

Intelitech Quarterly Review

Consultants to the Debt-Recovery Industry

January through March 2000

*Specialists
in:*

Collection
Strategy

Competitive
Analysis

Modeling &
Scoring

Check Services

Total Quality
Management

ISO 9002

Systems &
Technology

Behavioral
Profiling

People Power

Transition &
Change Agents

Recruiting,
Training &
Retention of Staff

Dealing With Change



*R. Fred Houston
President*

We all face changes, both wanted and unwanted, in every aspect of our lives: personal, professional, and in the world around us. A challenge for today's companies is helping employees manage the change around them in a fast-paced world, while remaining productive. One of the areas of specialization The Intelitech Group focuses on is helping clients maintain a productive work environment while aiding employees as they deal with the uncertainty and confusion that comes with change. Understanding the difference between change and transition is the first step in effectively coping with change. Change is defined as an external event or situation, whereas transition is the psychological reorientation that happens within us.

The Intelitech Group helps to guide people through the three-phase process common to almost all transitions:

Endings—letting go of the old and familiar

Neutral Zone—a confusing in-between state

New beginnings—identifying with the new situation

Every individual manages each phase in different ways and at different times. However, these phases are common to all when experiencing change. Under-

“The Intelitech Group helps to guide people through the three-phase process common to almost all transitions.”

standing these phases as we are going through them helps each individual progress from resistance, to acceptance, to action. The Intelitech Group helps to give employees a meaningful experience as they transition through the path of change. The benefits are; greater productivity, increased morale and a greater acceptance as they work through change that is an inevitable part of life.

Continued on page 7

In This Issue

- ◆ Scoring Works!
- ◆ Recruiting & Retention
- ◆ Check Services Update
- ◆ Client Profile - Pier 1
- ◆ Intelitech Team Profile
- ◆ People Power
- ◆ New Clients

Scoring Works!



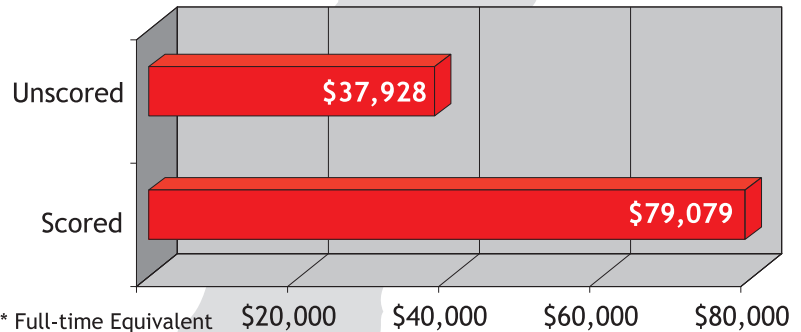
*Raymond W. Cox
Scoring Specialist*

The results are in. There is no question that collection scoring works in a collection agency environment. According to the Consumer Bankers Association 1999 Consumer Credit Collections Study, the total dollars recovered per FTE (Full-time equivalent) was \$79,079 for those organizations that used scoring in their recovery departments compared to \$37,928 for those that did not use scoring. The recovery rate was slightly higher, at 8.4% for those organizations that used scoring for charged off accounts compared to 8.2% for those that did not.

What Does Collection or Recovery Scoring Do?

Collection scoring predicts the likelihood that a past due account will be repaid in whole or in part over some given time period. The time period over which the prediction applies is typically six months in the collection world, to match the normal placement period. The “prediction” can take a number of forms, the three basic ones being the probability of getting a payment, the assignment of a score for each account over a predefined range or an expected collection amount (“ECA”) for each account. The ECA is the product of the likelihood that an account will pay anything, the portion of the balance the account is likely to pay, and the balance.

Dollars Recovered Per FTE*



What is Pooled Collection Scoring?

Pooled collection scoring is the scoring of accounts based on a model developed using collection data from numerous collection organizations. Pooled collection scoring is sometimes linked to a specific type of debt (e.g., bankcards), but is not uniquely tied to a specific collection organization or the debt that specific organization collects.

Does a Collection Organization Need to Change to Benefit from Scoring?

The answer is yes. In fact, getting the full benefit of collection scoring depends on how effectively a collection organization uses scores, which almost always requires that the organization change the way it allocates its resources. The resources can vary in many ways, including the following:

1. **Level of effort**
2. **Type of effort**
3. **Timing of effort**

There are a number of ways to vary the collection effort based on a score. Each individual collection organization should use its judgment to develop different collection strategies to use for different score ranges. The efforts need to be flexible based on what happens during the collection process. For example if an agency gets a mail return after the first letter, it should not send another letter (to the same address), or if the consumer is contacted after one call and says that he is bankrupt, the calling campaign naturally shouldn't continue. *l*

“getting the full benefit of collection scoring depends on how effectively a collection organization uses scores.”

In other words, instead of limiting the model to a single collection organization's experience we can focus on collection strategies for a specific vertical or market segment. Our intent is to have models that specialize in bad checks, medical, bankcards, etc.



