



Case Study: Service Company Debt Collection

Key Ideas: Whole Systems Health Check, Rapid Improvement Workshops, Transforming Debt Collection performance, Unblocking Six Sigma projects, Use of Tricordant's Whole System Tools

The Challenge

Tricordant was asked by a major public-facing service sector plc to perform an organisation design health check on its proposals to reorganise the debt collection process for one of its major business units. Tricordant directors, whilst working for another consultancy, had previously supported this business unit and were personally asked back because of their experience and whole system perspective.

The business unit concerned had over the previous 24 months analysed and brought under better control the debt owed by its customers. The outstanding sums involved were however still in the tens of £millions, an amount strategically significant to the whole of the company.

A Six Sigma project had been running for the previous 5 months but had started to stall, getting bogged-down by process analysis and statistics. However, in reviewing the current processes and the organisational structure being used to collect that debt they had become convinced of the benefit of a more bespoke and focused approach for the unique challenges of certain categories of debt collection. The team had developed a draft set of proposals in which they would take ownership of their own debt collection, currently managed by a central company debt collection department. This would also involve changes in the processes, objectives, systems, organisation and culture. It was therefore involving a 'whole system' level of change.

Tricordant's Approach

Tricordant proposed a 'Whole Systems Health Check' of the team's draft proposals for the reorganisation and redesign of its debt collection processes. The output was a thorough analysis of the robustness of the draft proposals; their consistency, alignment and completeness as a 'whole system' change. The strengths, weaknesses and gaps of the proposal were detailed and an action list to revise and complete any shortcomings was jointly drawn up. The following programme of work was performed:

Briefing and Interviews

- Tricordant was first briefed on the current debt collection process and then on the business unit team's draft proposals including proposed process flow diagrams where available.
- Tricordant then conducted a series of interviews with a broad cross section of operatives, team leaders and process managers involved in the current debt analysis and collection areas and other closely allied and supporting areas thought appropriate. This was to enable Tricordant to appreciate the reality, feel, issues and full characteristics of the current operations, rather than just focussing on the proposals and process written on paper.

Whole Systems Workshop

- A two day workshop for members of the business unit's management team and project six sigma black belts. Tricordant facilitated a whole systems review of the proposals:
 - Training in Tricordant's whole systems approach and introduction to the tools to be used
 - Tricord analysis of the proposed design



- Review of the whole work map of the proposed process (drafted during the first visit)
- Review of the whole work cycles and proposed process measures
- Tricord score checks of the proposed ‘organisation build-up’
- Human scale checks
- Leadership and ‘leadability’ checks
- Draw together the findings with a SWOT of the proposal and future action plan

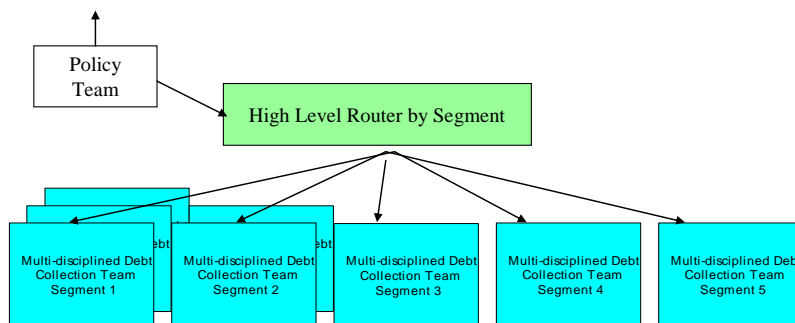
Report and Feedback to the Wider Business

- A full report on the outcomes of the health check was documented and feedback given to the business unit’s management team and to senior management beyond.

Outcomes of the Health Check

1. The proposed debt collection process, with separate flows for each of the three categories of debt, was confirmed as being bold and innovative. The proposed process was a significant improvement on the current processes performed by the central debt collection department. Tricordant made a number of improvement suggestions for the latter stages of the debt collection process, for handling special cases and for taking the opportunity to attempt to recapture customers during the process.
2. The basic organisation design proposal was developed further identifying 3 different types of ‘whole work teams’. The whole work team model shown below in the diagram was useful in developing the proposal.

A ‘Whole Work Team’ Model for Debt Collection



Each team would be:

- Focused on a segment of debt characterised by the customer profile and history
- Use a variety of tools with some freedom within bounds to improve the process
- Equipped to make out-bound calls
- Multi-disciplined including technical and analysis expertise
- Expect to only pass on a low % of customers to another team
- Take routed inbound calls from allocated customers
- Plan – Do – Check its own processes and performance
- Recognise segments and volumes will shift over time and teams will need to evolve

3. This new structure was checked as being sound from both a process/technical and a people/cultural perspective. The following observations were made:



- a. Tricord scoring confirmed that it was better from a whole system perspective for the business unit to take ownership of this set of new processes rather than retaining it under the central debt collection team. However external agency sourcing and their contractual management should stay with the central debt team.
 - b. Each of the 3 types of 'whole work team' were confirmed as having a significant value-adding purpose, clear boundaries and being responsible for a 'whole work unit'.
 - c. Team sizes (10-16) were on a human scale given the complexity and expected rate of change of the whole work unit.
 - d. Tricord scoring did not indicate that any of the 3 teams above should be merged. They had sufficiently independent identities and were better planned, delivered and measured separately.
 - e. The 3 new types of debt teams should be managed by a single new 'Debt Manager' reporting to the business unit General Manager. The teams should not be managed under the existing operational team structure. This was confirmed by checking the uniqueness of the area's Tricord and the span of control of the managers at this level.
 - f. There were several higher-level functions and processes required on behalf of the 3 new team types that needed to be managed by the overall manager of the section and supported by a small sub-team of staff reporting directly to him/her.
4. A Tricord analysis was completed for both the existing operational teams and also each of the proposed new debt teams showing their purpose, aims, measures, processes, IT systems, skills, communication, culture, team style and leadership requirements. These highlighted that the proposed teams would be very different from existing types of teams within the business unit, especially in their pace, culture, performance measures and skill requirements. They would also each have their own unique characteristics.
 5. Tricordant recommended that the implementation plan should focus first on implementing demonstrator pilot teams using IT that was already available to gain experience, hone the processes, prove concepts and enable the full implementation resource plan to be accurately drawn up. The pilot teams should be staffed with the future leaders and coaches of the full implementation. The new debt department needed to grow organically and evolve as they learnt. A single big-bang implementation plan would be inadvisable.
 6. The workshop ended by Tricordant helping the business unit team to draw up a detailed action plan to start to implement the proposals.

Conclusion

The previous Six Sigma project on debt collection had been running for over 5 months and had got stuck, as they said, in 'paralysis by analysis'. An over-technical (process/IT/systems) focus had been taken which was failing to help them see the wider organisational design and development picture. With just 4 days' work over a few weeks Tricordant unblocked their thinking and supported the business unit in quickly confirming their business plan for implementing the changes.

A 'whole system' health check gave them the confidence to move forward and helped them to flesh out the details from both a technical (process/systems/structure) as well as a social (people/skill/motivation/cultural) perspective. New insights were gained which highlighted issues that had otherwise been overlooked. The business unit was left with a detailed and holistic action plan to implement the new organisation.

The new organisational structure and process were expected to sustainably reduce the debt owed by customers to the business unit by up to £10 million over the coming 12 months.