



New Acumen! Release 4.0

The newest components of ACUMEN! have been released. These new components include costing, upgraded online reporting and enhanced tracking ability for account changes.

ACUMEN! Now Includes:

- ❑ Recovery costing to track and understand collection expenses
- ❑ Upgraded online reporting
- ❑ Enhanced tracking ability for account changes
- ❑ Account profiling to determine the appropriate work effort
- ❑ Packet profiling that weighs multiple accounts for best work effort
- ❑ Account flow management and tactics optimization
- ❑ Resource optimization to ensure correct work implementation
- ❑ Best time to call to better implement your call diligence
- ❑ Comprehensive reporting via powerful data mining tool

Client Number	Number of Accounts	Principal Received	Commission Received	Phone Cost	Letter Cost	Indirect Cost	Direct Cost	Total Cost	Profit/Loss
BO125	383	\$45,276.93	\$24.39	\$14.76	\$200.02	\$7,882.96	\$460.98	\$8,358.72	-\$8,334.33
ROC21	39	\$437.50	\$109.34	\$2.12	\$32.85	\$1,482.90	\$88.97	\$1,606.84	-\$1,497.50
TIG211	124	\$11,579.54	\$441.96	\$5.62	\$62.05	\$1,519.74	\$91.18	\$1,678.60	-\$1,236.64
SAA987	145	\$11,674.96	\$2,918.74	\$11.49	\$88.33	\$3,736.70	\$224.20	\$4,060.73	-\$1,141.99
TIG357	297	\$62,972.38	\$15,439.66	\$11.53	\$143.08	\$4,873.63	\$292.42	\$5,320.66	\$10,119.00
PA1027	249	\$58,175.45	\$12,537.92	\$5.39	\$40.15	\$1,759.03	\$105.54	\$1,910.11	\$10,627.81
BO050	252	\$67,192.75	\$16,003.51	\$8.86	\$129.21	\$3,664.41	\$219.86	\$4,022.34	\$11,981.17
BND007	348	\$83,102.31	\$19,029.76	\$12.15	\$285.43	\$5,332.31	\$319.94	\$5,949.83	\$13,079.93
GIF128	459	\$126,919.20	\$27,423.96	\$18.11	\$212.43	\$6,757.07	\$405.42	\$7,393.03	\$20,030.93
BIO100	1014	\$212,876.74	\$44,700.17	\$65.58	\$333.61	\$19,623.15	\$1,177.39	\$21,199.72	\$23,500.45
TEC200	165	\$113,817.16	\$28,453.22	\$5.85	\$164.25	\$2,466.79	\$148.01	\$2,784.89	\$25,668.33
TWA315	381	\$97,829.23	\$29,228.97	\$7.16	\$29.20	\$2,701.09	\$162.07	\$2,899.51	\$26,328.46
MTG010	328	\$181,076.94	\$39,001.63	\$16.25	\$221.92	\$5,662.16	\$339.73	\$6,240.06	\$32,761.57
ACS572	397	\$162,303.03	\$42,468.90	\$13.81	\$177.39	\$4,811.53	\$288.69	\$5,291.42	\$37,177.48
LIV400	119	\$150,365.65	\$44,925.49	\$6.99	\$94.90	\$2,124.35	\$127.46	\$2,353.70	\$42,571.79
KRO001	187	\$145,808.62	\$48,591.65	\$14.29	\$91.98	\$5,545.37	\$332.72	\$5,984.36	\$42,607.29
BO3201	270	\$186,068.90	\$49,793.26	\$16.66	\$57.67	\$5,664.87	\$339.89	\$6,079.08	\$43,714.18

This is one of the new Costing reports. This report shows which clients are actually making or losing you money.

These new features allow greater functionality in accessing information, tracking costs and reporting. ACUMEN! provides even greater ability to track, work, and analyze accounts.

The costing module will help to track and understand expenses by analyzing the profitability of accounts and also provides a variety of ways to capture, analyze and display this data.

