Reprinted from

Collections & Credit Risk®

October 2003 | THE AUTHORITY FOR COMMERCIAL AND CONSUMER CREDIT PROFESSIONALS | Volume 8 / Number 10

Beating the Clock

By Dr. Linda Eagle

To work smarter, follow these six steps to building a more efficient credit and collections operation.

In a business world fraught with mergers, layoffs, and budget cuts, uncertainty abounds. Credit and collections managers often ask: "What if these cuts hit my department? How can I do more with less?" As a result, the need for efficiency in credit operations has never been greater.

Traditional approaches for dealing with economic pressure in loan processing include admonitions such as, "nose to the grindstone," or the popular, "come in early, stay late, and work through lunch." These are old-school work harder strategies that provide short-term, crisis-oriented solutions.

Today's workforce and management techniques focus on working smarter for the long run, increasing productivity and quality, and cultivating chances to cut operating expenses. The following techniques will prove most effective: focus on customers; understand their needs; analyze your department's inputs; evaluate your department's operation; create an efficiency plan; and, measure your success.

Focus on the Customer: Sounds elementary, doesn't it? It's surprising how often this piece of operations productivity is downplayed — or missed entirely. Who is the customer? Often in credit and collections operations, the internal customer is not the final external customer. By fulfilling the internal customer's needs, you allow your customer to more effectively service their customer's needs.

Meeting periodically with your customers helps you to understand what they need. A large Midwest regional bank uses an innovative strategy that balances the need to understand the customer, while managing the increasing workflow. The bank's credit and collections managers have a standing bi-weekly "working lunch" with their loan center manager and product managers (their internal customers), where they discuss internal customer needs and mutually discover solutions that will allow their bank to better service their lending customers.

Understanding Customer Needs: To do this, you must assess whether they are satisfied with the service and quality levels that your department provides. Are your department's processes being performed in a timely manner? What service levels are acceptable? Is that realistic? Achievable? Are there other services your department can provide to enhance the customer service? On the flip side, are there any unnecessary services your department currently provides that the customer doesn't need? Customer needs change over time — make sure you're in the loop.

Is the level of quality you provide to your customer acceptable, or overkill? Provide poor quality, and your customer is dissatisfied. Spend too much time on unnecessary quality checks, and your productivity drops. What quality level is mutually agreeable to you and your customer?

Analyze Department Input: What are the inputs that your department receives and processes in order to fulfill your customer's needs? Collection histories? Aging reports? Are they being delivered to your department in an organized and timely way, in a usable format, facilitating quick and accurate processing?

Communicate with your department's input provider. Discuss ways to improve your department's input. Explore cost-effective and obtainable solutions that can help you more effectively achieve your customer's requirements.

Evaluate Your Department's Operation: What specific services does your department perform for your customer? Where are the logjams that slow the delivery of your department's service to your customer? The more detailed the analysis, the more effective you will be in discovering ways to maximize process effectiveness and minimize expenses.

Start by documenting the workflow. Look at the processes that are performed within your department, their delivery schedules, and required resources. Are any of these processes influenced by outside elements? Are all of the processes necessary? Processes that don't add value to the product being delivered to the customer should be eliminated. The same goes for redundancy. Consider the effectiveness of combining processes to increase the speed of delivery to your customer. Are you doing something in two steps, where one step would achieve the same goal, at the same quality level? Look to identify where the workflow slows or stops. What is creating the delay? Can you control or eliminate the cause of the delay? Or, can you work around it?

Close Examination

How would your department's workflow change if your input provider enhanced their processes before the work came to your department? Can you make this type of recommendation for change? Are there things your department is doing that could be outsourced?

When caught in a time-crunch, it's easy to write-off the time it takes to learn new programs or technology as a waste. The "we'll learn it tomorrow, when we get over the hump" frame of mind. Unfortunately, some of us never get back to our initial plan of blocking out time to learn about new technology.

Take the time to educate yourself on the technological advances available. Some advanced planning may save cost and time.

Create Efficiency Plan: Once inefficiencies are identified, they can be addressed. Establish a timeline. What are your limitations and goals? If you need to involve other departments or resources, include them in planning. If the plan includes staffing up, or realigning existing staff, make sure you're allowing enough time for hiring, transition, and training.

Next, assign specific responsibilities. If the evaluation identified poor training on a specific process as the culprit for slowing production, update the training manual and conduct training sessions. Establish communication strategies for keeping everyone appraised on the status of the project.

Most importantly, empower your staff to discover opportunities to increase department and operations efficiency. Encourage their participation in helping to identify where and when procedures or processes can be revamped. After all, who better to identify operations trouble spots then those with their hands in it on a daily basis?

Measure Success: This may be the step most overlooked. How will you know if you've achieved the efficiencies you set out to attain, if you're not measuring triumphs? Successes may be found in easily measurable actual time-savings, cost-savings, or improved customer satisfaction. Number crunching will give part of the picture, but don't neglect the value of surveying customers to gauge how improved processes helped them.

By implementing these six steps into your operations, you can better prepare yourself and your department for the economic unknowns to come. ■

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