

How to Optimize Asset Recovery:

New Industry Benchmarks and Best Practices

WHITE PAPER

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Are you confident your company is achieving the best possible asset recovery results? Do you know whether your return rate could go a few points higher? Or how feasible it would be to slash five, 10 or even 20 percent off your days of inventory?

If not, you're not alone. Most businesses lack information on what is truly achievable for companies of their kind. As a result, most asset recovery goals are guesstimates. Often, they're not aggressive enough. Sometimes they're unrealistically high.

OnProcess believes that, to reach your asset recovery potential – and reap the largest cost savings, efficiencies and customer satisfaction improvements – you need industry-specific, well-vetted benchmarks that you can measure against, aspire to, and then, with the right plans and best practices, attain. That's why we developed the asset recovery benchmarks highlighted in this paper, the first in a series of post-sale supply chain benchmarks OnProcess will be unveiling.

OnProcess Benchmarking Methodology

As important as industry benchmarks are to optimizing results, they haven't been readily available because of asset recovery's inherent complexities. Developing solid benchmarks requires a nuanced understanding of asset recovery's interdependent processes and stakeholder roles, as well as the ability to aggregate data from multiple best-in-class operations, and deep expertise in post-sale supply chain analytics.

It also requires a defined process. Leveraging the expertise OnProcess has gained during nearly 20 years in business, we applied Lean Six Sigma methodology and imposed clear cycle start and end times on our benchmarks. We analyzed two quarters of clients' historical data, aged 90 days, for a total of 6,755,678 transactions. And to ensure that clients will leverage these benchmarks in ways that are relevant to their business, we created distinct recovery rate, return velocity and days of inventory benchmarks for the following markets: technology, medical device, broadband and wireless.

OnProcess Asset Recovery Benchmarks by Industry

As you can see from the below table (figure 1), best-in-class benchmarks vary by industry. This is due in part to the maturity of each industry's asset recovery practices and the make-up of their customer base. For instance, the medical figures reflect the fact that many medical equipment OEMs have recently begun expanding from selling solely to businesses (i.e., hospitals, physician groups) to also targeting the burgeoning at-home consumer market. Recovering devices from the latter group entails different challenges and requires a different set of skills and processes. In addition, rampant growth in both business and consumer market segments is leading many medical device OEMs to focus more on driving efficiencies. We fully expect their benchmarks to improve over the next few years.

Similarly, the wireless industry figures reflect that, in addition to supporting advanced exchange programs, wireless companies are introducing and increasingly relying on leasing programs. Service providers are adapting asset recovery practices to handle the resulting spike in disconnected, non-pay customers and the need to accelerate advanced exchange for higher-priced handsets.



If any of the following benchmarks seem out-of-reach or unrealistic for your business, rest assured they're not. They were attained by companies just like yours who followed OnProcess' best practices and embedded them into their organizations.

| | Recovery Rate Day 90* | Return Velocity** | Days of Inventory** |
|--------------------------------------|-----------------------|-------------------|---------------------|
| Technology OEMs | 93.3% | 16.2 | 22.2 |
| Medical Device OEMs | 83.1% | 22.3 | 40.9 |
| Broadband Service Provider*** | 90.0% | 17.1 | 28.7 |
| Wireless Service Provider | 86.9% | 13.8 | 23.8 |

Figure 1. OnProcess-Developed Asset Recovery Benchmarks, Fall 2016.
Velocity and Inventory are depicted in days
* Higher is better
** Lower is better
*** Results represent Broadband Voluntary Segment

Best Practices for Attaining World-Class Results

OnProcess implements a variety of best practices, honed over decades of asset recovery engagements, to help clients reach these benchmarks. The top practices per industry are highlighted in the below table (figure 2). However, keep mind that best practices are dynamic. They evolve as new technologies and methodologies come on the scene.

For example, predictive analytics and segmentation are gaining traction in technology and medical device asset recovery, but are just beginning to demonstrate improvement and impact results. The use of Internet of Things (IoT) for improving recovery rates will be equally compelling, but is currently in the planning stages. As these and other data-driven processes and automation advances are incorporated into asset recovery, and more companies move along the digital transformation path, these benchmarks are likely to get even more aggressive, while the effort to attain them is likely to get easier.

Although best practices vary by industry, it's important to note that world-class asset recovery operations all benefit from Voice of Customer and business rule-based scripting:

- **Voice of Customer** initiatives capture, analyze and generate actions based on agents' verbatim notes from interactions with customers. They provide newfound visibility into customer viewpoints and often uncover issues that clients didn't know exist—both of which are critical for continual process improvement. In fact, many times customers suggest new, and very viable, remedies to address root causes.
- **Clear business** rules for messages are also essential. They spell out the exact information agents should convey to each customer in brief, focused voice messages.

We also expect to see increasing use of predictive analytics in the form of Propensity to Return (PTR) models. OnProcess' PTR model analyzes historical data to create a scoring model that indicates who is more likely to return assets. We then create strategies to segment customers based on how they should be approached and where to focus proactive outreach, and develop tailored messages that meet the distinct needs of each group: those with high propensity to return, disengaged customers and those who are underserved. This enables us to achieve faster returns with less effort.

| Best Practice | Medical | Technology | Broadband | Wireless |
|--|---------|------------|-----------|----------|
| PRE-WORK | | | | |
| Implement Propensity to Return model, including optimizing calling strategies based on the best time of day to call or the best day of week to call | X | X | | |
| Factor in and plan for installation | X | X | | X |
| Create situational-based scripting, including adapting scripts to address top reasons for failure | X | X | X | |
| Clean client data prior to making calls | | X | | |
| ACTION | | | | |
| Identify client end-customers that are consistently under-served and take appropriate action | X | X | | |
| Initiate first contact quickly | X | X | | |
| Make a significantly higher number of contacts through the return cycle | | X | | |
| Use customer invoicing to drive positive change in customer behavior | | | X | X |
| Increase continuity of care to large customers by having account-specific, dedicated agents | | X | | |
| Don't just focus calls on product return – it is also important to understand the customer experience, i.e., if the customers received the replacement part and had their problem solved | X | X | | X |
| Support client's customers by providing shipping labels, packaging | X | X | X | X |
| Implement situational-based scripting, including adapting scripts to address the top reasons for failure | X | X | X | |
| Capture Voice of Customer based on agent interaction with customer | X | X | X | X |
| MONITORING | | | | |
| Monitor tracking numbers | X | X | X | X |
| Measure, monitor to reduce percent of invalid contacts | X | X | X | X |
| Monitor and compare returns rate of DNC with non-DNC | X | | X | |
| POST-WORK | | | | |
| Analyze and generate actions based on agent's verbatim notes taken in Voice of Customer interactions | X | X | X | X |
| Reconcile problem logs | | X | | |
| Work with dispatch organization and warehouse to resolve issues of returned unused parts | | X | | X |

Figure 2. OnProcess' Top Asset Recovery Best Practices Per Industry, Fall 2016.

Industry Benchmarks Are Not a 'Nice-to-Have'

When it comes to optimizing asset recovery, industry benchmarks are essential. They enable you to develop sound, realistic goals instead of guesstimate targets. With these benchmarks in hand, you're empowered to create and implement action plans that result in the best possible recovery rates, velocity and days of inventory – and deliver the largest cost savings, efficiencies and customer satisfaction improvements.

To find out how your business stacks up against these asset recovery benchmarks, and learn what you can do to achieve them, contact OnProcess at **sales@onprocess.com, U.S. 508-623-0810, The Netherlands +31 (0)20 2184623** or visit **www.onprocess.com**.