Credit and Collections Success Story*
A Case Study

1.3 Million Credit and Collections Pages to Become Paperless for Wholesale Distribution Company*

$500,000 Labor Savings Over Five Years for Investment of $100,000

Grant Credit to Good Customers with Less Paper, Less Labor

Easily Process Requests for Credit for New Jobs

Tax Certificate Audit Simplification, Extreme Labor Reduction
Significant Tax Audit Labor Savings

Security Protects Confidential Customer Credit Information

Before: 45 "Credit Touches" Per Average Customer

After: 30 "Credit Touches" Per Average Customer (Estimated)

"My Action Items" View Shows Daily Tasks

Our Hope: A Positive Initial Experience for Credit Processors
(Much effort toward this goal – but time will tell)

System Grows to Easily Handle Large File Volume

Prevented Cost Overrun, Delays, User Frustration, Scope Creep, Rework, Changes That Often Devastate Agile / Prototype / Iterative Development Projects

by Tom Ingram, PMP, CMC(e)

Click for demonstration system

(Contact us for password)

This success story summarizes the benefits of our recent project for ABC Company, a large wholesale distribution client. *(Company name and details are disguised for confidentiality.)*

How Will 1.3 Million Pages Become Paperless? *Before* the new system these pages would have been printed, copied and stored in file cabinets as new customer credit requests were processed. *After*, with the new solution, the pages will be scanned, processed and stored using a SharePoint 2013 Online document management and workflow system. Today the new solution is in pilot / initial production use and will process the estimated 1.3 million pages over the next three years if it

performs as expected. See diagrams and descriptions below for an overview of how.

Business Challenge: ABC Company had grown quickly due to acquisitions and needed a way to become more efficient so it could continue to grow without substantially increasing its labor costs. The existing processes were well defined and this presented an opportunity to add automation. The primary processes included initial customer setup, processing credit applications, conducting credit reference checks, credit limit setting, managing tax certificates and tax audits, granting incremental credit for new jobs, collection actions including notices and liens, updating the ERP system with changes and archiving inactive customer documents.

