

# Credit Operations and the Next Generation of Credit Departments



Chris Arrington  
SVP / Chief Credit Officer, SRS



Charles Edwards  
VP of Credit Operations, SRS



## Football Team "A"



5/9/2024

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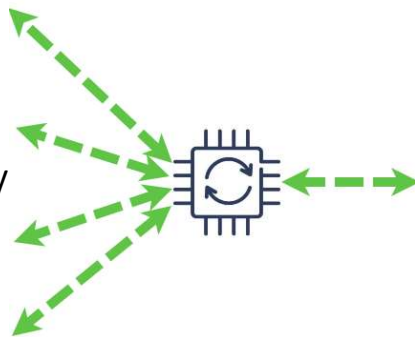
## Their Opponent – Football Team “B”

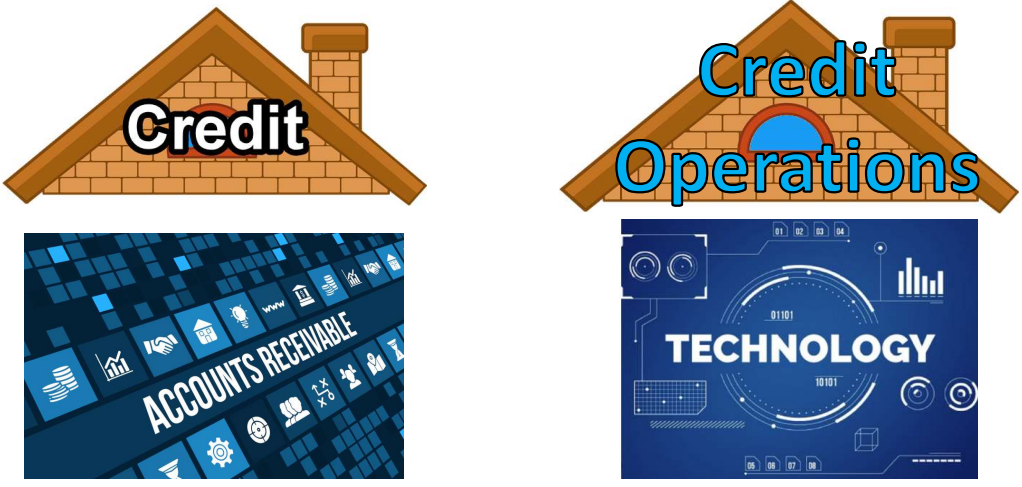
- Recruited well, worked hard, ready for the game,
  - AND also.....



## All Aspects of a Credit Department are Impacted by Tech

- Results
- Culture
- People
- Leadership
- Opportunity
- Resources
- Reputation
- Strategy
- Mission





**Credit**

**ACCOUNTS RECEIVABLE**


**Credit Operations**

**TECHNOLOGY**

**SRS** DISTRIBUTION 5/9/2024 PRIVATE & CONFIDENTIAL **HERITAGE** FAMILY OF COMPANIES

## A little About us

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## SRS and Heritage Credit Department

### How it Started (4 yrs ago):

- Process largely manual
- Centralized



### Per Associate:

- Sales - \$30 MM
- AR - \$5.5 MM
- Accounts - #425



### How it's Going:

#### • Tech and Automated Processes

- Hybrid Structure
  - CM's in the field
  - Specialized Admin Teams

### Per Associate:

- Sales - \$152 MM
- AR - \$24 MM
  - Per CM - \$34 MM+
- Accounts - #1,900



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## Going 4X

### How Quadrupling Our Productivity Impacted Our Team

- New Leadership positions
- More Promotions
- Higher Average Pay
- Improved AR Results
- More Time Off
- Highest Culture IQ scores
- Best Retention in 15 years



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## The 4X Blueprint

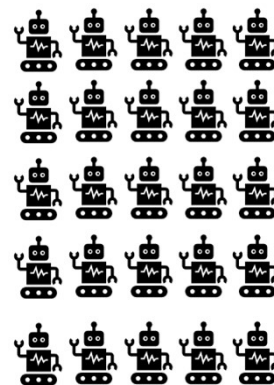
- Automation and Self Service
- Data Analytics and Decision Making
- Training
- Ecosystem of People and Machines

