

Date of Submission: August 29, 2022

Yellevate: Resolving Disputes to Boost Revenue

Submitted by: Lucky7

Members: Eric Bonghanoy; Mavel Espenilla; Reynard Kevin Francisco;
Rhemo Bacerra; Oyelle Anfernee Veloso



PROBLEM

For the past few years, the company has been struggling with client disputes. Even though Yellevate provides good service and completes the tasks it was contracted to do, the clients are still expressing dissatisfaction with the company's services and refuse to pay for them.

Statistically nearly 20% of the disputes raised against the company have resulted in payment opt-out. This results in a huge financial burden for the company since it incurs approximately 5% annual loss of revenue.

The team has been approached by the management to identify the circumstances around the dispute and to come up with actionable strategies to address them.

METHODOLOGY

I. Identification of problem

The data analytics team wishes to prevent annual revenue loss, by answering the following questions:

1. What is the reason behind client disputes?
2. How to lessen the client disputes?
3. How much loss did the company incur from the disputes?
4. How to lessen revenue loss from disputes?

II. Utilizing the company-provided data

Postgresql and MS Excel were used as tools to come up with cleaned data, visualization, and analyses.

First, data analysis goals were set to have a better understanding when it comes to the reason that resulted in client disputes.

Then, the correlation between data was determined using Excel pivot tables. Furthermore, graphs and charts were plotted to look into various patterns and trends.

Lastly, an interactive dashboard was created for easy navigation when comparing different data to arrive with informed business decisions.



Figure 1. Dashboard

III. Generating insights and recommendations

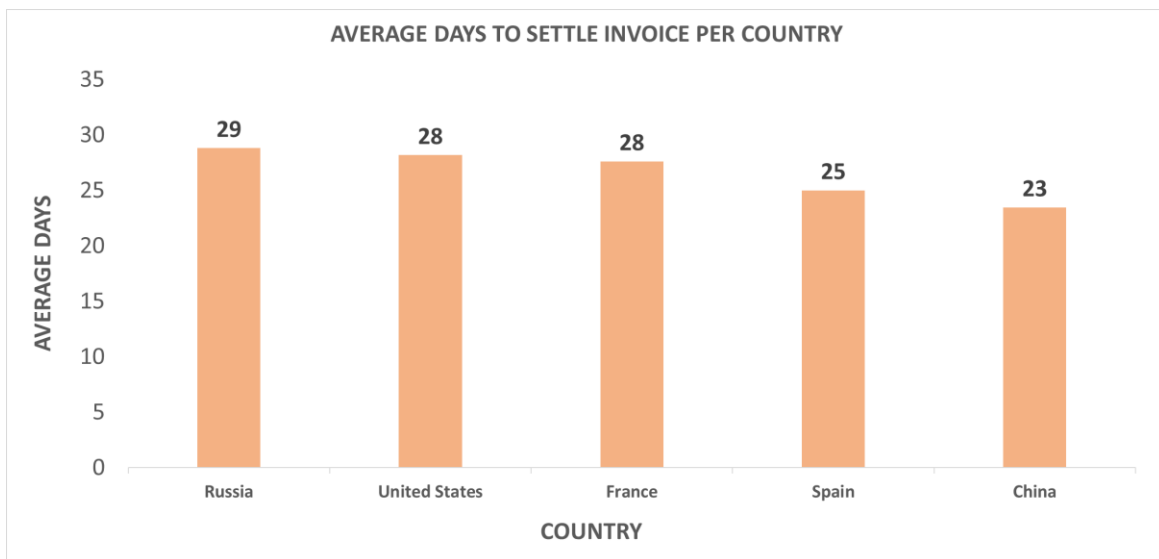
Through tables and visualizations, insights were generated that led to actionable recommendations that could address the company issue related to client disputes.

