

CCR-2

MANAGE YOUR PANEL TO BOOST PERFORMANCE

Ensuring your panel of collections agents is working effectively is vital, but can be a daunting proposition

By Jim Stanley

As a credit manager, I would do more strategic, proactive recruiting and selection of external agents. The trouble is that, often in life, when we are buried by the urgent and juggling a hundred balls in the air, it is easier to select those that appear to offer the right service.

Due to the limited time, there is a tendency not to look deeply, do 'due diligence', nor develop the criteria that needs to be met. Selecting a collections agency or law firm must be done strategically, not based on the pressures of the moment.

For those that have the time to undertake a thorough evaluation of needs and select the 'right-fit agents', managing the ongoing relationship, to ensure you are receiving value, consumes time – and more so when you are using more than one provider, as you always should!

Need for transparency

Transparency is now demanded by many credit managers when instructing third-party service providers. Historically, debt collection agencies and law firms

have provided clients with monthly reports, placing the onus on the client to analyse the information. The process of extracting accounts to send to the 'agent', then receiving updates has required either internal technical resources or a high level of manual administration.

With cashflow remaining high on the agenda for many, coupled with the need for greater accountability, regulatory compliance and the need to lower costs of collection, new technology is evolving to fully automate and streamline the process of bonding together your organisation and the agent in a much tighter, 'see through' relationship.

You should be collaborating with agents, passing an account for some actions then taking back in house for others, or maybe refer it to a new agent specialising in specific area.

For many agents, the collections team within their client's organisation is hard pushed, short of resources and under pressure to improve performance, reduce risk and costs, and the prospect of adding additional software to their

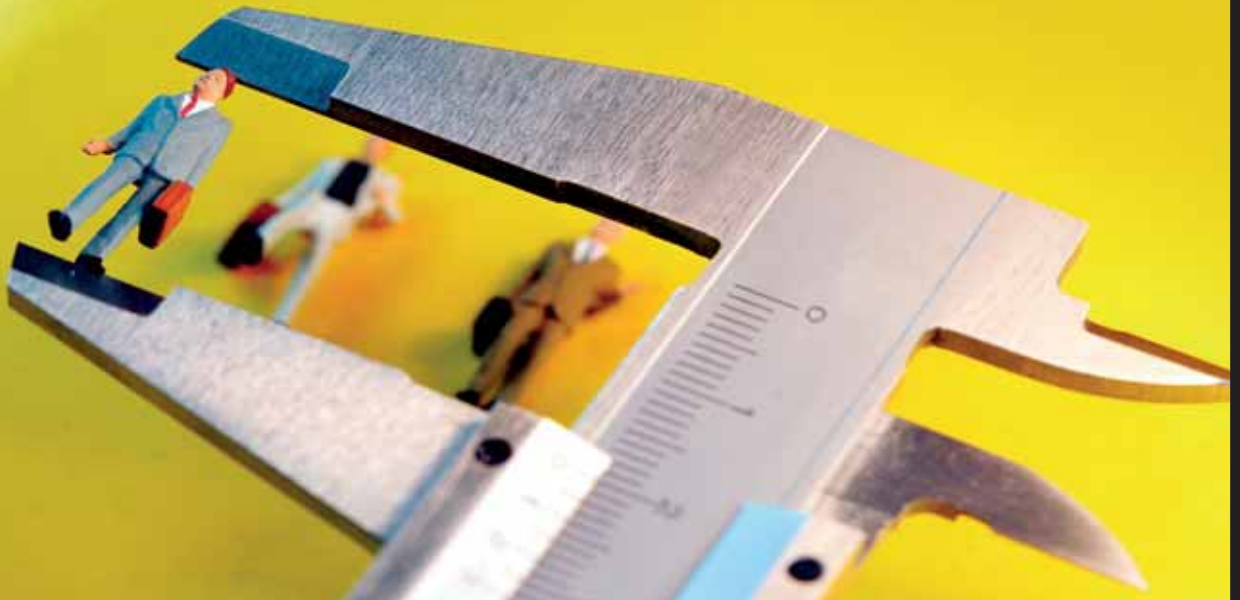
collections or finance systems is a difficult one, as it often requires IT resource and investment.