PREFTITLE	LASTNAME	FIRSTNAME	MIDDLE	ADDRESS
Mr	Anderson	John	Robert	1234 Main St
Ms	Brown	Jane	Elizabeth	5678 Elm St
Mr	Clark	William	James	9101 Oak St
Ms	Davis	Patricia	Ann	2345 Pine St
Mr	Edwards	Richard	Henry	6789 Cedar St
Ms	Green	Susan	Mary	1011 Birch St
Mr	Harris	Robert	Lee	4321 Maple St
Ms	King	Barbara	Ann	8765 Spruce St
Mr	Laurens	John	David	2109 Willow St
Ms	McIntyre	Elizabeth	Ann	5432 Hickory St
Mr	Roberts	James	Robert	9876 Ash St
Ms	Shannon	Michelle	Ann	3210 Sycamore St
Mr	Thompson	Michael	James	7654 Walnut St
Ms	Virginia	Lisa	Ann	1098 Cedar St
Mr	Walker	Robert	James	5432 Birch St
Ms	White	Patricia	Ann	9876 Spruce St

Category	Count
Email	40
Referral	40
Field Search	37
Other	35
Direct	32
Social	29
Original	27
Original Search	10

## Automation and Self Service

- With a handful of people
  - And a few key vendors
- Credit Developed 25 Robots
- Now Producing 8,500 Hours Per Month
  - NET savings from the manual process equivalent
  - That's equal to nearly 50 Full Time Employees



## Data Analytics and Decision Making

- Business Intelligence Tools (Power BI)
  - One stop shop for analytics and reports
  - More time on key decisions, less on other stuff
  - Find the needles in the Haystack
  
- Show People what they can **STOP** doing
  - CM doesn't contact all 1,300 customers
  - Figure out the 10% you need to call



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## Training

- Credit Operations Trainer
  - Focus on teaching how to use the tools
- Drive Culture
  - Investment in the team
  - Bring them with you
  - Learning and Continuous Improvement
- Empowerment and Collaboration
  - Tools work for them
  - Know what your Robots do
    - And levers to pull



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## Ecosystem of People and Machines

- Processes (automated and manual) connected
  - Everything flows and talks to each other with full transparency



• Sort and React



• Score and Predict

• Manage Transactions



• Manage Processes

• Customer Service

• Self Service

• Manual



• Automated

• Generalist

• Specialist

## Structure to Mirror the Tech and Tools

- Less middle managers => more elevated individual contributors
- More Player Coaches
- Specialized Teams (Wolfpacks)
- Credit Operations, Training, Proj. Mgmt., Development, and Analytics
- Elevated Credit Managers (10X)



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## The 10X Credit Manager

- **10X Programmer Concept**
- **Empowered by Tech and Admin Support**
  - Produce 10X
- **Strategy Management**
  - Manage a Transaction, Help 1 Customer
  - Manage a Process, Help thousands
- **Portfolio Management**
  - Segmentation and Exception Management
  - Not Managing A to Z