The upgraded online reporting allows data to be sorted, calculated and updated on the fly.

ACUMEN! also includes enhanced tracking ability where every second of time spent working an account is recorded, so that the amount of time spent working an account, the details of what exactly was done, which desk the account was on, who worked it, and what other resources (e.g. phone, dialer) were involved are accurately known.

The Quarterly Review includes information that educates clients and prospective clients on the cutting edge of the collection industry. It is published by:

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Introducing Lisa McCasline

The Intelitech Group welcomes Lisa McCasline as the newest member of its Consulting Team. Lisa will focus primarily on public and client relations, advertising, and will serve as Editor of The Quarterly Review.

"Lisa brings strong writing and editing abilities, along with excellent organizational skills that will help us to better serve and communicate with our clients," said R. Fred Houston, President of The Intelitech Group.

Lisa comes to Intelitech from Brigham Young University where she developed historical and research reports while earning a degree in History and English. Welcome Lisa!



Intelitech Quarterly Review

Consultants to the Debt-Recovery Industry

A Periodical from The Intelitech Group



R. Fred Houston

Welcome to this quarter's edition of the Intelitech Quarterly Review. I am excited to be able to share the information in this issue. I trust that you will find it useful in managing your organization and I hope that it will help you to take better advantage of the tools that are at your disposal.

I recently attended a training session presented by one of our industry's major software suppliers. At this training session, I was asked an interesting question:

"What business management philosophies do you follow and recommend?" I thought that this was a great question, and it warrants an explanation.

I have read (and continue to read) many different styles, methodologies, and philosophies regarding business, but I seem to come back to the tried and true philosophies of W. Edward Deming, Tom Peters, Peter Drucker, Stephen Covey, and Eliyahu M. Goldratt. Each of these experts adds dimension and depth that is both affordable and extremely effective.

W. Edward Deming's 14 points are nothing short of brilliant. As Donald E. Petersen, Chairman of the Board for Ford Motor Company said, "We are committed to his operating principles, particularly to the ethic of continuous improvement..." And Robert B. Reich, John F. Kennedy School of Government, Harvard University added, "W. Edward Deming is to management what Benjamin Franklin was to the Republican conscience – a guide, a prophet, an instigator. There are hundreds of successful businesses around the world that credit at least part of their success to W. Edward Deming.

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Collection Agency Performance

Business Consulting

Collector Training

Account Workflow Optimization

Enhanced Collections

Improved ROI

Reduced Costs

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President's Message

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Tom Peters co-authored the business classic *In Search of Excellence: Lessons from America's Best-Run Companies*. He also went on to author *Liberation Management: Necessary Disorganization for the Nanosecond Nineties*, *Thriving on Chaos: Handbook for a Management Revolution*, and several other works with profound insight. I appreciate Tom's ability to help me think "out of the box." He can be irreverent and even crazy at times, but he helps me to find unconventional ways to overcome challenges. Hopefully his style will help you also.

Peter Drucker provides a structure that simply makes sense. Drucker's "five practices essential to business effectiveness that can and must be learned" would be part of a business bible if there were such a thing.

I can't say enough about **Stephen Covey**, who wrote *7 Habits of Highly Effective People*, and recently, *The 8th Habit*. Dr. Covey has brought people and ethics back into the business culture that has too long been driven by technology only. Thank you Dr. Covey.

And finally, at least for today, **Eliyahu M. Goldratt**. What a breath of fresh air to find a business methodology that is not overwhelming and costly, especially in this world of ISO 9000, TQM, reengineering, and yes, PPMS. According to Goldratt's methodology, results can be closely determined even before implementation. He provides a logical approach to business improvement without the need to "mortgage the house and sell the grandkids."

