The Little Book of DebtChasers



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The Company

DebtChasers is a small company based in Chicago, Illinois. They occupy an office in the city of Chicago in a building with other small companies.



DebtChasers service is to chase unpaid invoices on behalf of their customers by typing threatening letters and sending them in the mail. The service is simple but very effective and their clients are generally very happy with the results. There are, though a few issues:

1. The company is not making a profit. The administration team is fully occupied typing nasty letters but this still doesn’t seem to be enough.
2. DebtChasers cannot service all the customers who want to use their service. The sales manager assures everyone there is a lot more business out there, but complains she cannot take advantage of it because the admin staff can’t cope with more work.

The Sales Manager says that there are definitely 100 more clients out there and that all clients want to increase the number of debts that are serviced to an average of 40 per year.

1. Sometimes letters are sent to debtors who have already paid their debts. Very often DebtChasers customers do not inform them if the debt has been paid. This has lead to some embarrassment recently and the threatened loss of some clients.
2. The office is rapidly running out of space, already DebtChasers store a lot of archived invoices in a storage facility. It is not a legal requirement to store original copies of the invoices, however it has been useful to be able to refer back to debts and letters that have been sent to clients. All invoices are thrown away after 5 years
3. There is no easy way to establish which clients are using the service and which clients are not using the service any more so it is difficult to dynamically manage customer relationships, other than by using the sales manager’s relationship skills.
4. Customers/Debtors often phone in about invoices. The Admin assistants are generally charged with answering the phone. It is difficult to handle these calls, debtors are generally quite angry and become even more upset when it takes some time to find their details in the Invoice Ledger. This detracts from the time the assistants can devote to writing letters.

The office building in which DebtChasers is located is occupied by a variety of other small service providers, perhaps of most interest to this scenario is the lawyers down the hall; Goldsmith, Gallagher & Co. While they are a traditional law firm and thus handle many types of cases they find that one of their main areas of business is chasing unpaid debts through the courts on behalf of a variety of clients. As they occupy the same floor of the building as DebtChasers they have formed somewhat of an informal relationship and DebtChasers, when asked often recommend this firm if their clients ask for help if the DebtChasers service fails.

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### Business Objectives

* Company reputation
  + Increase marketing to existing target markets and new target markets
* Profit maximization
  + Debt Chasers to be profitable within 1.5 years
  + Reduce Costs by 20%
* Sales Growth
  + Expand customer base by 40 in 2 years (by 100 in 5 years)
  + Increase number of debts serviced for each customer to an average of 40 per year within 2 years
* High quality service
  + High quality of service for our customers (traceability)
  + Improve customer relations through better quality of service
* Efficiency
  + Process automation/ Increased efficiency in process
  + Decrease storage space utilization
* Employee satisfaction

### Characters

DebtChasers currently employs:

* + **20 Administrative Staff** – who process invoices and letters
  + **10 Sales staff** – who sell stickers to customers
  + **1 Sales Director** – manages the sales effort
  + **1 Managing Director** – manages the company
  + **1 Technology Manager** – manages the burgeoning technology side of the company

### Managing Director: Jenny Polson

Jenny inherited the DebtChasers business from her father in 1980. Business has been steady over the last few years, but now things seem to be going a bit awry. She is concerned that at the current rate her pension fund will be seriously impacted if the business does not turn around soon. She is also concerned about the 40 people that she employs – what will happen to them if the business goes under.

She has spoken to the bank manager – and if she can prove that there is a financial case for investment they would be happy to extend her a line of credit. Her calculations prove to her that to make the business profitable she needs to cut costs by 20%.

### Administrative Assistant: Marilynn Parr

Marilynn is 45 years old and has worked at DebtChasers for 20 years and subsequently knows many of DebtChasers' customers personally (and indeed many of the debtors).

Marilynn is seen as a tremendous asset in the office as she is dedicated, often working 45 hours a week and tremendously efficient with a typing speed of around 90 words per minute. Marilynn is the sister of the Managing Director Jenny.