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## 1,000 Past Due Customers

### Credit Managers:

- 1,000 Phone Calls
  - 15 Minutes each



250 Hours

### Credit Ops Manager:

- 800 Dunning Messages
  - 2 Hours

### Credit Administrator:

- 200 Phone Calls
  - 7 Minutes each

25 Hours



## 1,500 Lien Waivers

### Credit Managers:

- 1,500 Reviewed & Signed Manually
  - 15 Minutes each



375 Hours

### Credit Ops Manager:

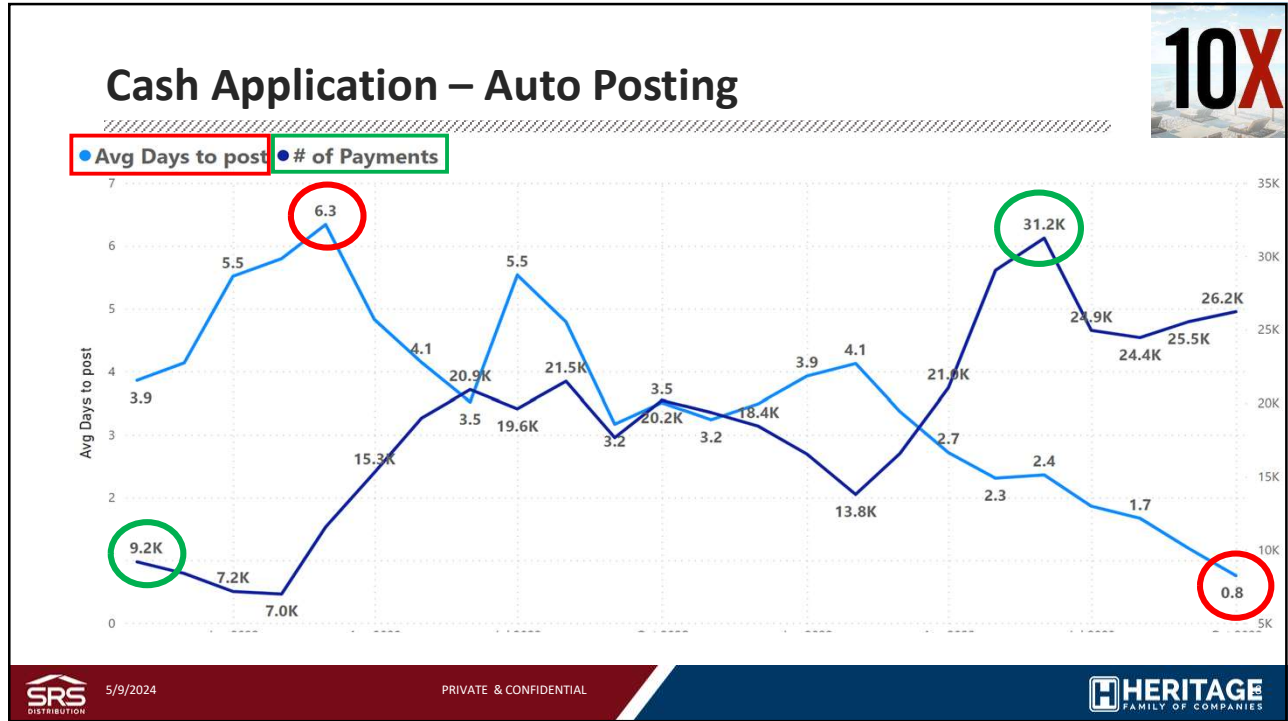
- 1,200 Through Automated System
  - 2 Hours

### Waiver Specialist:

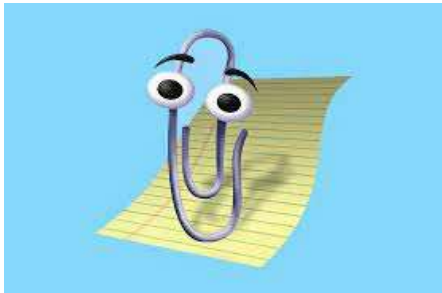
- 300 AI Assisted Review & Digital Signature
  - 5 Minutes Each

