



Debt Recovery for the *Utilities Sector*

What makes a good utility sector collections partner?

Collection agencies need the skill, resources, and understanding to deliver a service which is compliant not only with the utility provider's work processes but also the regulatory environment. This means:

A pedigree in the sector to give empathy with the utility business model and customers.

Regulated and accredited status to demonstrate a commitment to best practice.

Customer centric approach which resolves the customer's debt problems, maximises collections and minimises complaints.

Collector-Negotiators who can arrange repayment plans with the individual customer which maximise the clients collections and also manage live and final billed debt recovery.

Ancillary services to support the clients on-site needs, of meter management, disconnections, and tenancy issues.

Legal services for the difficult accounts.

Flexibility to work and integrate with the clients business team under its brand or as its agent.

Easy integration of team working through a web based client portal for the placement of single or multiple debts and the reporting of the DCA's collections performance.



A pedigree in the sector

A pedigree in the sector to give empathy with the utility business model and its customers.

Specialist utility providers will have built up a reputation in the sector and be able to show some of the UK's leading utility providers as clients and a portfolio of services specific to the sector. These should include live and final billed debt recovery as well as meter disconnections, and a range of site services.

The partner's internal processes should support meter disconnection with the concurrent collection of overdue live account debt. This reduces the utility provider's exposure to increasing debt from overdue live accounts, shortens the recovery process and improves recovery rates – all of which enhance cash flow and customer retention.

Regulated and accredited status

Regulated and accredited status to demonstrate a commitment to best practice.

Compliance with Ofgem and Ofwat service guidelines is important. Regulated status with the FCA and DPA, and membership of the CSA will demonstrate a firm's commitment to best practice and provide assurance that it will instinctively comply with sector regulations.

Customer centric

Customer centric approach which resolves the customer's debt problems, maximises collections, and minimises complaints.

A firm with a customer centric approach is more likely to arrange repayment plans which maximise collections for the utility provider but are fair, ethical, and suited to the customer's circumstances.

Collector-negotiators are required who can understand the individual's or company's circumstances and arrive at the best solution for both the customer and the utility provider. Their goal must be to maintain the client's reputation and avoid complaints whilst collecting the maximum debt. The partner must have collection strategies which maximise recoveries and avoid complaints.

Policies and procedures should support the fair treatment of all customers especially those who are vulnerable. The objective being to avoid Ofgem or Ofwat criticism and sanctions, to meet their best practice for the management of utility customers, and to achieve good Service Incentive Mechanism SIM scores and Broad Measure of Customer Satisfaction (BMCS) ratings for the client whilst maximising recovery rates.

Collector-Negotiators

Collector-Negotiators who can arrange repayment plans with the individual customer which maximise the client's collections and also manage live and final billed debt recovery.

A strength of the collection partner must be a team and approach which emphasises reaching amicable agreement with the debtor.

Individual debts should be assigned to an account manager dedicated to collecting that debt. The consistent contact from the same manager gives continuity and credibility to the negotiations which maximises collections.

The collector-negotiator account managers should be trained and practised in call techniques, negotiation, and dispute resolution and skilled in determining the reason for non payment and the best action to get the debt paid.



Ancillary services

Ancillary services to support the clients on-site needs, of meter management, disconnections, and tenancy issues

A field service and office based team trained and experienced in managing the on-site tasks needed by electricity, water, and gas utility providers is a core requirement for any firm which aims to provide a full service for the utility sector.

Disconnections: Collection partners should be able to manage a utility providers disconnection and field needs. They should be capable of managing the whole process from initial request to conclusion, ensuring all SLA's are met. The office based team should remain in contact with the field agents during every pre-disconnection visit (PDV) and disconnection. This facilitates real time resolution and management of the utility providers account. Few, if any firms, except ACS take this approach to disconnections - ACS is believed to be unique in the market place.

Other services: A collections partner which claims to offer services for gas, water and electricity providers should offer a portfolio of services which includes:

- Pre-install meter signal checks
- Smart meter installations
- Meter removal and storage (with and without warrant)
- Meter fault investigation
- Health and safety obligations
- Metering information visits
- Special read visits

Trace and collect: Collection partners should be able to combine their utility services with a tracing service to provide a cost effective full service solution for utility clients which is compatible with Ofgem's closed account ruling.

Legal services

Legal services for the difficult accounts

The goal of the collections partner should be to recover the debt amicably and avoid the expense of legal action and the detrimental impact on the clients reputation and SIM and BMCS rankings.

However, there will always be debts which can only be recovered through litigation and a seamless, no-hassle option to move to legal recovery should be part of the service provided by the partner. In these cases the collections partner will need to have the skills and experience to determine, and advise the client, if legal action will likely result in recovery of the debt.

Flexibility

Flexibility to work and integrate with the clients business team under its brand or as its agent.

The goal of a recovery partner should be to act as a seamless extension of a client's credit department, to enhance its collection process, and to achieve the highest possible return on each overdue account.

Close integration: After the partner has been instructed to collect a debt there should be nothing more for the utility company to do – the partner should arrange the repayment plan, collect the payments, and pass them on to the utility provider.



Flexible processes: The partner's work practices should be able to adapt to using the client's trade name, its own brand name, or both when working with clients but it should always aim to integrate its best practice debt recovery processes with the client's working practices.

Debt volume, age, and type: Naturally, any collections partners should have the experience and resources in place to recover commercial and consumer CCA regulated debt of any size and age and handle any volume of outbound and inbound calls.

Easy integration

Easy integration of team working through a web based client portal for the placement of single or multiple debts and the reporting of the DCA's collection performance

The collections partner should provide the client with a secure 24/7 on-line portal for managing and reviewing progress. Clients should be able to,

- View reports, place debt, track accounts
- Upload documentation
- Respond to requests for information
- View real time actions and add notes

Advanced Collection Systems

Established in 2000, ACS provides credit management and debt collection services to the utility and other sectors. Further information and resources including copies of this guide are available on its website.

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