Here at the Intelitech Group, we have taken many of these philosophies and merged them with our knowledge of revenue recovery and financial services. We have found that the Collections Industry has moved from a strictly technology-driven industry into a knowledge management and people-driven industry. We need to do all we can to place greater value in our clients, work associates, business partners, and stockholders. We need to differentiate ourselves from our competitors through value and service. When you hire a carpenter to work on your house, you don't ask him what type of hammer and nails he uses. You ask him what skills he has and what value he can bring you through the use of his hammer and nails. The same is true in our industry; the type of technology isn't what is important, but rather what we do with that technology. As we move back to a more people-driven industry, we must remember that what adds value and service to our clients isn't what technology we bring them, but what we do with that technology and how it is applied to their business.

Well, there you have it – these are the business management philosophies that I follow and recommend. Each of these top business consultants has a proven track record in bringing about real positive improvement in hundreds of businesses. To view additional publications and resources that we, at The Intelitech Group recommend, please visit our online library at www.intelitechgroup.com. As you apply these methodologies, ideas, and philosophies in your business, we wish you much continued and future success.

Sincerely,

R. Fred Houston
President,
The Intelitech Group



Client Profile: Express Recovery Services

Express Recovery Services, Inc. services thousands of clients in the medical, utility, retail and other industries. This agency was founded January 5, 1996. The owners, Dan Rich and Dayer Worrall, purchased a small agency called Capital Credit Corp. When it was acquired, the business employed only five people, but since that time, the organization has grown to over 50 employees. Dan and Dayer had both worked for a competitor for several years before starting their own agency. They gained much knowledge about what works and what doesn't work when trying to run a successful business.

Express was founded on the idea of teamwork in order to produce the greatest return for their clients. Dan and Dayer wanted to hire the best employees and treat them well in order to curb the trend of high turnover in the collection industry. This philosophy has paid off. They have 15 employees who have been with the company for over 5 years and another 16 that have been there between 3-5 years. Express has competed against the largest agencies in the state of Utah and has usually come out on top.

Express became a client of The Intelitech Group in July of 2004 when they began to utilize Acumen!, a knowledge-based recovery decision engine. Recently, they also began using CollectorTalk!, Intelitech's collector training program. Michelle Camp, General Manager of Express Recovery Services, has seen tremendous results: "Express Recovery has shown a significant improvement in our collection strategies and workflow using Acumen!. CollectorTalk! is also working well. We have noticed the positive impact The Intelitech Group has had on our collection effort."



Business As Usual Part II

by: Charles Boling, Chief Analyst

Few of us are excited to spend money that doesn't give us an immediate return, but when the going gets rough, this "self-insurance" can pay big.

From the time your data leaves your office to the time it returns, it is protected from prying eyes. Information exchanged over public networks is encrypted*, and servers and media are secured physically as well as electronically. Access is strictly limited to those with a need to know in order to perform their job for you. We aggressively protect our network from attacks from crackers and viruses, and work with our IT vendors to ensure that our computing environment is kept safe.

Additionally, we do as much as possible "in-house" so that we personally know who is touching your data. Under daily operations, your data never leaves our control until it's returned to you. We do not allow outside access to our network through VPNs or other means.

Access to machines on our network (such as file transfers) is done at the application level so that even if an account is compromised, the would-be intruder is "jailed" within one particular area.

With all of the potential avenues for data to be compromised, we at The Intelitech Group, have chosen to be proactive in our approach to address these issues. We feel a necessity to approach data security with all seriousness thus giving you, your clients, and us peace of mind.

*Due to technical limitations, some reports displayed in your web browser may be encoded, but not encrypted, making it possible in theory for someone in the right position to be able to see what is displayed in your browser page. We are currently working to resolve this issue.



Data Mining: The Managable Mountain

by: Bryan Houston, Data Mining Specialist

In the last newsletter we explored the process of data mining. We started determining the size and type of data we wanted to mine, and then proceeded to identify the appropriate tools for the mining process. We moved on to polishing the data so that it could be presented in a manner that suited the intended audience. Finally, we discussed the need to be able to access the polished information when and where we need it. After we are comfortable with the steps of the data mining process, we can proceed in our quest to make relevant, timely decisions. Beginning with this article and continuing over the next few months we will explore each of these steps.

