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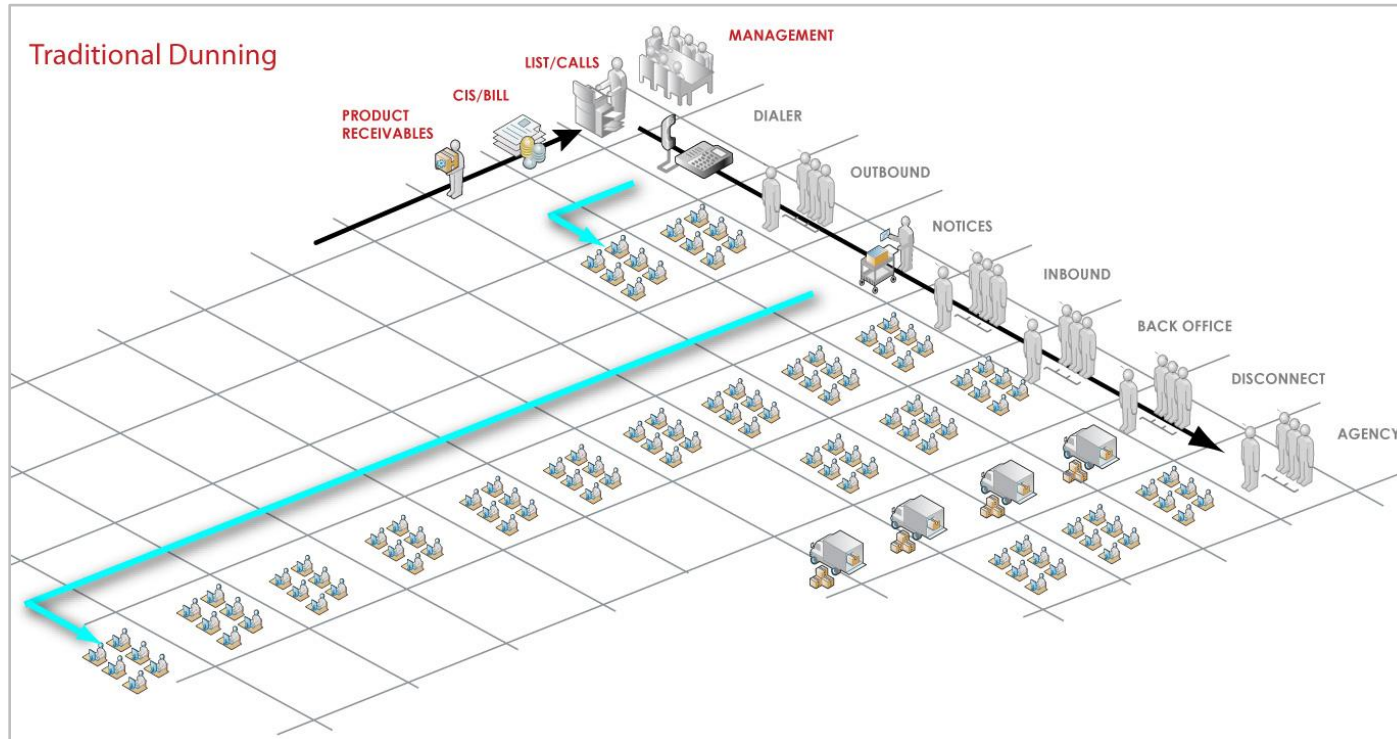
Dunning Best Practice