FINDINGS

DATA ANALYSIS GOALS

1. **The processing time in which invoices are settled. (average number of days rounded to a whole number).**

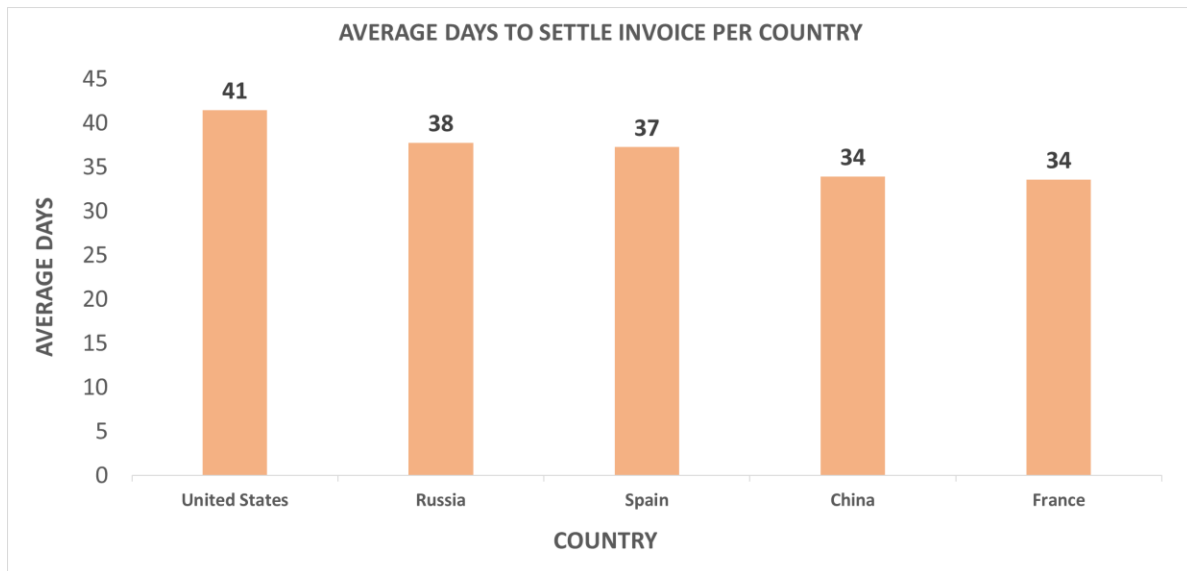
- On average, it takes **26 days** to process the invoices regardless whether they have been disputed or not. Collectively, each country settles the invoices within the pay period which is 30 days.



Graph 1. Average days to settle Invoice per Country

2. **The processing time for the company to settle disputes (average number of days rounded to a whole number).**

- Considering all disputes whether the clients won or lost, it takes an average of **36 days** to settle disputes. An average of 6 extra days for clients to settle disputes. This overall average is in parallel when computed collectively as a country to which it is over the 30-day pay period.



Graph 2. Average days to settle disputes per Country

3. Percentage of disputes received by the company that were lost (within two decimal places)

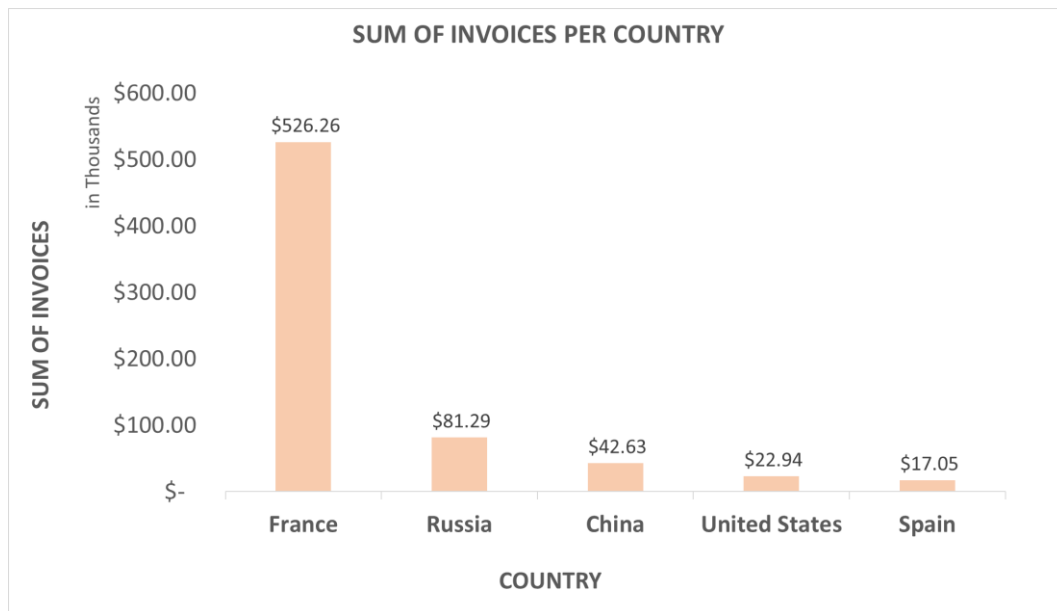
- **17.69%** of the disputes received by the company were lost and resulted in a payment opt-out. This is equivalent to 101 lost disputes out of 571 total disputes that were raised. 76 of the lost disputes came from France which accounts 75.24% of the total losses.