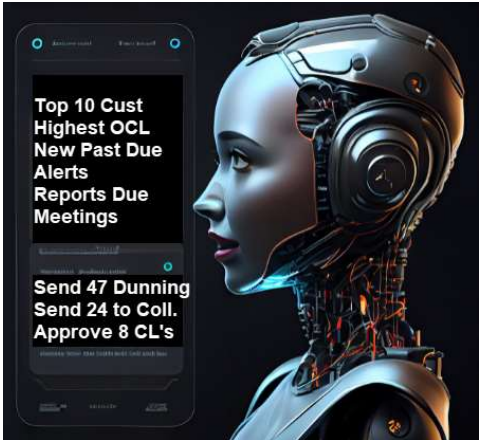
27 Hours






## Future Tech – AI Personal Assistant



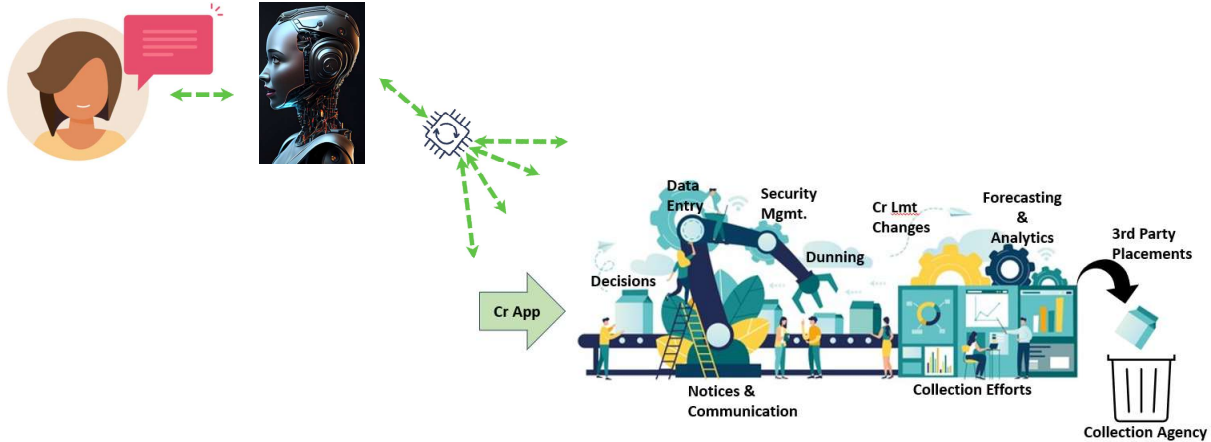




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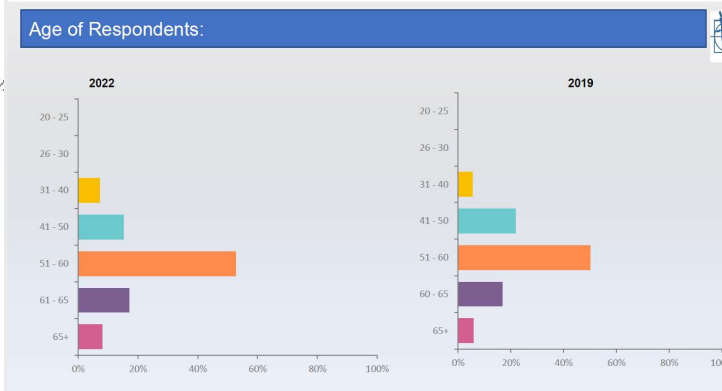
## Generative AI Creates Natural Language Queries that Connect to Other Systems and Tools



## We're Not Alone

- Beacon – Focus on (tech enabled) value-added activities allowed their credit team to increase productivity and improve customer service.
- Hubbell – Utilizing Robotic Process Automation and other groundbreaking tech.
- Ben E. Keith – Using Cloud Credit Data Storage to Protect Against Cyber Criminals.
- And Many Many More





## Labor Challenges

- Demographics
- Higher Demand
- Attracting and Retaining



## Many Skills Are Needed (Hard or Soft?)

- Empathy
- Systems Knowledge
- Relationship Building
- Communication
- Emotional Intelligence
- Business Acumen
- Leadership
- Creativity
- Credit Management
- Confidence
- Analytics
- Prioritization (Time Management)

**THERE'S NO SUCH THING AS "SOFT SKILLS"**



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## Welcome, Value, and Reward Diverse Types of People and Talents

- “Oh that’s tech stuff; let IT handle it” ❌
- Loud = Leader = Valuable ❌
- “You’re a people person or a tech person” ❌

**I am a  
people  
person.**



**WELCOME**  
introverts live here  
please leave a note



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## Why Build These Skills in Credit

- Lead or be dragged
- Teach a tech person credit OR teach tech to credit
- Must Understand the Business Processes and the Users’ Needs
  - Or you get a bad product

**Ask a Tech  
Consultant to:  
“Tie your Shoes”**



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## Seek and Value Next Gen Skills

- Ability to process information
- Problem Solving
- Multi Channel Communication
- Accessing Information
- Most Educated Generations in History
  
- Learning New Things
- Curiosity and Motivation



## Cessnas or a F-35's ?



Top Speed: 188 MPH



Top Speed: Mach 1.6 (1,227 MPH)

## Credit Managers Become Top Gun Pilots

THANK  
YOU



QUESTIONS?