ABC Wholesale Credit Collections TO BE Process Flow
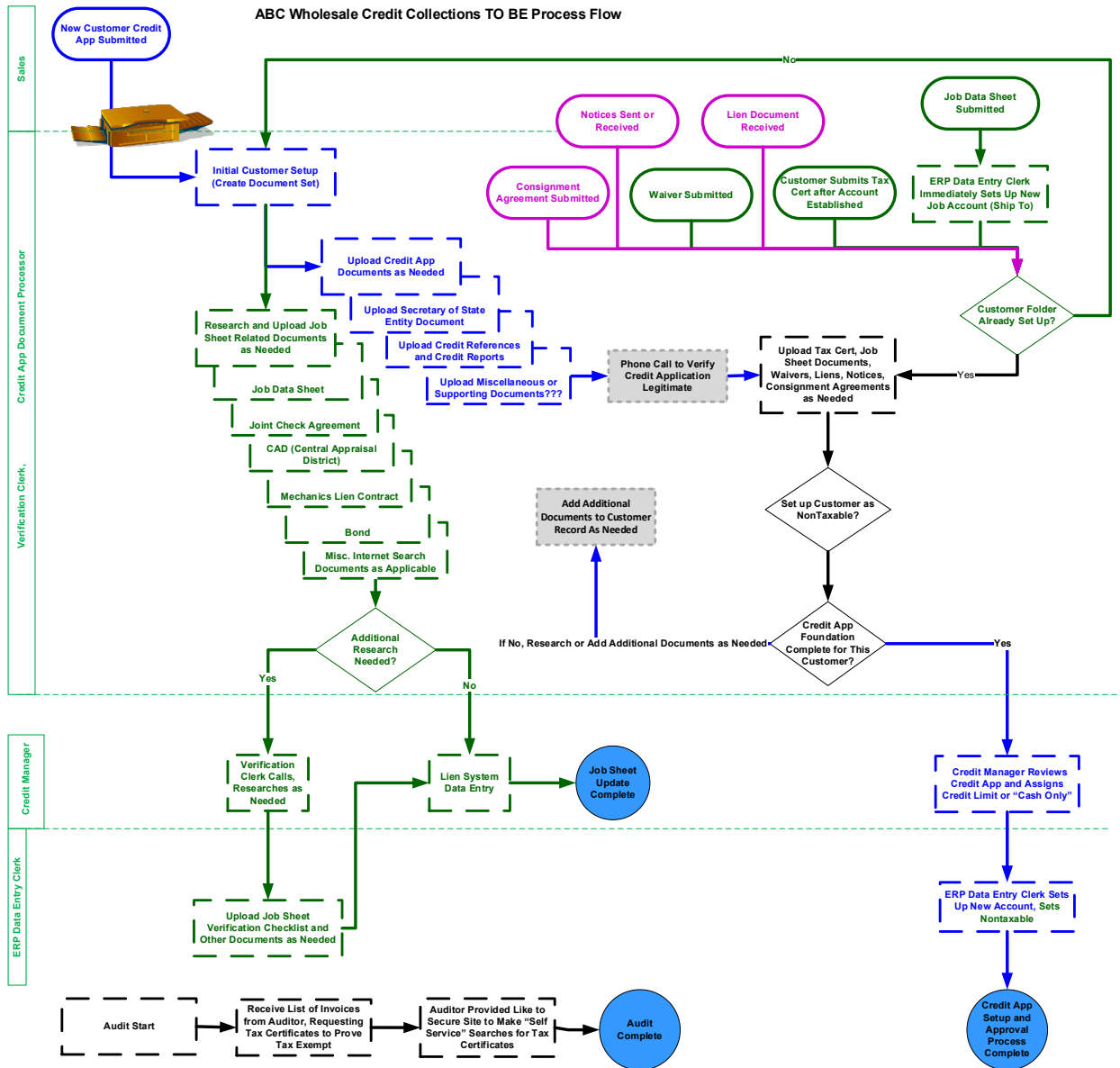
$500,000 Labor Savings Over Five Years for Investment Of $100,000: A detailed cost / benefit study, conducted before the project began, showed expected labor savings of $100,000 per year. Other savings were identified as the project evolved. Cost savings are estimates.

Grant Credit to Good Customers with Less Paper, Less Labor: Credit related paper reduction includes credit applications, credit references, credit reports, legal entities, miscellaneous documents and tax certificates.

Easily Process Requests for Credit for New Jobs: The credit department will be able to quickly process Job or project-related documents including job data sheets, joint check agreements, central appraisal district verifications, mechanics lien contracts, bonds, consignment agreements, legal notices and waivers.

Tax Certificate Audit Simplification, Significant Labor Savings: The system allows state tax auditors to "self-serve" on audit requests.

Security Protects Confidential Customer Credit Information: Security is strong but flexible and easy to manage. It allows read / write permission to some internal users, read only to others and limited read-only access to external auditors for tax certificate review.

Before Process: The average customer file requires 20 pages to be printed and filed, 45 "manual touches" to process, retrieve and update. Most touches require trips to a filing cabinet, copier, printer, and/or other offices.

After Process: The average customer folder will include 20 electronic pages attached and minimal trips to a printer, file cabinet or other offices. The after process will require 30 "touches" (*estimated*).

"My Action Items" View shows daily tasks for document processors, credit managers, data entry clerks, credit and collections managers and VP of credit.

