



Case Study:
Credit Control Strategy in Telecoms

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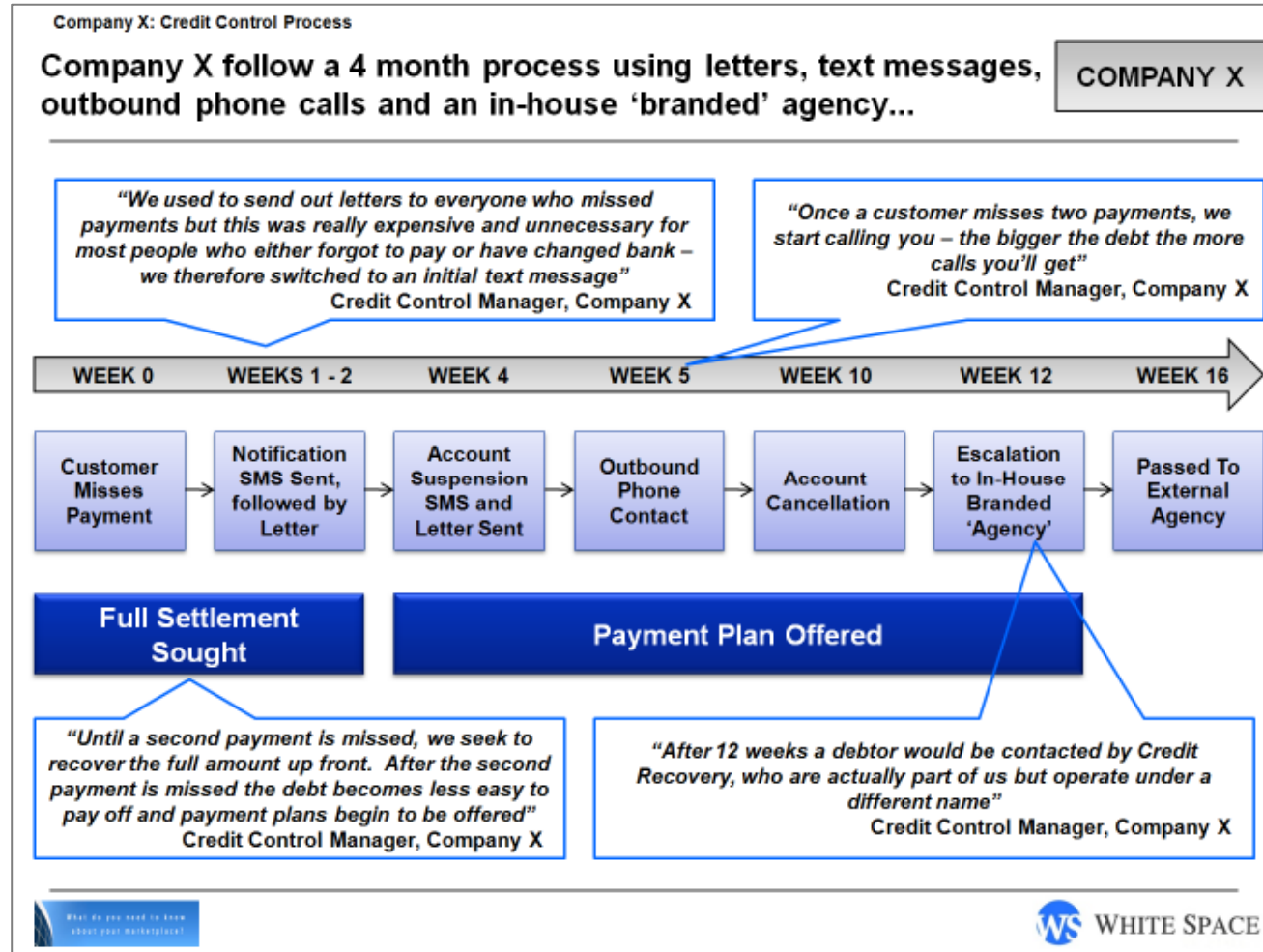
Case study: Process analysis and benchmarking of competitor credit control methods in telecoms...