### Administrative Assistant: Abigail Goodman

Abigail is 18 years old and works at DebtChasers as a temporary job for the summer before she goes to university.

Abigail has proved that she can write letters and deal with customers but isn’t really seen as integral to the team.

### Sales Director: Lorene Lambert

Lorene has worked at DebtChasers for 5 years. As sales manager Lorene travels the country managing existing clients and looking for new opportunities. She has developed some tremendously positive relationships with many of the clients and is frustrated that she has found many more clients that want to use the DebtChasers service but can’t due to inability to handle anymore letters.

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### Technology Manager: Matthew Parker

Matthew originally joined the DebtChasers staff, to replace Eva Aspinall – who retired after 30 years of service with the firm. Matthew has 4 years of administrative experience. He has recently been promoted to the position of Technology Manager – which was effectively created for him. Matthew is 25 years old; he is single and does not have any children.

### Customer: Ben Mirvis

Ben is a plumber in the suburbs of Chicago and has been a customer of DebtChasers for 5 years. He is generally really impressed with the service – it is such good value for money $10 usually gets him the money that he is owed, and if it doesn’t he knows that Louis Goldsmith can deal with it for him through the courts. However over recent months he’s been a bit put out by debtors who have already paid up receiving further demanding letters. Chasing debtors for debts they've already paid is quite embarrassing and he’ like it to stop. He’s also a bit confused about why he has to ask Louis for help when it would be so much easier if DebtChasers offered a service with him to take the debt through the courts.

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### Customer: Joel Evanson

Joel is an accounts administrator at A Big Gas Supply (ABGS) Company, based in St. Louis, Missouri. ABGS have been a customer of DebtChasers for 10 years. Joel has worked at ABGS for 2 months. He has been doing some analysis on information about debts owed to ABGS by their customers. He concentrated mainly on value for money (how much is paid to recover a debt vs. how much of the debt gets repaid). The service offered by DebtChasers seems very good value for money but he’s noticed a couple of trends:

* Over recent months debtors who have already paid up have received further demand letters.
* Over recent months some invoices have been sent to DebtChasers and nothing more has been heard about them – and when he’s called there has been no way to track them down. It seems unlikely that this is down to all of them being lost in the mail.
* He has often run out of stickers recently.

# Business Process

The DebtChasers business process can be written thus:

1. The sales team visit clients and sells customers sets of $10 stickers
2. The customer attaches the sticker to an unpaid invoice and forwards it to DebtChasers
3. The Admin assistants open the mail and take out any invoices that are received. Those invoices that do not have a sticker are thrown in the bin
4. Those invoices that do have a sticker are entered into the Invoice Ledger. The following details are recorded against a unique Invoice Number:
   1. Customer Name
   2. Customer Address
   3. Customer Telephone Number
   4. Debtor Name
   5. Debtor Address
   6. Debtor telephone Number
   7. Amount of debt to be paid
   8. Date Invoice received
   9. Date Letter 1 sent (completed with today’s date)
5. The invoice Ledger also has the following other columns that are filled in as the information is supplied:
   1. Date Letter 2 sent
   2. Date Letter 3 sent
   3. Date Letter 4 sent
   4. Date debt paid
   5. Date Service Ends
6. As they go they also record these details on a separate report (for use later when typing letters)
7. The Admin assistants then file the original invoice document in a file for the customer in a physical filing cabinet
8. The Administration assistants check the ledger and find those invoices that are due for a letter 2, 3 or 4 today. Letters are sent out weekly so the service provides 4 letters in 4 weeks per debt. Each due letter is added to the report for letter 1 above.
9. For each letter 4 the assistants record the Date the service ends (today) and draw a line through the record for additional clarity as to an invoice’s status.
10. Once all the letters have been recorded on the report the Assistants set to with the typing. For each letter number there is a template that they copy from, inserting the appropriate details from the report.
11. When all the letters and envelopes have been typed the assistants stick stamps on each one and deliver them to the post box, situated outside the office block.
12. Retreat to office and drink tea.