

Business Process Improvement Case Study - As time is money and speed matters our expert team of practitioners integrate with your teams to achieve unprecedented results, fast. Our unique approach can make that happen for your business

CASE STUDY

Credit Management Review

This new retail water company began supplying the commercial market in 2017. The company had a cash flow problem and despite consistent billing of most of its customers, payments made were often not enough, or in some cases not made at all. The company needed to cover wholesale water costs swiftly, which was becoming increasingly difficult due to poor cash flow. This made the current cash collection and payment performance unsustainable for the company.



The Challenge

To review the end to end debt management process establishing opportunities to improve, increasing cash flow, system effectiveness and team efficiency, and where possible help with the implementation plan.



Get to know the team and the processes and find out what was working and what wasn't



Develop a plan to address the issues, from process automation to team efficiency



Update the process to address these issues and coach and develop the team to maintain the improvements

Increasing cash flow was the key



Priorities



■ Improved payment performance and cash flow



■ Having clarity and confidence in the collection process



■ Creating clear objectives for the team

■ Effective reporting and management of third parties

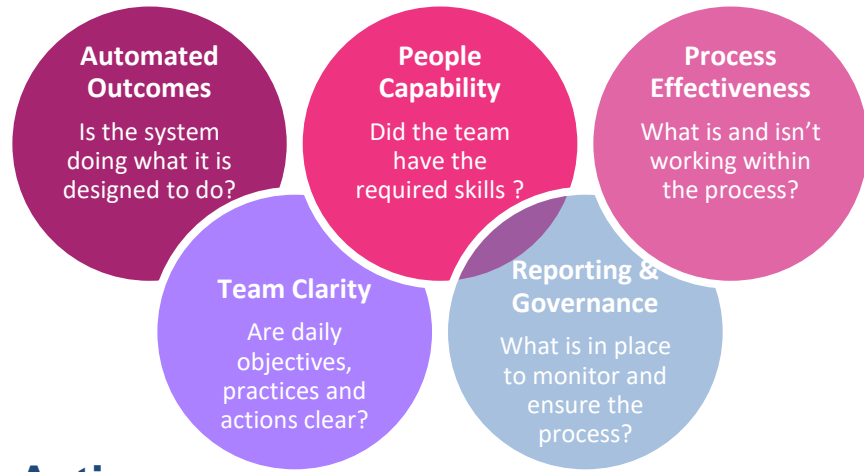
The Activity

Starting with the design process, we reviewed the number of 'nudges' within the system and found that customers were only receiving 1 reminder letter asking for payment. As collections is a don't ask don't get process, this was not enough. Letters were stopped after 30 days and due to a lack of reporting and control, no-one could identify and address this issue.

As a result, the collections team were overwhelmed and had reverted to chasing all payments by email. This was only effective in certain circumstances and resulted in only the largest accounts being chased, despite the debt build up being in the SME portfolio.

The DD penetration was 14% - well below the benchmark average for utilities.

The team were not actively managed and not very productive; the outsourced partner was not getting a regular pipeline of work and also not being actively managed.



Action

Over the course of 14 weeks we segmented the portfolio to apply appropriate treatments for different customers, we;

- Developed a new collections path with more 'nudges'
- Re-wrote collection letters to improve effectiveness
- Worked with IT to build reporting and controls to track current and future performance

We coached the team in collections strategies and conversation skills, improving the effectiveness of the calls and used the data to make sure they were calling the right customers.

01

People

Coached and developed the team in skills and strategies for collections and ensured clarity of action and confidence in the system.

02

Process

Updated the process to increase nudges, improve effectiveness and ensure suitable process for all customer types.

03

Systems

Worked with the wider team to ensure supporting IT to track performance, as well as manage third party involvement.

The Outcome

After 5 months, for the first time in 14 months, the business did not have to borrow from their parent company to cash manage over month end.



Cash Collections per FTE



Calls/Contact Increased



Team Productivity



DD Penetration Increase



Volume increase in low value payments



ESAT