Client	UK Telecoms Company (>£1bn turnover)
Issue	How to reduce exposure to customer debt during the recession
Approach	<ul style="list-style-type: none">The client wished to conduct a competitor process analysis and messaging project to understand how competitors were approaching credit control within the context of the recession, in order to drive internal process improvementWe analysed the credit control operations of 8 competitors and 4 out of industry comparators to benchmark our client and identify market best practice: <div style="display: flex; justify-content: space-around; text-align: center;"><div style="border: 1px solid black; padding: 5px; width: 150px;">Credit Control Processes</div><div style="border: 1px solid black; padding: 5px; width: 150px;">Credit Control Communications</div></div> <div style="display: flex; justify-content: space-around; text-align: center; margin-top: 10px;"><div style="border: 1px solid black; padding: 5px; width: 150px;">Strategy & Operations</div><div style="border: 1px solid black; padding: 5px; width: 150px;">Out-of-Industry Best Practice</div></div>
Results	<ul style="list-style-type: none">We laid out a series of recommendations based on the intelligence gathered, including changes to team structures, processes and segmented messagingClient is currently implementing a pilot roll out of the new approach – we are assisting by monitoring the customer response to this

This is what we found out...

Credit Control Processes

We mapped out the end-to-end credit control processes of 6 of the 8 competitors, including what tactics and structures are engaged when:



This is what we found out...

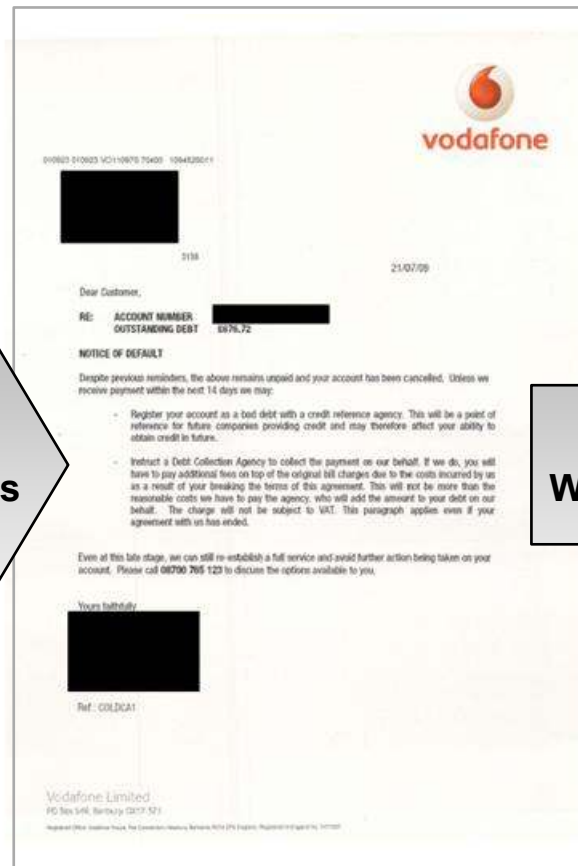
Credit Control Communications

We obtained over 50 examples of credit control letters, text messages and emails, allowing us to map out the entire end-to-end comms. pathways of 5 of the competitors:

