Being a new entrant into the collections business, Wipro BPO had limited expertise in this domain to exceed the expectations of the customer. In addition, it was lacking in terms of revenue from debt collections and rate of speed in handling invoices.

This whitepaper discusses the best practices implemented by Wipro to overcome challenges and realize success in the debt collection processes.
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Introduction

The credit management function in a debt collection organization is responsible for generating a courtesy call eight days after bill production as part of the collections cycle for invoices over a specified value for customers who do not usually pay by the due date. The purpose of the reminder call is to advise the customer that the bill is overdue for payment and to obtain from the customer an acceptable payment date. Customers/accounts with a “good” payer status do not generate a courtesy call.

All invoices have a reminder call that is generated when the bill ages beyond the payment due date. The exact date of the reminder call is dependent on the customer’s Intelligent Credit Management (ICM) payer status but generally occurs between days 30 to 35.

Credit Management Process

In Credit Management/Collections for Global Services for a Telecommunication company (Largest in UK), Wipro performed collections from the Grade 1 / High Value customers of the UK market which included government organizations, larger private establishments, etc. and the value of the invoices was really high. The success of this segment of collections directly impacted the overall company revenue hence it was an extremely sensitive and important task. As we all know, a healthy CASH FLOW is extremely important for any organization, and if the Debt value is high and is lying with the customers, it impacts the overall organization’s financial flow. Quick and on-time collection is the key to success.

Challenges

While high importance is placed on areas such as on-time and quick debt collection for these particular segments, the team at Wipro faced various challenges resulting in an impact on the cash flow for the organization. One key challenge was following-up on all the invoices in a timely manner which impacted the total cash collection from the opening debt.

<table>
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<th>CPM</th>
<th>Required Target</th>
<th>28-Dec-08</th>
<th>4-Jan-09</th>
<th>11-Jan-09</th>
<th>18-Jan-09</th>
<th>25-Jan-09</th>
<th>1-Feb-09</th>
</tr>
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<tbody>
<tr>
<td>%age of due NFAs completed on time</td>
<td>70.00%</td>
<td>53.00%</td>
<td>73.00%</td>
<td>88.00%</td>
<td>95.05%</td>
<td>98.40%</td>
<td>90.70%</td>
</tr>
<tr>
<td>Volume of promised Payment</td>
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<td>164</td>
<td>454</td>
<td>613</td>
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<td>669</td>
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</table>

When the above data was analyzed, it was observed that even though follow-up was done on time, promises for payments were not showing an improvement, hence impacting revenues.

To address this, an analysis was done on the quality of interactions between the customers and the advisors.
Below were the observations from the analysis exercise:

- Lack of holistic management (attempting maximum invoices at one go to reduce contact numbers and increase collection)
- Lack of aggressiveness (balanced aggressiveness missing from the call)
- Lack of tool navigation skills (skill-set of the advisors in navigating the tool was not up to the mark)
- System inputs to the advisors (the invoices which were presented to the advisors by the tools were random and needed improvement)
- Lack of follow-ups (follow up was not accurate in terms of the right contact or on-time follow-up)

**Proposed Solution**

Success in debt collection’s success primarily depends on 3S’s:

- **Systems**
- **Staff**
- **Software**

From the observations from the analysis exercise, the issues were categorized according to the 3S’s:

- Lack of holistic management (System)
- Lack of aggressiveness (Staff)
- Lack of tool navigation skills (Staff)
- System inputs to the advisors (Software)
- Lack of follow-up (System)
System

In order to be successful, it is essential to have a well planned system in place. Parts of the system should include areas such as identifying specific needs for staff, cross-training staff, delegating staff responsibilities, ways to track and increase efficiency of collection cases, determining what to do when growth comes and devising a plan for the organization of collection cases. The system that is chosen or designed is critical to success and should be specific to the needs. If more than one person handles the collection cases, most collection practices point out that it is most effective to have the staff specialize in specific areas of the debt collection life cycle specifically when it comes to tracking the legal life cycle of each case. Rather than having a debt collection staff that does it all, it is important to have staff members specialize in areas of the collection life cycle. By adding this paradigm to the current system, or to the system that is being designed, one can greatly improve the number of collection cases which can be handled and ultimately improve the bottom line. Below are some best practices which were deployed by Wipro:

Effective Work Allocation

- Appointing best advisors on the highest value invoices
- Dedicated SPOC for larger establishments having more than 100 invoices per month
- Back-office work (documentations/ad-hoc account changes, etc.) to be appointed to dedicated advisors (best on tools usage) and the rest to continue chasing the debt, whereas earlier they were doing all the work by themselves

Team Level Controls

- Team leaders need to check on pending work at regular intervals on a daily basis and ensure completion of the assigned invoices. Pending invoices need to be shared amongst the teams who have already completed their work with the manager ensuring the same
- Quality of the promises to go through a check before considering it as a promise (exact date / cheque number / bank account number, etc.) this will eventually lead to lesser broken promises

Staff

It is critical for any organization to motivate its staff to work hard. One way to motivate them is to provide bonus programs or incentives. Statistics show that money and bonuses motivate employees to perform better. It also builds employee loyalty and gives them something to strive for. It is important to ensure that there exists a way to track the efficiency of the staff based on individual and collective performance. By building bonus programs or incentives into the system and monitoring the efficiency of the staff & collection business, organizations can greatly increase the efficiency of the collection practice. Below are some best practices which Wipro deployed:

- Real-time performance display of the work allocation / completion, advisor at team/queue level
- Competition at team level, rewards and recognition on a daily basis
- Training programs for advisors
Software