10 Keys to Recruiting, Training & Retaining the Best Staff Ever

- 1 - Adopt a Strategic Approach To Staffing
- 2 - Be Aggressive & Resourceful in Recruiting
- 3 - Seek to Create a Healthy Dynamic Culture
- 4 - Get the Most Out of Contingent Staffing
- 5 - Be Proactive With Regulatory Compliance
- 6 - Make Work/Family Balance a Workplace Priority
- 7 - Make Human Resource Technology a Powerful Ally
- 8 - Create a Learning Organization by Practicing Life Long Learning (L³)
- 9 - Create a High Performance Environment
- 10 - Handle Employee Discipline & Dismissal Carefully

Presented at the 3rd Annual Consumer Debt Collection Conference February 28-29, 2000 Wyndham Miami Beach Resort Miami, FL by Fred Houston. For handouts call 360-260-9780 or e-mail consult@intelitechgroup.com.

The Four Principals of Happiness on the Job

Step 1. The Law of Happiness

Your enjoyment of your work is the most important thing for you and for those around you.

Step 2. The Law of Linkage

You enjoy your work when you enjoy the thoughts you are thinking, and the stories you are telling, right now.

Step 3. The Law of Spontaneity

Whenever necessary, ask yourself, "Am I enjoying this thought about my work? If the answer is not an immediate and spontaneous yes, then it is a no."

Step 4. The Law of Joyous Action

If you're not enjoying your thoughts about work, either choose to enjoy that thought or drop that thought and choose an enjoyable one.

Dr. Christian Almayrac



Check Services Update



Kory Wright
Check Services

It seems most of us survived the big Y2K bug. Now our attention needs to be directed to the key issues which will affect your check collection processes. As you are aware, SCAN has done a great deal of due diligence to recommend a system which will provide greater flexibility and power than the CMS product. Their recommendation? The Intelitech Group's ISC Software. Obviously, this has generated a great deal of interest in this custom check collection software. Probably the most "frequently asked question" is:

"What are the benefits of the ISC software solution?"

Because the CMS product was customized for nearly every client, the answer to the question varies client to client. Looking at the core CMS product in comparison to the ISC software, the ISC software has numerous advantages.

"Manual journal entries have decreased by 99.3%"

"Collection rates are up over same period last year"

"Our collection staff has been reduced by 2 staff members."

"Many of the tasks we accomplished manually in the past are now automatic with the new system."

Linda Arrington
Pier 1 Imports

Let's briefly discuss one of these advantages. The *Account Flow Manager* is at the heart of the ISC software and provides control and flexibility only dreamed of in CMS. In it's simplest sense; the *Account Flow Manager* determines the flow of an account through the collection process. As an account enters the system it is evaluated based upon criteria parameters set up by management. Collection strategies are assigned to the account as a result of the evaluation.

The strategies are modified, either manually or by the software, as a result of actions taken on collecting the account. The bottom-line is that the account is worked

the way management wants it worked each and every time.

In future issues we will discuss other advantages of the ISC software and why it is the solution for you.

As May 30th approaches, the installation slots are filling up. Plan ahead, prepare now! For information call Kory Wright at 801-791-7868 or e-mail koryw@intelitechgroup.com. *j*

Advantages of The ISC System

- ◆ Designed specifically for check collections
- ◆ Seamlessly in touch with the largest negative database
- ◆ Electronic Check Representation
- ◆ Collection strategies designed, developed and implemented at the user level
- ◆ Custom forwarding interface to collection agencies, you maintain control of the account
- ◆ Linking to other databases and services to improve information on accounts
- ◆ Batch payment processing
- ◆ MICR and Driver's License validation
- ◆ Account Flow Manager-intelligent and customizable account control and tracking
- ◆ Account recovery scoring optional



Client Profile Pier 1 Imports

Pier 1 Imports started in 1962 as a single store in San Mateo, CA. Today it is North America's leading specialty home fashion retailer with more than 800 stores worldwide. The company's initial customer base was the post World War II baby boomers. Pier 1 literally grew up with them. The '60s flower children wanted beanbags, love beads and incense. In the following decades, these flower children evolved into the largest and most affluent segment of the American population. They are interested in quality, unique home furnishings and decorative accessories.

Pier 1, needing to upgrade its collection software to be Y2K compliant, decided that it was time to look around for a new package rather than upgrading what we had been using since 1989. We looked at several packages and made the decision to purchase the Intelitech package. We looked at these packages and made value judgements based on several criteria, some of which were:

- ease of training
- ease of customization (both now and in the future)
- technical support
- report production
- price

The team at Pier 1 Imports that helped make the decision consisted of, but was not limited to, personnel from the following areas:

- treasury operations
- store operations
- asset protection
- cash audit
- check and credit services
- information systems

The package was purchased, loaded, and we converted over a weekend in October. Wow, what a difference a weekend made! On Monday morning following the conversion, training began. A member of the Intelitech Group was here through Thursday evening and by the time he left, my department was back to normal.

- collection rates are up over same period last year
- collection staff has been reduced by 2 staff members
- many of the tasks we accomplished manually in the past are now automatic with the new system

Due to the fact that we only had our new system a short while before the "Christmas Rush" hit, we know we have not begun to scratch the surface of the capabilities of the ISC System; but look so forward to the day that the rush is behind us and we can make the system better work for us.