Initial Letter: Account Suspension



Follow-Up Letter: Account Cancellation



Agency Letter: Threat of Legal Action



2 Months

+2 Weeks

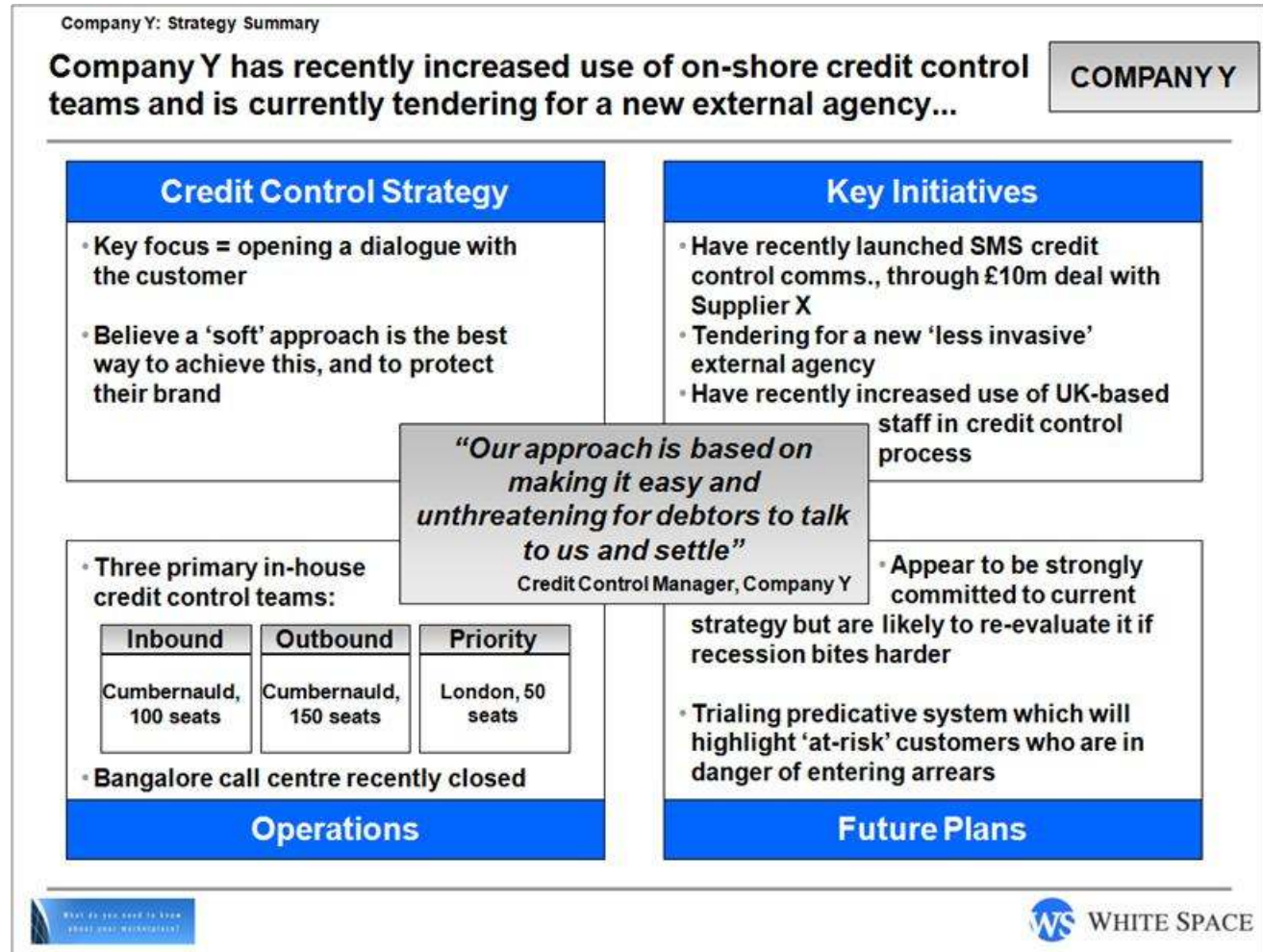


This is what we found out...

Strategy & Operations

We revealed the strategies, drivers and future plans of 4 of the competitors in depth and the other 4 at a summary level, and also mapped the credit control organisational structures of all 8:

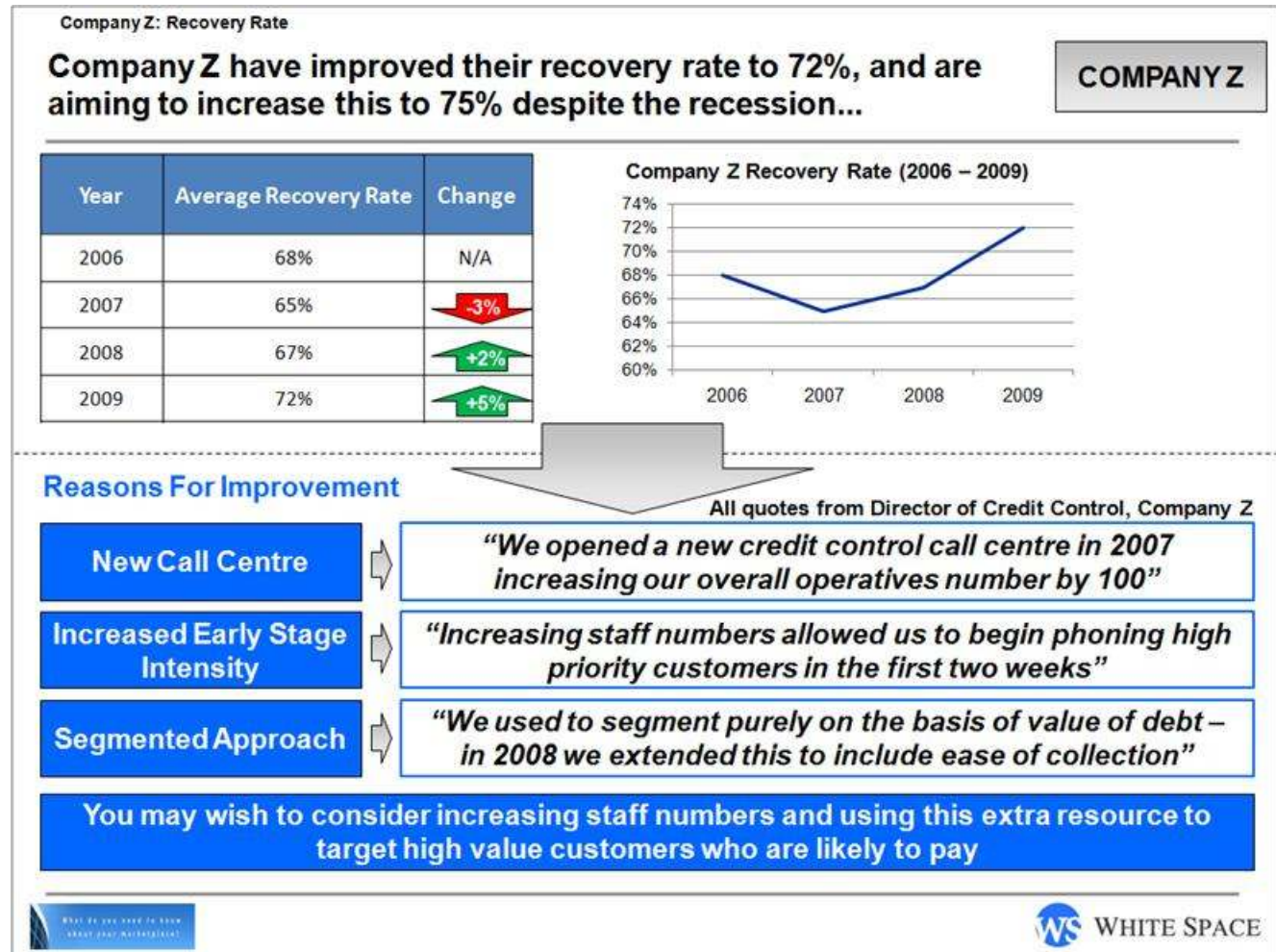
Company Y Strategy Summary:



