

# Debt Reduction Through Operational Improvement for Residential Customers

## Client Challenge

Our challenger energy client was experiencing high levels of debt that were increasing month on month. The client operated their collections activity in a CRM system. Without a dedicated collections system only minimal customer segmentation was in place.

In addition, the client passed overdue debt to a Debt Collection Agency, however, the results were below industry standard.

## Sagacity Activities

The client's challenges were addressed using our operational expertise in credit and collections, underpinned by our analytics capability. The actions we took comprised of:

- delivered new debt path steps with improved customer segmentation
- implemented new digital communication channels
- set up a new DCA with industry experience, who collected as much in 5 weeks as the previous DCA did in 8 months
- trained our client's agents in advanced collection techniques
- set agent collection targets and ongoing monitoring to achieve a 50% improvement in collection rates



Segmentation



Debt Paths



Agent Training

**£1.7m**

debt reduction  
in first 3 months

## Outcomes

The collections team performance improved significantly and as a result, the client benefited by seeing their debt position reduce by 9% in the first 3 months.