Our Hope: A Positive Initial Experience for Credit Processors (Much effort toward this goal – but time will tell.)
The team worked hard to make the system simple and easy for the credit processors to use. We had several specific objectives: (1) Clear labor savings in the first 30 days of use.   (2) A self-evident and self-documenting solution, resulting in minimal user training, questions and confusion. (3) Everything needed to complete nearly all tasks was clearly evident within the solution.   (4) Some technical features were deferred to provide users with a simple, stable, reliable initial solution.
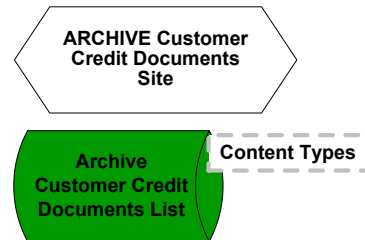
Credit and Collections Architecture
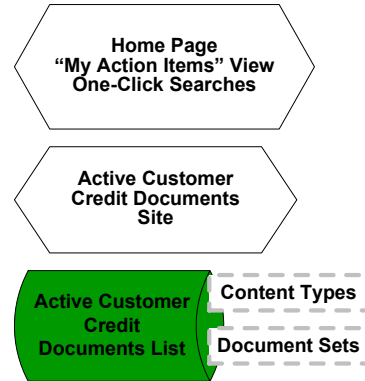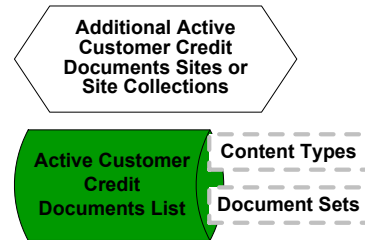
Future Labor Savings: The foundation was laid for further automation through auto-import of scanned pages, auto-import of external web site data, auto-setup of customer in ERP system and customer credit application self-service form.

System Grows to Easily Handle Large File Volume through archiving of inactive customers and capacity for additional document libraries as needed.

Technical Challenge: The solution needed to process and store a three year expected file volume of 500,000 files, 600 GB of space and the equivalent of 1.3 million pages. The client had standardized on SharePoint 2013 Online and another vendor had completed a large accounts payable project for them previously WITH EXTREME DIFFICULTY. Because of our

prior work we knew certain technical items needed to be carefully managed and a serious content type problem had to be diagnosed and managed during this project.

Solution: The team created an extensive requirements document defining all business outcomes, process priorities, in-scope, out-of-scope, user views and searches, use cases and test data. We implemented rigorous requirements action item tracking with extensive testing, user sign-off and accountability for the project team. We prevented project problems experienced on previous projects through these disciplines.

We delivered a prototype to establish baseline capabilities for the system, control scope and manage expectations. The team and client insisted on software that was self-documenting. We used extensive use case documentation and testing to ensure the solution met the user needs. Our team created and delivered power user training and a system admin and maintenance guide.

The client aided us in creating a three year file volume estimate of 500,000 files requiring 600 GB of space. We confirmed that the architecture would support volumes this large. Design included multiple document libraries (*send-to locations*) to automatically move document sets to other document libraries, which would accommodate large volumes of files. Design also included extensive search capability allowing users to find desired items easily, across multiple document libraries, while searching through 100,000+ documents.

The project team created a "my action items" view for key users despite significant concerns that it was not possible. Content types defined and implemented included Customer Folder, Credit App, Credit Reference, Credit Report, Legal Entity, Tax Certificate, Job Data Sheets, Joint Check Agreement, Central Appraisal District, Mechanics Lien Contract, Bond, Consignment Agreement, Legal Notices and Waivers. A document set solution, process and workflow was designed and implemented using a primary customer folder and attaching documents with content types. This included extensive meta data (*properties*) that defined each document. Diagnosing and managing the content type problem required multiple complete rebuilds of the system in another tenant to prove the solution was viable and isolate the problem.

Benefits: The most critical outcome that ABC Company asked for was "help us tame the paper and process credit with less labor." A secondary outcome required was a positive initial experience for users to ensure buy-in and support for the process changes needed to make the new solution successful. Other benefits are identified in the headlines above. As of this writing, the project is moving into pilot / production usage and indications are that the expected benefits will be achieved, but time will tell.

While it is likely that some additional cost will be encountered to maintain and improve the solution over the next five years, we fully expect ABC Company receive a 500% payback over the life of this system.

Need further information?

Call us if you have questions or would like more information. This case is written as a teaching tool and is not intended to fully describe exact details or dialog.

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