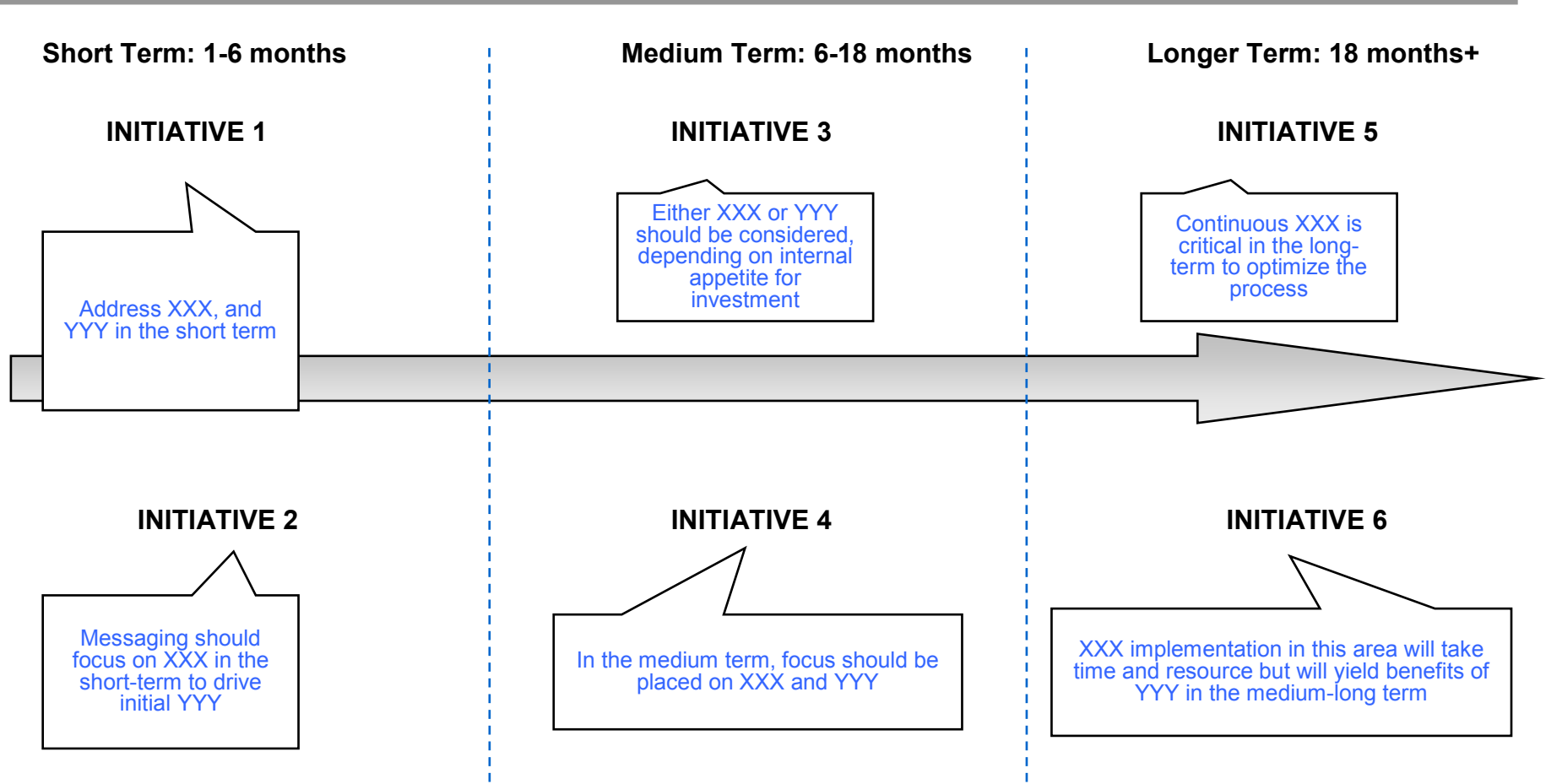
This is what we found out...