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Traditional Dunning

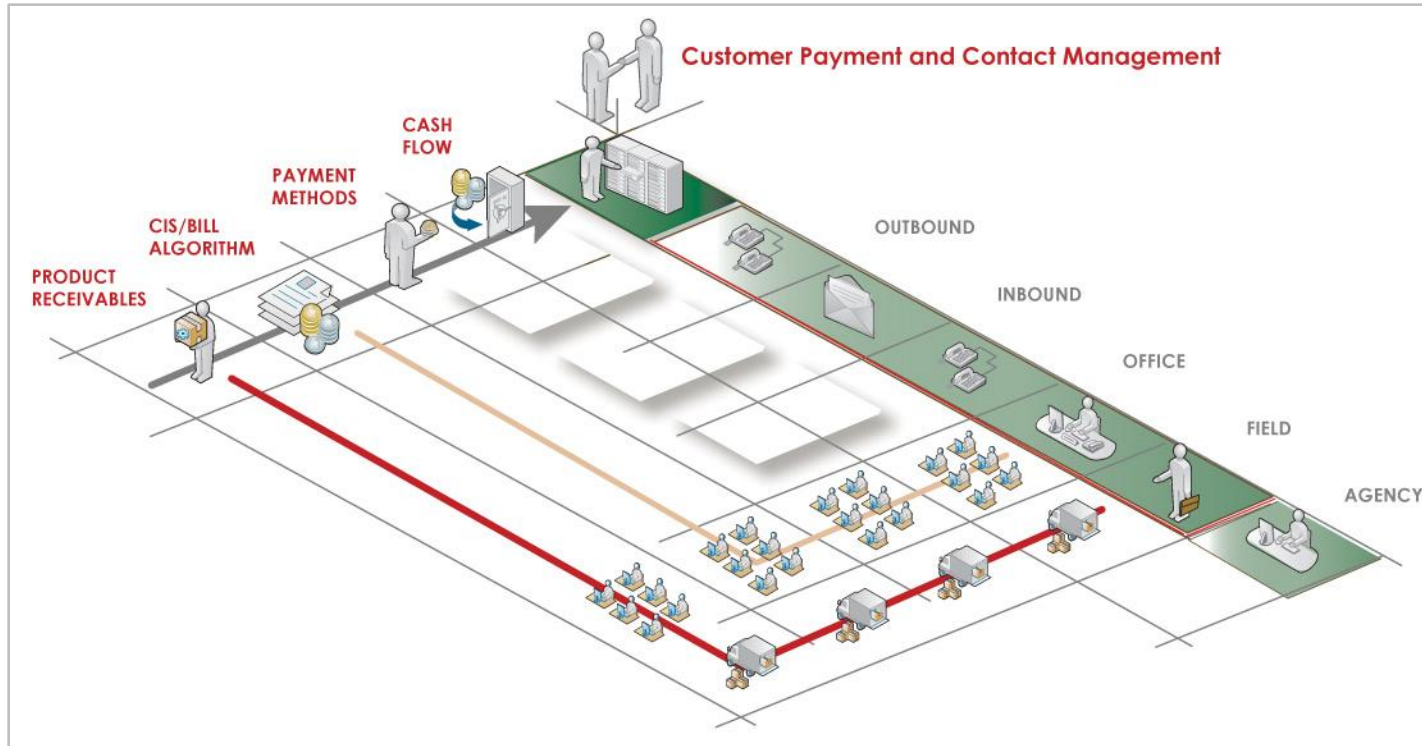
Most businesses dun accounts based on a pre-determined, arbitrary, inflexible timeline that treats customers broadly in the same manner. Risk is assessed through a scoring process that assigns points to the account for each dunning activity that is applied. The greater the number of points, the higher is the account's score. In a traditional dunning process high scores translate to high risk. There is a complementary relationship between the credit score and the rate of dunning activity – as the score increases so does the rate of activity. However, typically the credit score or rate of dunning has *no consistent relationship to the age of the money considered to be in arrears*. This can have negative impacts on collections performance.



Because each billing cycle has its own dunning activity timeline, visibility of the entire collections portfolio is a challenge. Active, final and delinquent accounts flow through multiple timelines; they are generally treated as discrete portfolios. When interactions between customer and dunning activity aren't tracked, any impact dunning activities have on the debt isn't transparent. Without this type of feedback performance information can be misleading or even wrong.

Customer-based Dunning

Customer based dunning uses a single treatment timeline across the entire collections portfolio – active, final and accounts moving to write-off. Individual account behaviour determines the treatment progression and its timing. Account or customer behavior includes all responses the customer makes to treatment events; e.g., pays, promises to pay, payment arrangement, broken arrangement, etc. This information is captured through daily tracking of all dunning events and account payment activity. By determining dunning criteria at a customer account level, superior performance and insight-driven collections tactics become possible.



With new technologies available today that act as an overlay to existing CIS processes, automated contact management affords Customer Care and Billing organizations a simple, low cost yet effective dunning for 'touching' customers while delivering consistent communication that is tailored to individual accounts.

Traditional Dunning vs. Customer-based Dunning

	FOCUS	TIMELINE	COST	VISIBILITY	METRICS
Traditional	Internal Billing Process	Discrete, more than one	High – resource intensive	Low – limited access to account progression – difficult to target time and money	Performance scorecard – some limitations for measuring debt recovery effectiveness
Customer-based	External Payment behavior across portfolio	Single, unified	Potentially low – a 70% improvement in operational costs	High – debt & payment responses are tracked across the portfolio; \$ with highest yield potential can be targeted	Sophisticated – CEI, Roll Rates and Aged Trial Balance available on daily basis

Which dunning approach does your organization use?

Are you satisfied with your results?

Do you believe that there is room for improvement?

Where is your organization information rich and where are there gaps in your information?

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