We enjoy this system, working with the support staff in Washington and would recommend it to anyone calling on us. We often make remarks wondering how we worked before we had the system. I know the answer — we worked so very, very hard. With the ISC System, we still work hard; but now we work smart! One of my staff made the remark recently that the difference in our previous system and our new system is as different as a "horse and buggy from the newest, finest luxury car available today."

To sum up — we feel very confident that our decision to select the ISC System was a sound and wise decision!

A few of the changes that have been accomplished by our purchase of this package are as follows:

- manual journal entries have decreased by 99.3%

*Linda Arrington
Check Services Department
Pier 1 Imports*



Intelitech Team Profile

Don Snow - Consultant



Don Snow is Vice President of The Intelitech Group. Graduated from BYU with a major in Economics and dual minor in Business Management and Accounting. Began his career as a schoolteacher and then assistant principal. Worked as General Manager and Corporate Officer of Chappell Manufacturing, a furniture manufacturing company. Don spent 14 years with Columbia Ultimate Business Systems, one of the the leading developers of Debt-recovery software. He was responsible for all training before being appointed Division Manager of the Professional Services Division. Don has consulted with hundreds of companies and trained thousands of individuals in the United States and Canada. He is consistently in high demand as an expert in the area of debt recovery.

References:

Barb Voisard - United Collection Bureau
5620 Southwyck Blvd, Suite 206 Toledo, OH 43614-1544
Phone 419-866-6227 ext. 224 Fax 419-866-5130

Tim Lanza - Boston Edison
800 Boylston Street Boston, MA 02199-8001
Phone 617-424-3684 Fax 617-424-2327

Fran Huntington - Credit Services of Oregon
1229-31 SE Stephens Roseburg, OR 97470
Phone 541-673-6661 Fax 541-957-4576

For more information on how you can have Don assist your organization in improving your collections process call 360-260-9780 or e-mail consult@intelitechgroup.com.



People Power

R. Fred Houston
President

Trust.
Cooperation.
Understanding.
Acceptance.

“Help your people understand themselves and others – and plant new seeds for organizational success.”

Without these positive attitudes about differing behavior, your organization can be brought to its knees by internal conflict. With them, your organization can be more productive and competitive than ever before.

How do you foster trust, cooperation, understanding, and acceptance at a time of broadening diversity?

You can start by administering a Profile to the people in your organization. The Intelitech Group uses a behavioral learning instrument that is a road map to interpersonal communications and teamwork – one that has proven its effectiveness in over 20 years of use by more than 30 million people in 84 countries.

Continued from page 1

Dealing With Change

Some of the most common changes in the Debt Recovery industry at this time are:

- Mergers and Acquisitions
- Changes in company leadership
- New technology
- Government regulation
- Certification
- Need for a more skilled workforce

The Personal Profile System® is based on the DISC Dimensions of Behavior®

model. Using the information gained from this system you and your team can:

- Discover and capitalize on behavioral strengths
- Increase their appreciation of different work styles
- Improve communication and reduce conflict
- Foster teamwork
- Develop effective managing and coaching strategies

For more information on how The Intelitech Group can help your people work together more effectively, call for a complementary video 360-260-9780 or e-mail consult@intelitechgroup.com.

“The Personal Profile System® currently in use has dramatically impacted... the quality of results for our organization. We estimate a 10-fold return on our investment.”

John Watson
Human Resources
Development
Crown International Inc.

Some of the more common personal changes that affect our associates that impact our organizations are:

- Health challenges
- Divorce or separation
- Problems with offspring
- Spiritual challenges
- Financial pressures
- Keeping up with needed new skills
- Firing or layoff

The list goes on and on. The Intelitech Group is committed to helping our industry as we move forward to new horizons. Change and the corresponding transition can be a powerful positive experience. I would invite you to contact us for more information on how we can help you through this fast-paced and ever-changing time. ✓



Intelitech Welcomes the Following New Clients

ShopKo Stores Inc.
Green Bay, WI

The Kroger Company
Cincinnati, OH

Kaufmann's
Pittsburg, PA

Stage Stores, Inc.
Houston, TX

Pier 1 Imports
Fort Worth, TX

Deluxe Payment Corp.
Bothell, WA

J&L Collections
San Carlos, CA

United Collection Bureau
Toledo, OH

Business & Professional
Services, Inc.
Reno, NV

H&R Accounts
Moline, IL

Commerical Services
Group, Inc.
Louisville, KY

Phoenix Credit Solutions
Nashville, TN

Come visit with The Intelitech Group at one of the following conventions:

Feb 7-11 Human Resources Conference
Palm Springs, CA

Feb 28-29 Consumer Debt Collection Conference
Miami Beach, FL

Mar 5-7 ACA March for Success Conference
Phoenix, AZ

Mar 19-22 National Collections & Credit Risk
Orlando, FL

Apr 5-7 ACA National Check Services Conference
Las Vegas, NV

Apr 26-28 eFunds Retail Conference
Phoenix, AZ

Jul 12-15 ACA 61st Annual National Convention
San Diego, CA

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