



Case Study

➤ National Federal Debt Collections Leader Increases Right Party Contacts

A leading player in the collection of federal debt uses SoundBite voice messaging as a supplement to manual dialing to generate more right-party contacts (RPCs) for its agents. As a result of using SoundBite, the agency has dramatically increased monthly RPCs and revenue, improved profit margins, and maintained its high competitive ranking despite understaffing.

The Business Challenge

Considered “end of the road” accounts — because multiple collections attempts have been made by the original creditor before handoff, this type of federal debt presents a unique set of challenges. Because this type of federal debt is funded by taxpayers, there are no statute-of-limitation restrictions on collections. The agency must work towards exhausting every account to the benefit of taxpayers before sending it back to the federal government. What’s more, balances range broadly from a few thousand dollars to tens of thousands of dollars.

While current default rates on this type of debt are below 5%, skyrocketing interest rates in the 1990s drove default rates as high as 22%. As a result, the outstanding debt may be anywhere from one to 15 years old, and some of the debt originates as far back as the 1960s.

In addition to the formidable challenge of effectively handling these low-yielding accounts, the agency was understaffed by nearly 50%. In federal collections, one key to success is building relationships with debtors, and understaffing puts a tremendous burden on the agency.

While the agency knew that manual dialing would always be a core component of its overall strategy, it needed to improve agent utilization by generating more RPCs and dig deeper into the accounts in order to enhance both revenue and profitability.

The SoundBite Solution

To help increase RPCs, the agency initially considered auto dialer technology. However, most dialers required the agency to conform its processes to the way that the dialer worked. Being highly-ranked in all of its contracts, the agency was not willing to change its business processes. They wanted to keep their procedures in place and augment them with new technologies that could help them be more successful. This led the agency to SoundBite’s voice messaging.

“SoundBite has made our collections teams far more productive. RPCs, revenue, and margins are all up — and we’ve maintained our top competitive rank, even when understaffed.”

Director of Operations,
National Leader in Federal Debt Collections

The predominant calling strategy involves manual dialing to named accounts. Each agent has approximately 400-450 named accounts and makes an average of 140 outbound calls per day. Calls are prioritized based on account balance and a custom credit scoring model. The average RPCs are 8.5 per agent per day.

There are 15 different teams working the federal contract. Each team has two work shifts – the first from 8:00am to 5:00pm and the second from 12:00pm to 9:00pm. SoundBite calling campaigns are run at 6:00pm to complete call attempts for the first shift, and at 10:00am to complete call attempts for the second shift the day before. This helps the agency reach people who may not be available during the account owners' scheduled work shifts. All RPCs are directed to another collector on the same team, and whisper technology is used to identify the debtor to the agent.

The agency also uses SoundBite to capture the low-hanging fruit on new business. These campaigns typically involve 25,000 to 30,000 accounts, about half of which will have phone numbers. SoundBite call attempts are made 3 times per day over the course of 3 days, trying to generate as many live connections as possible. At the end of the three-day cycle, the remaining accounts are handed over to the collections teams for skip tracing and additional work.

Results

SoundBite has helped the agency generate approximately 3,500 more RPCs a month than would be possible with manual dialing alone. That's the equivalent of 20 collectors achieving an average of 8.5 RPCs per day. Assuming that 20% of the RPCs make an average payment of \$600, the agency estimates that SoundBite helps to generate \$420,000 in gross collections each month.

By producing a consistent level of revenue, despite a shortage in full time collectors, the agency has been able to maintain its high competitive rank. Further, margins have improved because revenue goals are being met while agent expenses are significantly lower.

Key Results

- ◆ 3,500 additional RPCs per month
- ◆ An additional \$420,000 generated each month
- ◆ Drastically reduced cost-per-contact rate
- ◆ Agent expenses significantly reduced
- ◆ Improved agent efficiency

About SoundBite Communications

As a leading provider of on-demand, multi-channel proactive customer communications solutions, SoundBite transforms the way organizations communicate throughout the customer lifecycle to build trusted, lifelong, and profitable relationships. Visit SoundBite.com for more information.