KAIZEN RESULTS

Collections staff will have more time to collect thanks to streamlined process that cuts errors

IN BRIEF: The Attorney General’s Office collects outstanding debts that are owed to Ohio. It’s a billion-dollar responsibility that staff take very seriously. Now they’re taking it to a higher level of accuracy and efficiency, using Kaizen to power the improvements.

MORE TIME TO COLLECT: With a streamlined process that prevents errors from entering the system, collectors will have more time for collecting – instead of having to research errors and seek out needed information.

TIME IS MONEY: For special counsels and third-party vendors, a simplified process for fee reconciliations will save time and money. Reconciliations have a cost equivalent estimated at $1,000 to $2,000 per firm per month. Focusing on the 85 special counsels, and assuming a conservative 25% savings, the yearly savings for all firms will range between $255,000 and $510,000.

BETTER USE OF TIME: At client organizations, client staff will be spending less time researching – which allows more time for billing and audits. Faster certification downloads will lead to further time savings and enhanced collections.

TAKING ACTION: The team developed two action plans – an interim plan that is currently being implemented, and a longer-term plan that is linked to IT work in a pending RFP.

DETAILS

The Ohio Attorney General’s Office collects outstanding debts that are owed to the State of Ohio – everything from past due book fines at state libraries to unpaid corporate income taxes. It’s a complex job that involves thousands of transactions and millions of dollars each month.

Collected money comes in from five different channels, including direct pay, tax offsets, the Internet, and elsewhere. The money flows through the process and ends up as a payment stream to clients, the AG’s Office, Special Counsels, third-party vendors, and unidentified funds.

Collections Enforcement has always gotten the job done. But now they’re doing it even better thanks to a rigorous Kaizen event. Changes developed by the Kaizen team will allow money to move more quickly through the processing pipeline – from the time it’s received to when payment distributions are completed.

That’s good news for clients and vendors. It means less frustration for staff. And it’s saving time and money.

The process had never been fully evaluated for efficiency and effectiveness. So when team members went about creating a detailed process map, some ended up being surprised. They knew their own work areas inside out, but they realized that they knew little about other parts of the process.

Team members (left to right): Ted Angel, TPV Representative; Dean Eyestone, In-house Collection Account Resp; Gillian Wells, TVP/SC Collection Account Resp; Marissa Hoffecker, Accounting Manager; Pat Brobeck, Deputy Director of Quality Assurance and team leader; Becky Cassidy, Business Transaction Supervisor; La-Tonya Dunn, Legal Staff Deputy Director; Jessica Wilson, Accounting Representative; Rich Thompson, Assistant Director, Internal Audit; Sally Wood, Taxation Supervisor; Carly Albert, Finance; Yancy Wessell, ODOT observer.

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Everyone was surprised by the enormity and complexity of the process – and you can get some sense of it yourself from the above photo. An entire wall was needed to map the full process with its 238 steps, 46 handoffs, and 28 decision points. Processing time ranged from 15 days all the way to 11 months.

In analyzing the situation to develop improvements, the team factored in a pending Request for Proposal that involves major IT work. They took known elements of the RFP and built from there. Immediate action steps form an “interim plan.” Additional actions are on hold until the RFP-related work begins.

Among immediate actions is a full-court press to eliminate errors and resulting rework. Staff are benchmarking key data, tracking back errors to find points of origin, and using the insights to understand root causes and develop focused solutions.

In some cases, errors are getting into the system because collection letters are insufficiently clear in requesting needed information. So improvements are under way, with some letters being fine-tuned and others being fully rewritten and redesigned. The aim is ensure that all communications are clear, concise, and consistent – which increases the likelihood that incoming information is complete and accurate the first time around.

Another big action step involves training. Training plans are being developed to cover lockbox processing, handling lockbox errors, addressing/preventing errors, and using new and revised letters.

Additional action plans extend further into the future. Most of these link with IT work embodied in the pending RFP. For example, the Kaizen team sketched out plans for consolidating the multiple payment channels into one payment system. A possible future process was developed to go with this. This future-state process map is a draft only, envisioned at a very high level. But it’s a model of efficiency with just 25 steps, 8 handoffs, and just 2 decision points.

As the interim plan is implemented, followed by IT improvements and final development of the streamlined process, results will add up in terms of saved time and enhanced collections.

For the Ohio Attorney General’s Office, the improvements will allow collectors to spend more of their time collecting – because fewer errors coming into the system will reduce the time they now spend researching and fixing errors. Also, increased use of electronic processing will lower printing and postage expense.

For special counsels and third-party vendors, fee reconciliations will be much easier to process. At a cost estimated at $1,000 to $2,000 per firm per month, the savings will be substantial over time. Focusing just on the 85 special counsels, and assuming a conservative 25% savings, the cumulative annual savings for all firms will range from $255,000 to $510,000.

At client organizations, staff will be spending less time researching, which allows more time for billing and audits. Faster certification downloads will lead to further time savings and enhanced collections.

During the team’s capstone presentation, one staff member said that “it’s a real eye-opener to see people come together like this.” The mapping process shows where you fit in the “puzzle, and you know what you can do to make it better.”

Another person talked about the ups, downs, and ultimate ups of the Kaizen process. “Some of the discussions maybe became a little heated,” she said. “But it wasn’t an attack on the person, it was an attack on the process. It shows that people take great pride in their work. Each person who sat in on this has a vested interest because they’re proud of their job, and they’re proud of working for the Attorney General’s Office.”

Full house: Every seat was taken during the team’s end-of-week presentation of plans and projected results.