To understand the mountains of data we have accumulated, let us compare it to some other mountains. The mountain ranges that surround the Pacific Ocean are known as the Pacific Ring of Fire. This arc stretches from New Zealand, along the eastern edge of Asia, north across the Aleutian Islands of Alaska, and south along the coast of North and South America. The Ring of Fire is composed of over 75% of the world's active and dormant volcanoes. These mountains, while all similar, contain different materials, were formed over varying lengths of time, and continue to grow in unique ways. Two volcanoes that have attracted a lot of media attention historically and even recently are Mount Kilauea in Hawaii and Mount Saint Helens in Washington State. While both of these mountains are active volcanoes, it would be foolish for geologists to neglect to give each of them unique respect.

The mountains in the Ring of Fire are comparable to the mountains of data we have in our databases. They have been formed differently, contain unique arrangements of data, and if not treated with unique care, have the potential to produce disastrous results. However, unlike the mountains in the Ring of Fire, we not only want to monitor our mountains,

we want to mine them. So what do we do, how do we begin?

Just as the mountains in the Ring of Fire have a similar makeup, the mountains that we want to query contain some basic ingredients. The key ingredient in our mountains is data, and the key to the data mining process is harnessing the power that is stored in the ones and zeros. It is when our data is turned into information that we have power—the power to see the past, the power to predict the future, and the power to make decisions.



But what is the difference between the mountain of data we are looking at and the power of information we hope to find? Data and information are two words in the English language that are often used interchangeably; it is no wonder that we have a hard time distinguishing the two! There are some fundamental differences between data and information. For example, the address of a client is data, but that same address given to the billing department is information. The phone number of a debtor is data, but given to a collector, it becomes information. So what makes the same string of characters boring data in one instance, and powerful information in the other? The relationship between data and information is not the

string of characters, but rather, the relationship of those characters to the decision at hand.

As we contemplate the place of data and information in our own organizations, it becomes quite apparent that all the data we store could be used as information. What may be data to us now could quickly be information to us later. Often we look at our database and become overwhelmed when trying to make sense of it all. We need to look at our mountain of data with a purpose and ask ourselves some questions.

- ❑ Why do we store this data?
- ❑ What are some decisions we can make using this data?
- ❑ Are we making those decisions?

We store data with the idea that it will help us at some point in the future. If we are unable to see the benefit in the future, chances are our mountain is bigger than it needs to be. With the vast amounts of data available, it is easy to add more and more data. However, the power and reward of data mining is not in the size of your database, but in the ability to take that data and turn it into information to answer questions that help your organization. It becomes our responsibility to not only know what data is being stored, but to determine the questions that will need to be answered. It is when we can do this that our data bank will change into an information system.

With our information system, or manageable mountain, we are then able to proceed to the next step of data mining—utilizing the appropriate tools. With the right tools in hand, we will be able to use the power we have identified to create our own “ring of fire.”

Training The New-Fashioned Way

by: Matt McCasline, Training Specialist

Throughout the industry, there is one thing that agencies have in common: they all need collectors to make their businesses run smoothly. Collectors are the lifeblood of the industry, and having well-trained collectors can make the difference between success and failure. We all agree that training is important, but in addressing training, many questions arise. How often should we train our collectors? Should we train all our collectors or only our new collectors? Do we need to hire a training staff? Should we keep the training process that we currently have or do we need a full training program? How should we train our collectors?

How collectors are trained has changed and evolved dramatically through the years. Many years ago, there were no computers, no collection software and no dialers and very little formal collector training. Training commonly consisted of one-way call monitoring and perhaps very basic compliance training. There were no two-way call-monitoring capabilities or software to help with training. Technology has helped us advance in every aspect of collections. It has greatly helped us in the way we train our collectors. While many agencies across the industry are using the same techniques that have been used for decades, some are exploring the technology of Computer-Based Training.

Some form of Computer-Based Training (CBT) has been utilized for many years, but until now complete training hasn't been available. Collectors can get one-on-one training through computer-driven instruction. CBT uses new technology and methodologies to provide state-of-the-art training. CBT can do many things for our agencies and our industry including helping us to alleviate many of the problems that challenge us. Let's go through a few benefits of CBT.