Out of Industry Best Practice

We analysed the credit control processes, strategies, success levels and future plans of 4 leading companies in comparable sectors:



This is what we delivered to the client's Board, summarising a 20 slide strategy development debrief...



Our recommendations focused on both quick wins and longer term goals

Competitor Strategy Case Study:

This is how we did it, using entirely ‘above board’ methods...

Case study 1: This is what we found out...

Credit Control Processes

We mapped out the end-to-end credit control processes of 6 of the 8 competitors, including what tactics and structures are engaged when:

Company X follow a 4 month process using letters, text messages, outbound phone calls and an in-house 'branded' agency...

Flowchart showing stages: WEEK 1 (Initial Contact), WEEK 2 (First Reminder), WEEK 3 (Second Reminder), WEEK 4 (Final Reminder), WEEK 5 (Debt Recovery), WEEK 6 (Debt Settlement).

- Over 400 extremely pushy ‘mystery shop’ phone calls to sales, customer services, billing and credit control
- Angle: “I’m really worried about what happens if I fall into debt. I would like to know how you collect money and whether this will change in the future. Can I speak to a manager about this...?”

Case study 1: This is what we found out...

Strategy & Operations

Company Y Strategy Summary:

Company Y has recently increased use of on-shore credit control teams and is currently tendering for a new external agency...

Credit Control Strategy: Key focus is opening a dialogue with the customer. Before a 'test' approach in the best way to achieve this, and to protect their brand.

Key Initiatives: Have recently launched SMS credit control systems, through a 3rd party supplier. Tendering for a new 'less invasive' external agency. Have recently increased use of UK-based staff in credit control process.

Operations: Three primary in-house credit control teams: 'Subsidiary', 'Customer', 'Priority'. Customer, UK wide. London, 20 staff. Bangalore call centre recently closed.

Future Plans: "Our approach to debt collection is very and unorthodox for debtors to talk to us and settle". Appear to be strongly committed to current strategy but are likely to re-evaluate it if economic falls harder. "Testing predictive system which will highlight at-risk customers who are in danger of entering arrears".

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Case study 1: This is what we found out...

Credit Control Communications

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Timeline: 2 Months → +2 Weeks

- Recruitment of 50 competitor customers who were in possession of credit control letters, with incentive paid to provide them to White Space

Case study 1: This is what we found out...

Out of Industry Best Practice

Company Z have improved their recovery rate to 72%, and are aiming to increase this to 75% despite the recession...

Year	Recovery Rate (%)	Change
2006	68%	↓
2007	65%	↓
2008	62%	↓
2009	72%	↑

Reasons For Improvement:

- New Call Centre:** "We opened a new credit control call centre in 2007 increasing our overall operatives number by 100"
- Increased Early Stage Activity:** "Increasing staff numbers allowed us to begin phoning high priority customer in the first few weeks"
- Segmented Approach:** "We used to segment purely on the basis of value of debt - in 2008 we extended this to include ease of collection"

Additional note: "You may wish to consider increasing staff numbers and using this extra resource to target high value customers who are likely to pay"

- 10 telephone interviews with Credit Control Directors and Senior Managers at out of industry companies
- Angle: “We’re working for a major telecoms company and are prepared to share information on approaches to credit control...”

All methods were entirely ‘above board’ and in principle very easy – The hard part was working this out and having the right mindset to do it