

Business Intelligence – Leveraging Outbound Dialing Strategies To Improve Collection Effectiveness

Often times we continuously change our dialing strategies in pursuit of improving our collection effectiveness. On the surface this seems like a simple, tactical approach; but in reality is a business strategy question only partially related to your dialer. The tactical exercises of setting dialer predictive level, getting just the right messaging scripts, or how to best use answering machine detection yield negligible results compared to examining your entire collection efforts as a whole, and integrating your dialer into your business strategy.

This whitepaper will explain proven approaches to making your dialer an extension of your business account strategy. Currently, call centers can both make calls and receive calls, and handle them in both attended and unattended modes. These two axes produce four general activities handled by any good call center in the market today. In this paper, we focus specifically on the outbound dialing dimension and highlight the effective use of predictive and preview dialing plus unattended messaging campaigns in your collection strategy.

We will first describe the outbound dialing types, talk about account metrics and classification, and then explain how to put these together into effective collection strategies.

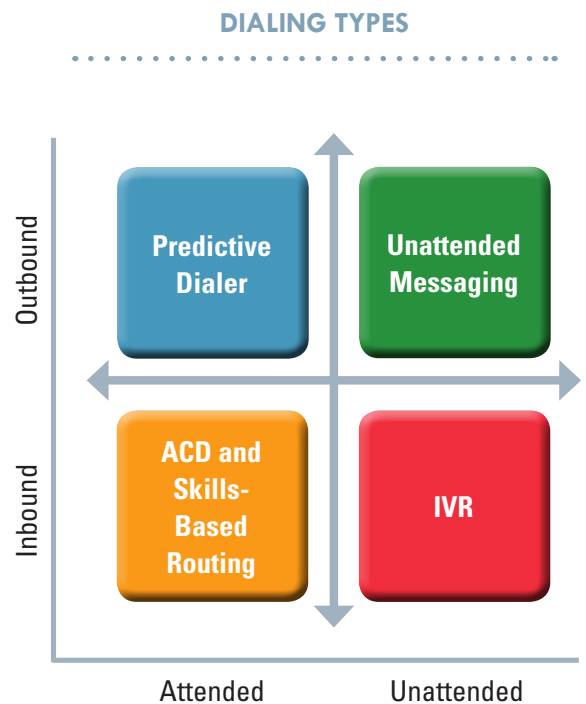
Outbound Dialing Types

Preview dialing gives the collector time to preview the account prior to the call. It's almost the same as working the account in the WIP (Work in Progress) manually, but with a few advantages.

First, collectors can take advantage of other dialer features since they are already logged in to the dialer. For example, they could receive an inbound account right to their desktop instead of receiving a cold call to their telephone.

Second, having collectors on the dialer enforces which accounts are worked as well as the pace of the work itself.

Predictive dialing puts your work into campaigns for mass dialing. The dialer predicts, based on past experience, how long it will take for a collector to become available, and how long it's taking people to answer the phone; it then dials ahead to get someone on the phone as soon as an agent is available to receive a call. This works well when several people are pooled together to work the same campaign.



A popular method of working these predictive campaigns is to pool new business into a single campaign, letting agents take possession of the account when they receive a promise or payment. This way of working predictive campaigns (pooling to ownership) is assumed in this paper.

Unattended messaging has increased in popularity in recent years. Modern messaging works like predictive dialing, but upon connection turns the call over to an automated script with text-to-speech technology. Essentially, the messenger identifies that the called party is the right party, and then transfers the call to a waiting agent. It has an understandably higher abandon rate, but it keeps your collectors talking to right parties, which makes it a very powerful tool for certain types of accounts.

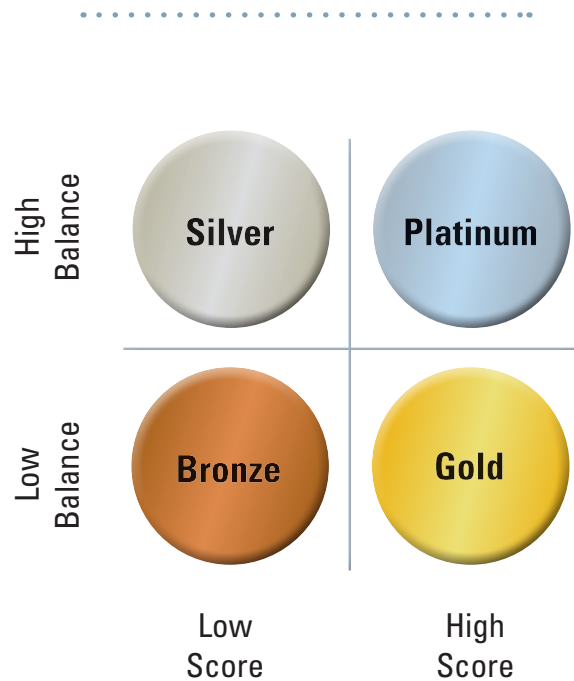
Account Metrics and Classification

When organizing your work, there are a lot of factors and measures you could use. But there are two metrics that really stand out when creating a strategy: balance and score (indicating probability to pay). Average account balances, scores, and liquidation rates vary from business to business. A Medal Score is used in this paper as a way to demonstrate how best to classify accounts:

Higher balance accounts with a high liquidation rate are classified as Platinum. Accounts with a lower balance but with a high liquidation rate are classified as Gold accounts. Accounts with a high balance and low liquidation are classified as Silver. Finally, low balance accounts with low liquidations are classified as Bronze.