4. Percentage of revenue lost from disputes (within two decimal places)

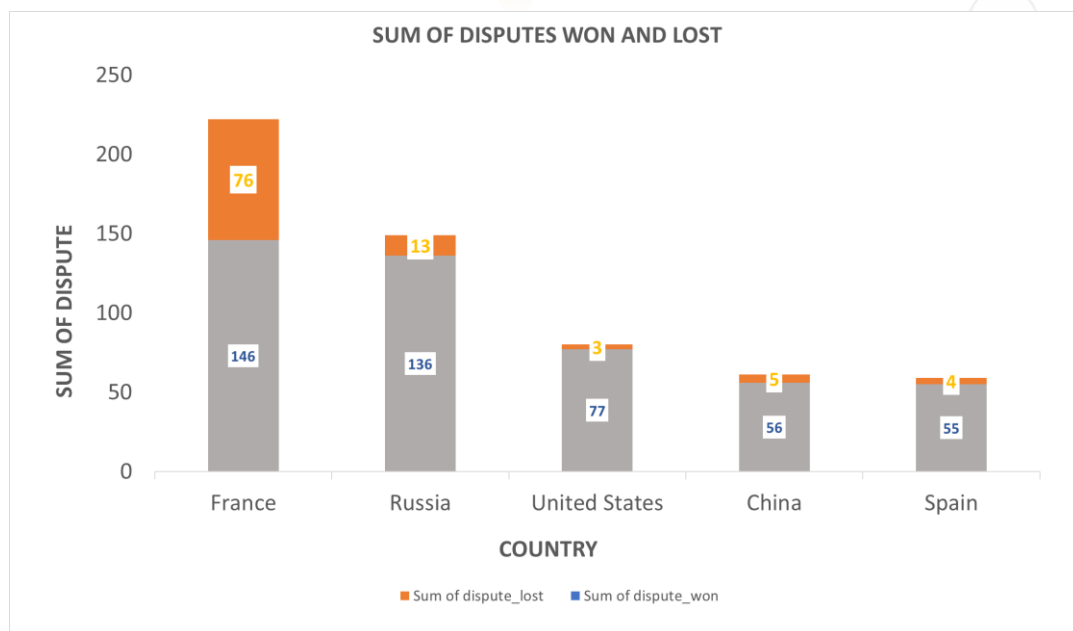
- The company lost a total of \$690,167 which is **4.67%** from the total revenue.

5. The country where the company reached the highest losses from lost disputes (in USD)

- **France** is the highest contributor for the company's revenue losses, with a value of **\$526,264**. Due to the fact that France has the most customers who have filed complaints against Yellevate—**222 in total**—the company **lost 76 disputes** to France.



