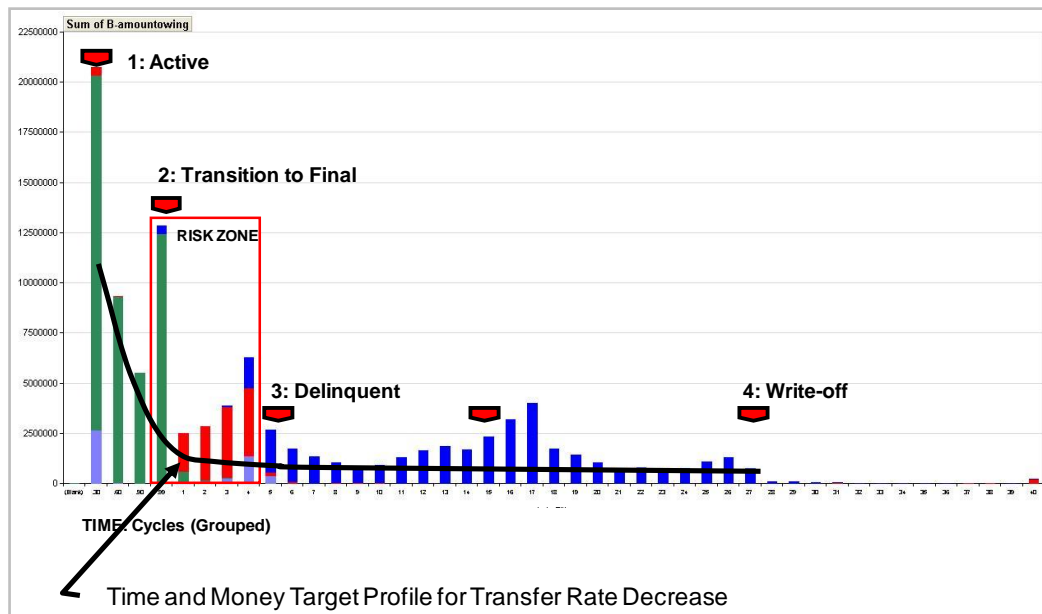
Lesson 2: Higher visibility can reduce risk and forecast outcome scenarios

The ability to see the relationships between financial 'Roll Rate' and account 'Roll Rate' is critical to reducing your debt and accurately predicting treatment outcomes. A bird's eye view of account movement within collections and associated dollars means that treatment opportunities, events and their results are clearly visible. Accounts that pay early in the progression are least at risk. Those that are treated early, but don't pay are the higher risk accounts, which will continue to move towards write-off.



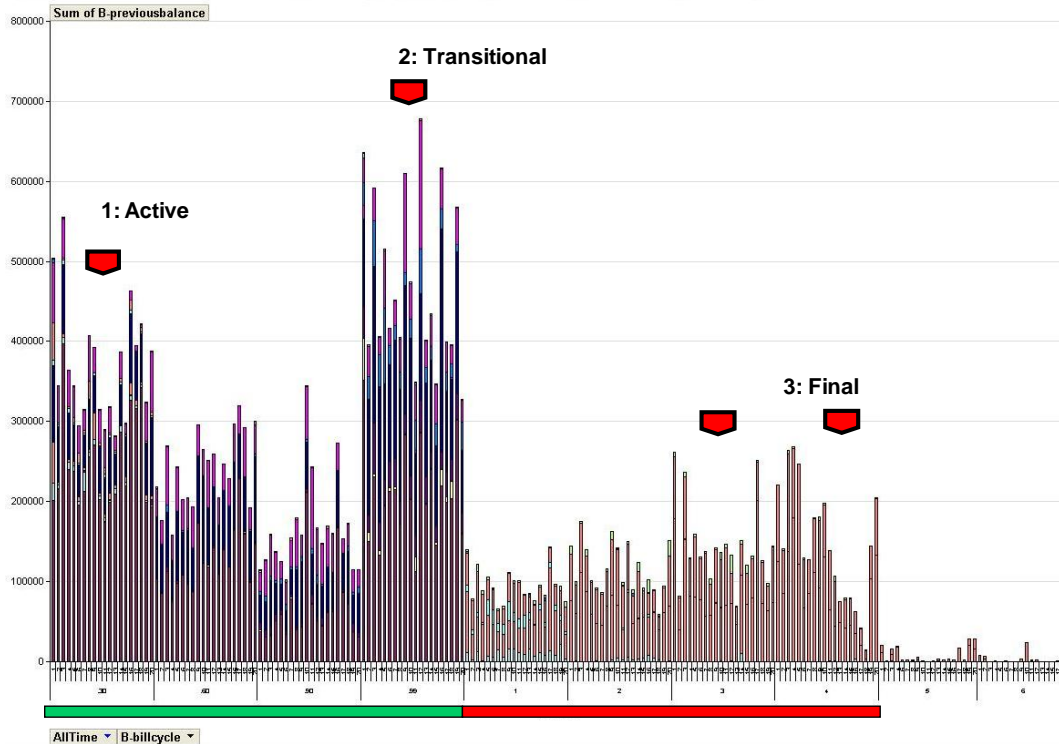
Lesson 3: Identification of critical transition areas and alignment of resources can draw down the transfer rate of accounts from active to final

Tracking accounts gives greater visibility for treatment opportunities and forecasting. Once accounts final associated dollars are at risk for eventually going to write-off, so treating new final accounts early rather than later will increase the likelihood that movers can be located and reminded that they have money owing. Similarly accounts moving into the back office can be picked up quickly using resources that have been mapped to the workload.



Lesson 4: Daily account risk types can be targeted

You can't have visibility without account tracking. Assigning account risk type based on treatment response behaviour allows you to provide custom treatment for all accounts, but especially for the higher risk ones. For example, if an account consistently demonstrates payment arrangement default with resultant increase in arrears, evidence-based decision-making is possible through account tracking. By seeing what the response is, you then have the information you need to apply a different treatment event, e.g., service decrease or disconnection, security deposit for service resumption.



Lesson 5: Debt recovery timelines are complex and too labour intensive to maintain accurately

In an activity based model of collections, accounts are classified and grouped usually based on credit status. Multiple timelines are in place for a given account because it is likely that it will move between classifications as status changes. Accuracy of treatment and results is difficult to achieve because multiple events and background buffering, e.g., account filters exist that hide debt. With all the complexity that exists in the business process, accounts can miss being treated because of sequencing and capacity issues. It is easy to lose sight of treatment opportunities when accounts are 'batched' for treatment.

Lesson 6: Work load drivers can be seen

Consistent visibility of account portfolio, dollars at risk and response behaviours translates into keystone information for collection managers to see where they can get the best 'bang for their buck' day over day or month over month. Trending analysis based on daily near-time data can firm up forecasting and increase accuracy in budget planning.

About SeeWind Design

SeeWind Design provides solutions that operate inside your business and in partnership with your Customer Care and Billing organization, to help you automate and optimize your efforts for collecting overdue accounts. We have over 20 years experience in revenue assurance and debt recovery problem solving and know how important and how challenging it is to get just-in-time analytics from multiple disparate systems.

Our solutions help our clients see their customers' payment behaviours, along with the impacts of their own business policies to foster better teamwork both internally and externally. Our leading edge ability tracks behaviour and results providing the hard evidence at the account, product and portfolio level, both from operational and financial perspectives.

For more information about our solutions visit us at www.forcecentral.com or contact our Sales and Marketing team at (416) - 801-7025