Additionally, there are exhausted accounts—accounts that have run through the prescribed strategy without success. There is still money to be collected here in all balance ranges, but the likelihood of collection is very low.

MEDAL SCORE



Collection Strategies

Because the accounts in the classification are so different, each responds better to different outbound dialing strategies. Let's look at each of the four medal score account classifications and explore the dialing strategies most appropriate for each classification.

Platinum

Statistically speaking, Platinum accounts bring in 50-75% of recoveries. They are your high balance accounts with a high collection rate. Working these accounts exclusively on preview campaigns will yield the best results. Assuming a 180 day collection cycle, work these accounts every day for the first 45 days. Slow down to every third day until the 90 day time frame, and then work them weekly until the 180 day mark.

Gold

Gold accounts have lower balances with very good recovery rates. Start them out on unattended messaging campaigns, kicking back right party contacts to your collectors. Attempt these accounts first on a messaging campaign every two or three days. Because of the high liquidation rate, only do this for about 20 to 30 days. This will pick up the simplest payments without expensive collector effort. After that, switch to predictive dialing campaigns, letting your collectors work these accounts every two or three days for the next 15 days or so.

After the 45 day mark, switch to every five or six days on predictive dialing for the remainder of the strategy. Statistically, if these accounts are going to pay, they will pay early, letting you abandon the strategy at the 75 day mark.

Silver

Silver accounts have the highest balance in your system with the lowest liquidation rate. It's a situation

that screams for automation. Working these accounts with unattended messaging is far less expensive than putting collectors on them right away. However, unlike Gold accounts, you can afford to keep these on a longer messaging cycle. Keep them on a messaging campaign for 60 days, attempting them every three days or so. Then, shift down to attempts every six to nine days until the 90 day mark but on a predictive campaign. Finally attempt them once every couple of weeks on a predictive campaign until the 180 day mark.

Bronze

Bronze accounts are low balance accounts with low liquidation rates. If it weren't for service level agreements, it may not even be worth working these accounts at all. For that reason, we recommend working these accounts entirely in unattended messaging campaigns. Attempt them every three days for the first 15 days, and then shift to 10 to 15 day rotations until around 90 days before exhausting and abandoning the strategy.

DIALING STRATEGY PHASES

Strategy	Phase I	Phase II	Phase III
Platinum	1-45 days: preview every 1-2 days	45-90 days: preview every 3 days	90-180 days: preview weekly
Gold	1-30 days: messaging every 2-3 days	30-45 days: predictive every 2-3 days	45-75 days: predictive every 5-6 days
Silver	1-60 days: messaging every 3 days	60-90 days: predictive every 6-9 days	90-180 days: predictive every 2 weeks
Bronze	1-15 days: messaging every 3 days	15-120 days: messaging every 10-15 days	
Exhausted	Messaging every 3-5 weeks		

Look for messaging solutions that pass back account information directly to your collector's screen. This will reduce the number of abandoned calls and increase the effectiveness of your unattended messaging campaigns.

Exhausted

Once accounts in any of the categories have exhausted their strategies, they are moved into an exhaust state. There is still money to be collected here as consumers' situations may change over time. Continue to work these accounts every few weeks (perhaps several weeks or months) with automated messaging campaigns to capture these opportunities with a minimum of cost.

Summary:

In this current market environment, payments are down while placements are on the rise—making automation more important than ever. Predictive dialing increases overall productivity by providing the most efficient method for volume dialing. Automated messaging lowers costs while keeping your collectors talking to right parties.

If you're looking to implement or extend the productivity of dialers and messaging solutions, there are two things to consider. First, look for messaging solutions that pass back account information directly to your collector's screen, and preferably pass the audio directly to their headset rather than transfer

and whisper. This will drastically reduce the number of abandoned calls and greatly increase the effectiveness of your unattended messaging campaigns.

Second, not all dialers are created equal when it comes to predictive dialing. Surprisingly, there is a large variation in the speed of a dialer. You need to look at the dialer's ability to move through a lot of accounts quickly. You want to effectively filter out useless calls to help get through the high volume of placements.

In conclusion, remember that there is no such thing as effective dialer strategies, only effective collection strategies. The dialer is a tactical tool to execute your strategy. The tools that are increasingly driving collections today include: the analytics package which provides the data you need for your strategy, the core collection software which manages your overall strategy, and the dialer which drives and executes the bulk of your strategy.

The Intelitech Group provides excellent tools to address these needs. If you are interested in finding out more about these solutions, please visit www.intelitechgroup.com or call (360) 260.9780.