Once the system is defined and a successful staff team is in place, it is important to focus on software. Because of the complexities in the debt collection process, it is critical to have software that is as specialized as the debt collection practice. There are several off-the-shelf debt collection software packages. Some of these software packages offer to "do it all". Generally these are very expensive and provide multiple functionalities, but don't address a specific functionality really well. The key areas that should be focused on for software needs are below:

- Software that does a good job at handling the financial portion of debt collection cases
- Software that handles the tracking / follow-up process
- Software that handles the document preparation process

In the Debt Collection process at Wipro BPO, the team used client provided software and following were the observations on the functionality of the software:

- **Inappropriate Sorting** – Invoices presented randomly and not sorted by value
- **Incorrect Contacts** – Customer contact database not updated, hence numerous calls were made to the wrong contacts, leading to the time / revenue loss
- **Inappropriate Invoice Distribution** – Multiple invoices for the same company were presented to different advisors leading to multiple calls in the same company. This resulted in time / revenue loss as well as customer dissatisfaction
- **Irregular Reporting** – Debt reports not updated on time (daily basis) affecting visibility in the real time debt balance

Below actions were implemented to overcome the above issues:

- **Value wise sorting** – This helped the client in ordering and sorting invoices based on the amount (in descending order) in order to follow the holistic management approach
- **Contact database correction** – Customer contacts were updated / corrected by rolling out a campaign on adding Right Party Contact (RPC) information and by rewarding the top performers. This resulted in a significant improvement in four weeks
- **Company wise categorization** – Sorting of invoices based on company / organization at the backend (Invoices presented together for “A” company)
- **Timely Reporting** – Debt report frequency was reviewed and previous day’s reports were analyzed on a daily basis, leading to clear awareness of the balance debt
Benefits

With the above actions being implemented, significant improvements were observed in the process and debt collections nearly doubled. Targets were met consistently, week-on-week.

<table>
<thead>
<tr>
<th>CPM</th>
<th>Required Target</th>
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<th>15-Mar-09</th>
<th>22-Mar-09</th>
<th>29-Mar-09</th>
<th>5-Apr-09</th>
<th>12-Apr-09</th>
</tr>
</thead>
<tbody>
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<td>70.00%</td>
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<tr>
<td>Volume of promised Payment</td>
<td>1075</td>
<td>691</td>
<td>942</td>
<td>1017</td>
<td>1096</td>
<td>1037</td>
<td>998</td>
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</tr>
</tbody>
</table>

Followup Completed On Time

Volume of Promised Payment
In addition to completing the follow-up actions on time, there was significant improvement in the total cash collection for the queue and the team at Wipro turned out to be the highest debt collectors for the client.

**Success Stories**

Credit management for Global Services in Wipro BPO Cebu, commenced live operations on 22nd December 2008 and within four months the team managed to set new benchmarks for collection in the client’s business. Global Services Credit Management (a collective effort by all the stakeholders) collected GBP 904 Mn against a target of GBP 562 Mn, which was highly appreciated by the customer as well as the senior management in Wipro.

*I am absolutely delighted to tell you that we have absolutely smashed the debtors and cash targets given to us by Global Services. So, I thank you for your contribution, this has been truly outstanding. I know it’s been tough, but the telecoms market is very challenging and these are extraordinary times.*

**You have made a difference!!!**

- Head of Global Billing for a leading telecom company in UK

*The contribution of your teams in ensuring the smooth delivery of GSUK elements of the outsourcing in no small way have contributed to the overall GS debt performance. Please can you ensure all our team realise that contribution.*

**Thanks to them and you personally!!!**

- Head of Consumer Billing for a leading telecom company in UK

**Conclusion**

In summary, by following the three S’s of success and focusing on a good system, effective staff and specialized software, organizations can expand and grow the collection business and even achieve the success that appears impossible.

In the collection business, proactive customer communication and on-time follow up is the key to success.
Appendix

References

Operational inputs provided by:

- Mrs. Aparna Veera – Associate Vice President, Cebu (Operations)
- Mr. Sunil Bhargava – Vice President (Operations)
- Mr. Tejbeer Singh – Sr. Group Leader (Operations)

About the Author

Vikas Jaiswal is a member of the Center of Excellence (COE) team for the customer service horizontal of Wipro BPO and was on deputation for one year in one of the processes of collections in Cebu. He was responsible for the initial set-up, training and operations followed by handover to the local managers.
About Wipro Technologies

Wipro is the first PCMM Level 5 and SEI CMMi Level 5 certified IT Services Company globally. Wipro provides comprehensive IT solutions and services (including Systems Integration, IS Outsourcing, Package Implementation, Software Application Development and Maintenance) and Research & Development Services (hardware and software design, development and implementation) to corporations globally.

Wipro’s unique value proposition is further delivered through our pioneering offshore Outsourcing Model and stringent quality processes of SEI and Six Sigma.

Wipro in Business Process Outsourcing (BPO)

Wipro BPO is uniquely positioned to service customer requirements by leveraging its tenets of quality and innovation, the best people talent, self sustaining process framework and domain knowledge. We offer customized service offerings; translating into the most flexible and cost effective services of the highest quality for our customers. With over 19,000 people, operating out of different locations (India and Eastern Europe), Wipro BPO has been a critical partner to all its customers in achieving their business goals. Wipro BPO services customers in various industries including Banking & Capital Markets, Insurance, Travel & Hospitality, Hi-Tech Manufacturing, Telecom & Healthcare sectors. Wipro BPO also has deep expertise in delivering process specific solutions in areas like Finance & Accounting, Procurement, HR Services, Loyalty Services and Knowledge Services.