For many organisations that I encounter, the challenge of managing external agents exists, and can be magnified as they do not want to be tied into one provider.

Although debt collection agencies and law firms are willing to provide an amount of visibility on performance, there are some beating a path to provide their clients with total view and a level of integration that would cause discomfort amongst many of their competitors.

As the 'head of credit' you can now operate hosted satellite technology platforms, managing the instruction, distribution and rotation of work amongst third-party agents. Options exist for you to manage early-stage collections activity using the same hosted web portal.

This technology also provides a level of integration previously unseen, providing real-time updates between you and the external agents' systems. Detailed performance >>



>> and cost analysis are available to you when required and you can compare internal performance alongside external activity.

Most importantly, you are not tied into one agent, and are encouraged to operate a panel of specialist service providers which may include some specialising in early-stage contact, others experts in trace, litigation specialists and maybe others adept at managing complex disputes and settlement.

Naturally, these systems have tools in place to monitor and compare competing agents against each other, as your objective is to achieve the very best result, offering the very best value – and value may not mean lowest price!

In practice

Although you can subscribe to a hosted-panel solution, a new approach is emerging in the market where third-party service providers supply their clients directly with this hosted technology platform. It is a pioneering approach and one adopted recently by Irwin Mitchell, who has incorporated NEXUM's PANEL solution into their service offering.

John Lord, partner in the commercial litigation team at Irwin Mitchell Business, explains: "NEXUM PANEL is a fully hosted software solution, residing in an independent data centre, allowing a

Irwin Mitchell. The system then uses rules defined by the client to distribute and allocate the work. We receive instructions from the client into our NEXUM system in real time. As we are working the cases, the client's NEXUM PANEL system is updated with our activity, including actions taken together with costs, interest and charges incurred.

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"There is no manual administration or effort involved, and the two-way updating process works seamlessly. Our client is able to compare our performance against other panel members as required, without any reliance for us or the other members to provide reports. The client has access to a management information dashboard, clearly identifying each panel member's current and historical performance.

"This system allows us to prove our performance to the client in an open and transparent manner with accurate comparisons against our competitors on the panel."

A hosted solution offers a range of benefits, including speed to delivery and cost. In most cases, the hosted environment can be available within a

including SAP, PeopleSoft, Navision and Sage and is able to accommodate information from other collection software solutions.

Conclusion

A hosted collections and panel solution orbits both your organisation and third-party service providers delivering

a single unified environment focused on processing accounts in the most efficient and effective manner.

If you are considering a review of your collections function, I would recommend that you complete a gap analysis based on a review of your current and 'hoped for' strategy.

You have your internal systems and you can see the areas requiring improvement. You also have your external agents and can identify areas where the service and administration could be improved.

Now imagine having access to a solution that could cost-effectively bond the whole strategy and process together into one single management and reporting hub where, on a single screen, you can review the performance and cost of every party touching your customer accounts; then improve, review, and improve and review again.

Like most, I share a view that the economic outlook is uncertain, but I do know that today's successful credit manager needs total control over the collections process, to manipulate the technology surrounding it and have the very best debt collection agencies and law firms supporting him.

Apart from improving cashflow, a tight collaborative approach with your agents will reduce the time and cost of collections, having a direct impact on the profit of every sale. **CCR-2**

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creditor to integrate information from either their accounts receivable, CRM or ERP system into a powerful collections management, distribution and monitoring system. It allows the creditor to instruct a number of third-party debt collection agents and law firms as part of a panel where they can be monitored and assessed.

"Irwin Mitchell shares the number one position in the LEGAL 500 for debt recovery services – we are confident in the value delivered to clients and, as a result, we have taken this system one step further by integrating the solution within our service offering to clients.

"A client is able to create a panel of third-party service providers, including

short period of time and the costs are usually absorbed within outsourcing agreements.

Although the need for use of your internal IT is greatly reduced, there will be some involvement as your business asks questions about security and compliance, all of which can be satisfied. We currently host solutions for a range of clients including Dixons Retail, First Utility and Irwin Mitchell.

An important item on the project of any hosted solution is the 'receiving and sending' of information from your main finance, accounting, billing or collections system. The system removes pressure on IT resources by being able to receive information from all the leading systems