❑ **Compliance**
CBT can help with many major compliance issues. There has been a dramatic increase in the laws and codes by which we, as an industry, must abide. Most agencies must comply with FDCPA regulations, and many others must teach their collectors HIPPA compliance. CBT can provide a way to not only teach these principles and policies but also ensure that



due diligence has been done in training.

❑ **Flexibility in training**
Let's face it; in collections time is money. Finding time to hold training is a difficult task. We often pull collectors off the floor during prime call times to make time for training. CBT can help. Because each collector will use CBT at his or her own pace, the need for long training sessions with rooms full of trainers and collectors is gone. Most CBT programs are far less time consuming than many classroom training sessions. This way, collectors can be out on the floor utilizing the training they have received. If a collector has the ability to apply the learned skills the moment they are learned, good things will happen.

❑ **Reduction in training costs**
Many wonder if CBT eliminates the need for training staff. While CBT does not eliminate the need for live trainers, it can help reduce this need. Some CBT programs even have interactive capabilities that quiz and measure the

performance of a collector. With the help of these programs, the training staff can help the collectors improve their performance and provide additional support as needed.

❑ **Customization**
Each one of us has a different way of getting things done. The same could be said for the way we conduct business, drive a car, even train collectors. As such, CBT can be customized to fit into your agency's business model. The policies and procedures that you want your collectors to know and practice can be emphasized using computer training.

❑ **Higher retention**
Collectors are more likely to retain and apply the principles and techniques they learn through CBT than any other type of training. We can use CBT to quiz and test collectors in a safe and comfortable environment. Both collectors and managers can see what collectors have and haven't learned and then make appropriate adjustments to both the training program and individual work regimen.

❑ **Have fun**
When training collectors, it wouldn't hurt them to have fun! CBT is a welcomed break from the at-times vigorous routine of collections. Collectors tend to respond better to training and instruction that gets them involved and teaches them in a fun and informative environment. Some may say that when it comes to training, if it's not fun, it's not worth it.

In our industry, one example of CBT for collectors is CollectorTalk!, a revolutionary interactive collector training tool. Using state of the art research methodologies, such as NLP, Personality Profiling and Best Practices, CollectorTalk! teaches collectors to build professional interpersonal skills and allows

Intelitech Welcomes Our New Clients

Professional Service Bureau
Minneapolis, MN

Collection Bureau of Little Falls
Little Falls, MN

Pioneer Credit Recovery
Arcade, NY

Financial Credit Network
Visalia, CA

American Revenue Management
Oakland, CA

First Collections Services
Little Rock, AR

American Agencies
Torrence, CA

Federal Bond & Collections
Philladelphia, PA

CollectionCenter
Rawlins, WY



One of the buzzwords of the financial world today is "SCORING." This concept is certainly not new. Anyone who has gone out to make a major purchase on credit (a car, a house, or a big-screen TV) knows that his or her credit history is open and available to those who have the need to know. The major credit reporting agencies maintain a fairly detailed portfolio on most Americans, and information from these credit reports have been the preferred method of most credit decisions. Over the years, and particularly recently, the credit reporting agencies have created new and improved methods of dealing with credit scoring. The data is improved and timelier, and the methods of calculating scores are more varied. They offer more types of scores for those looking to purchase on credit, those who want to increase credit lines, and those who have missed one or more payments (and should be considered a recovery risk). Credit scoring is getting better, faster and more predictable.

In the collections environment, scoring is still relatively new. Some have used credit scoring in the past and have found limited success at a relatively high cost. Now is the day of collection scoring, which is certainly different from credit scoring.

After a number of years working in the debt recovery arena, and more recently in the field of collection scoring, I believe debt collections can be described in a very simple diagram. The following is a concise but realistic table of a scoring model that not only makes sense, but is also the basis for collection procedures of many debt recovery operations.

