

Handout: Dealing with a Delinquency Crisis

1. Measure the scale and scope of the problem as quickly as possible
2. Take control of the finances – nothing in or out without your approval
3. Check for fraud – especially with cash payments
4. Call in reinforcements – accountancy staff, retired bank officials, others
5. Keep the Administrator – she’s the only one who knows where anything is!
6. Use the networks EMN / MFC / CDFA
7. Perform triage on the portfolio – “good” clients, difficult, impossible. Keep the good, give an opportunity to the difficult and ditch the impossible.
8. Revise operating procedures – use EMN / MFC / CDFA expertise
9. Bring in incentives and disincentives for borrowers (penalties and rewards) and staff (performance related pay)
10. Recruit new staff
11. Train new loan officers well – give them placements in good organisations
12. Give new loan officers a good start – few problem clients
13. Signal clearly the enforcement of strict discipline on borrowers and loan officers from the beginning
14. Regular monitoring and analysis of performance
15. Write-off early and completely
16. Bring in debt collection service
17. Early warning of problems to Board, funders and other stakeholders
18. Pace yourself – get the support you need, take breaks and holidays
19. Talk to others who have been through the same problems
20. Make sure your Board and funders know that you are saving their organisation!