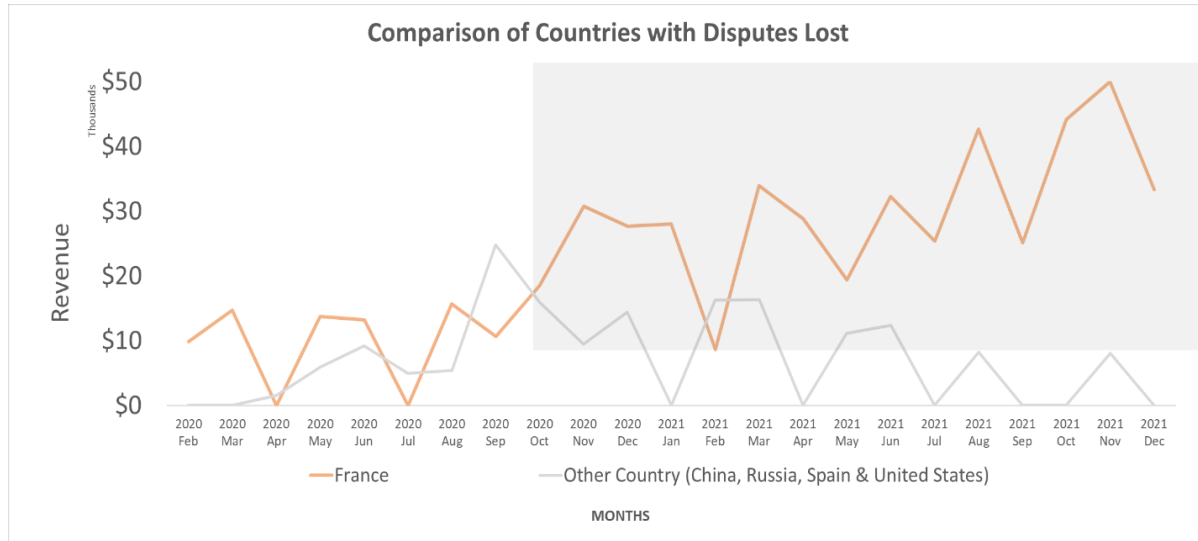
Graph 3. Sum of Invoices per Country where Yellevate lost.



Graph 4. Sum of the disputes Yellevate lost and won

FRANCE AS THE MAIN SOURCE OF REVENUE LOSS

Starting September 2020, France has started to gain its lead in terms of revenue loss over China, Russia, Spain, and the United States combined. Referring to the graph below, the revenue losses from other countries started trending downward while the graph for France continuously trends upward.



Graph 5. Comparison of Countries with Disputes

With this regard, we have also taken a closer look to the clients.

- 34 out of 100 clients contributed to revenue loss
- 16 out of 34 were from France
- 8 out 16 are leading contributor of revenue losses
- 2 out of 8 clients cost the company a lost of more than \$80,000 each
- These 2 clients are also the highest contributor of revenue losses overall

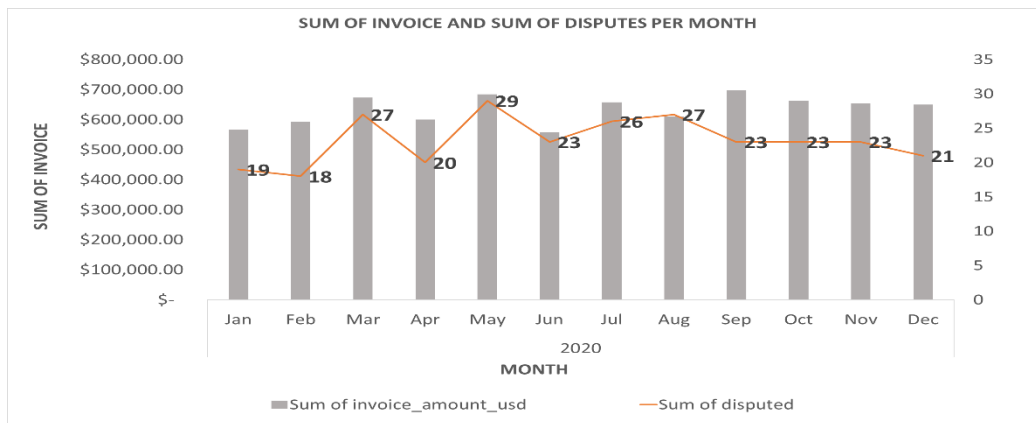
dispute_lost 1	
Row Labels	Sum of invoice_amount_usd
9725-EZTEJ	88,124
France	88,124
3448-OWJOT	81,783
France	81,783
7600-OISKG	49,426
France	49,426
9771-QTLGZ	43,770
France	43,770
8389-TCXFQ	43,067
France	43,067
4632-QZOKX	42,486
France	42,486
4640-FGEJI	41,762
France	41,762
9117-LYRCE	24,249
France	24,249