Can/Can't - Will/Won't

by: Don Snow, Vice President

In this simple chart below, we represent the ability of the individual to pay the debt across the columns. We represent the willingness to pay the debt along the rows. This may not be indicative of every collection scenario, but a debtor will usually fall into one of the four quadrants. Generally, he or she can or can't pay their debt (have or don't have the means to pay) and either wants to resolve the debt or not. As collections professionals, it is our task to determine both -

	Can Pay	Can't Pay
Will Pay	Can and Will	Can't but Will
Won't Pay	Won't but Can	Won't and Can't

ability and willingness. With today's modern collection scoring engines, we are better able to determine an individual's ability to pay a debt. By utilizing many of the databases available (geo-demographic, socio-economic, etc.) and the general historical collections data from the agency, we are fairly accurate

in predicting who can and who can't pay their bills. It still is necessary, however, for the collection agent to make some determination, and then influence willingness to pay. Let's put this all together as we look at the table above.

Can and Will

If a person is both able and willing to pay a debt (can and will) this should be a fairly simple collection process. Excuses such as "I thought my wife paid that," "I didn't receive a statement," "we recently moved," "we just refinanced the home," etc. are common with this type of debtor. Often, a written notice or a short phone conversation will resolve the matter with payment in full.

Won't and Can't

This is the person who claims, "I wouldn't pay you even if I could" and can't pay you anyway (won't and can't). Agencies must determine at what point to make that determination and cut their losses.

We have a certain group of debts where any kind of contact will generate a payment and another group where it really wouldn't matter what you do, you will not get paid. The above two groups are "easy". It is the other two that make our job more challenging and interesting.

Can't but Will

There are those who are willing but unable to pay their debts (can't but will). These debtors might be a young couple with too many credit cards, someone who has just lost a job, those going through a divorce, or a person facing a medical tragedy, etc. A good collector can help each of these debtors find solutions, such as a loan from a relative or a payment plan with an initially low payment. There are numerous debtors who find themselves in trouble (sometimes through very little fault of their own) who have every intention of paying their bills but are just not able to right now. This is an opportunity to work with the debtor, not demand payment in full or have a "see you in court" attitude. Your collection strategy may need to be geared to "get what you can when you can." Threats are not the answer in this situation.

Won't but Can

The individual who has the resources to pay the debt, but has no intention of doing so (won't but can) requires a totally different collection strategy. A collector needs to be able to determine why the debtor will not pay, and then positively influence his or her decision to pay the debt. There are numerous reasons why debtors do not want to pay—a bad product or service dispute, errors from either party, a claim that it was never purchased, etc. Once this reason is determined, the collector can then better effectuate resolution. This could require something as simple as sending written validation of the debt, or getting the client and debtor back in contact with each other. This may be is the situation where hard line collection techniques or litigation are applicable. Remember that

this is the person who can pay their debts, and we are trying not to waste valuable collection resources.

With the reasonably priced Collection Scoring models available today, agencies are given a clearer picture of a person's ability to pay (and even willingness to pay if we have seen this person before in our office). By allocating the proper resources and collection strategies based on the can/can't - will/won't model, we have the opportunity to make wiser collections decisions and ultimately save valuable time and resources in the process.

Now go and do the right thing. /

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Training The New-Fashioned Way

for monitored practice of the newly-acquired skills. CollectorTalk! also provides areas of customization in which compliance issues can be addressed. Like many CBT programs, CollectorTalk! is interactive and allows the collectors to take an active part in the training. CollectorTalk! takes this a step further and allows for practice and review of a collector's simulated talk-offs.

In this industry we are in the business of collecting money. We must remember that in order to do that, and do it well, we must have competent and well trained collectors. There are many methodologies used in training throughout the industry. After all that technology has helped us to achieve, many agencies have asked, "Will CBT make us more effective in our collection efforts?" CBT will take your collectors to the point of competency, where they can effectively handle each call with professionalism and poise, and can ultimately collect debt. CBT is truly the 'new-fashioned' way to train. /