



Success Story: Growth Crisis in Specialty Collections

Client Classification: Child Support Collections Company

Service Category: Organization Transformation, Change Management, Technology Enablement

Situation:

The client was a young company with aggressive growth and revenue goals – 300% growth in the upcoming year. In order to achieve these goals and prepare the company for an IPO, they needed to substantially reduce cycle time for collection and increase throughput without doubling or tripling personnel and other expenses. Early in LoBue's analysis a major operational problem emerged: a previously undetected and unacceptably high error rate early in the cycle that prompted downstream employees to almost always completely rework files. In addition, the client's core processing system was based on older technology that was inflexible, expensive and difficult to maintain. It did not support their data needs for credit scoring, legal reporting and analysis. Outdated technology made it difficult to find resources to maintain the system.

Recommendations:

- **Case Preparation** – Implement an Expert Review function for all cases, which ensures that all case information and legal documentation is in order prior to forwarding cases through the collection process. The Expert Reviewers weed out uncollectible cases, reduce the high frequency of errors, and establish a case strategy that virtually eliminates the redundant rework that was expanding cycle time.
- **Cycle Time** – The organization was redesigned for additional accountability and the concept of developing experts was embraced by all managers. Plus, simple measures such as check sheets, standardized letter generation, case summary screens, automated system routines and cross team training contributed to improving both cycle time and eliminating the backlogs that were negatively impacting collection efficiency.
- **Process Design** – Functions were redesigned so experts, especially those responsible for collections, could focus on their specific job functions. Established and documented standardized processes and methods for each unit to ensure that all necessary actions have been correctly performed prior to forwarding the case to the next step in the process.
- **Management Process** – Established standardized management reporting based on the processing and turnaround standards. Introduced service level agreements for the supporting legal and cashing teams. Restructured compensation and bonus plans to reward revised performance objectives. Implemented continuous feedback processes in key areas to tap employee best practices, concerns, and highlight where training, communication or process gaps remained.

OFFICE LOCATION

6550 SOUTH PECOS ROAD
SUITE 116
LAS VEGAS, NV 89120
UNITED STATES

P: 702.898.6940
F: 702.433.4021
E: INFO@LOBUE.COM

LOBUE.COM



- **System Requirements** – Identified and evaluated vendor systems based on workflow management technology, a relational database and have integrated document imaging and storage functionality.

Results:

- Reduction in collection cycle time from an average of 240 days to 120 days.
- Documented desktop procedures for all processes.
- Continuous feedback processes, which identified gaps, encouraged on-going process refinement and permitted growth in the company to be based on operational excellence rather than personal relationships.
- Based on the newly designed processes, detailed business system requirements were developed for creating and evaluating responses to an RFP. LoBue outlined workflow management requirements, database design requirements, document imaging and storage requirements.

As a result of the implemented process changes the company was equipped to meet its volume goals and was able to secure \$25 million in additional venture capital.