Table1. Clients with high amount of lost invoices

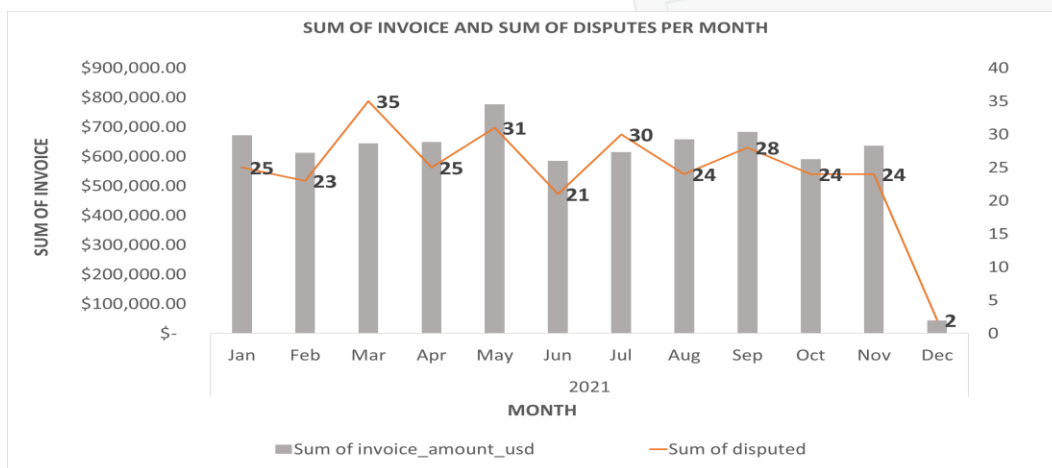
Revenue VS Number of Disputes

The business consistently experiences high, if not the greatest, revenue in the month of May. However, this month is also a time when there are a lot of disputes. Comparatively speaking, less money comes in during March. However, it consistently has a significant number of disputes raised, if not the most.

Due to these factors, we should anticipate strong activity throughout these months, regardless of the quantity of collectibles or disputes that are brought up. We need to make the necessary preparations in order to avoid, if not minimize the losses that are typically associated with the disputes.



Graph 6. Sum of Invoice and Sum of Disputes per Month in 2020



Graph 7. Sum of Invoice and Sum of Disputes per Month in 2021

REASON BEHIND CLIENT DISPUTES

It would take **24 days** on average for non-disputing clients to settle invoices. On the other hand, it would take **26 days** for both disputing and non-disputing clients to settle invoices. However, it would take **36 days** on average for disputing clients to settle invoices whether they are winning the dispute or not.

This data shows that bringing up issues lengthens the payment process. For this reason, despite the quality of services provided by Yellevate, **clients are raising disputes to extend their pay period**. On top of that, clients will have a chance to get away from paying Yellevate.

Raising disputes is advantageous to clients whether they lose or not. If customers win the disputes, they are no longer obliged to pay for the services offered by Yellevate. However, if they lose, there will be no consequences on their end, rather all the impact will be on Yellevate. Clients would have to pay the company, **but they have already been able to extend the payment date** because of how long it took to settle the issues.

Not only that there's a chance that the company will not get paid for the services they provided, but they will also have to cover the overhead expenses for the operations. This includes, but is not limited to, the expense associated with resolving disputes and the extended time during which the company is not receiving revenue from the disputed invoices.

KEY POINTS

- Disputes were mainly used for two reasons: *1) to get away with service fee and 2) to extend pay period*
- Clients do not get any consequence for an invoice dispute which resulted in an increasing number of disputes.
- Majority of losses in terms of dispute and revenue, comes from France

RECOMMENDATIONS

- I. Offer discounts to clients who pay on or before the due date which is 30 days from completion of project.
- II. Contract revisions which include but not limited to the following:
 - A. Maximum allowable number of disputes which is set to 5 times. Clients however get a gentle reminder if they have disputed 3 times to which it states that Yellevate has the right to terminate the service if the dispute reaches more than 5 times.
 - B. Alternative mode of billing which is to bill based on percentage of completion.
- III. Strengthen the company's collection system and customer service.
 - A. For improved customer service and better invoice handling, an account manager is assigned to each client.
 - B. Account manager's role includes but is not limited to updating the clients on the progress of work. The manager is also in-charge of collecting feedbacks, requests, and level of satisfaction. The manager is also in-charge in dispatching collection agents to timely collect the service fees.
- IV. The business needs to keep a closer eye on its customers in France; especially contracts with greater collectibles compared to other clients. The new regulations should be strictly implemented, and collection should be continuously monitored.

