

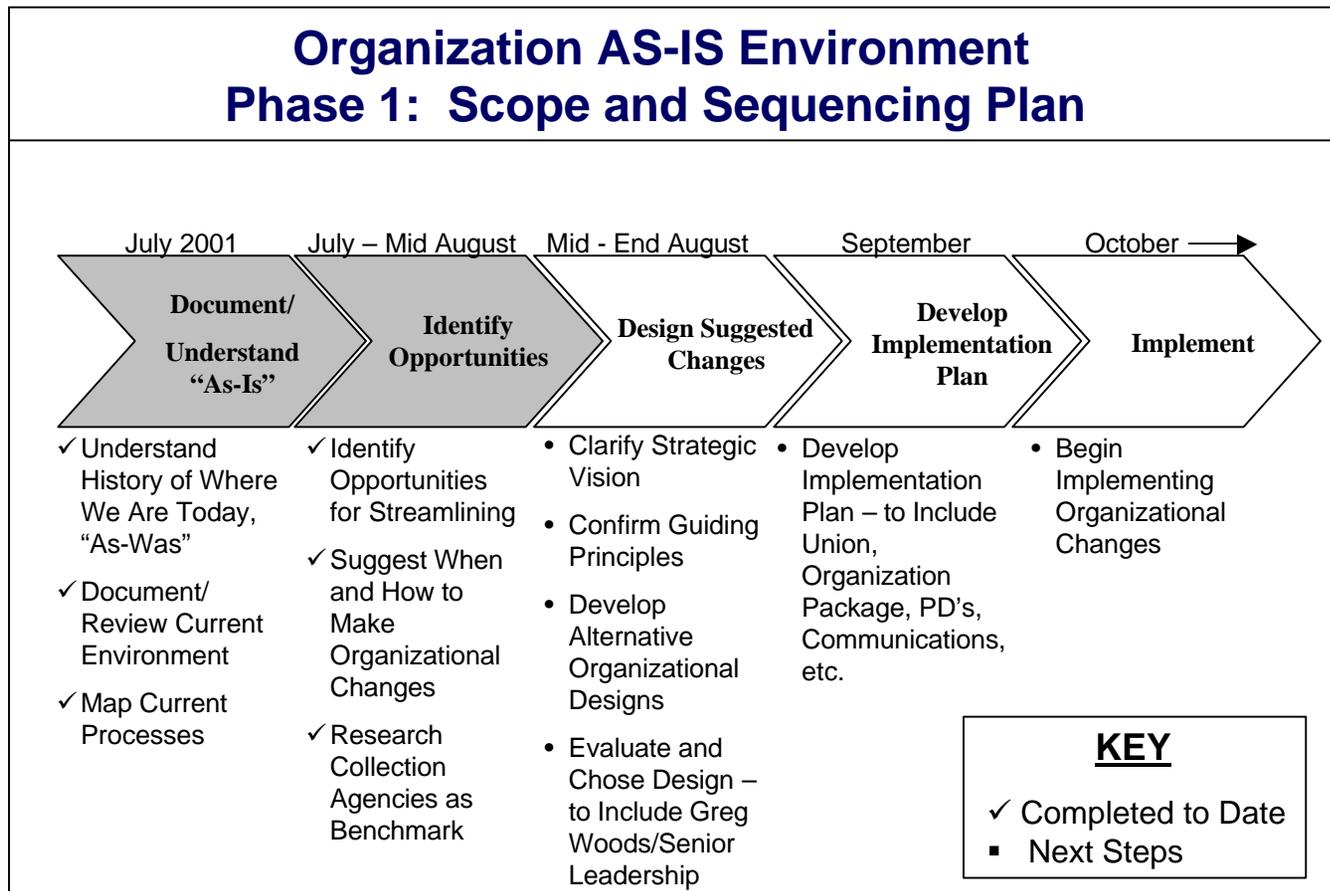


**Students Channel
Student Credit Management - Collections
Organizational Assessment**

For Discussion Purposes Only

August 9, 2001

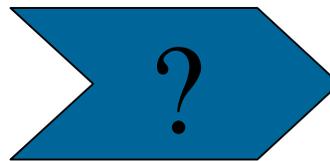
Where We Are: Collections Organizational Plan



“Preliminary” Collections Vision*

* Reflects Sybil and Gary’s initial thoughts

- **Strategic Workforce** – A workforce that is responsible for strategic activities rather than tactical task.
- **Outsource Functions** – Outsource tasks to better leverage resources and eliminate duplication of effort.
- **Streamline Tasks** – Streamline duplicative activities by eliminating and outsourcing non-essential functions.
- **Automate Processes** – Automate manual processes to reduce time and resources, if not outsourced.
- **One or Two Office Locations** – Reduce unit cost and improve communication by consolidating offices.
- **Maximum 50 Employees** – Fewer positions are needed if functions are outsourced and automated.



Organizational Approach and Initial Findings

Organizational Approach

- ✓ **Participated in Process Review Analysis**
 - Understand Collections overall core business functions
- ✓ **Interviewed Regional and HQ Directors**
 - Listen to manager's perspective of "As-Is" environment
- ✓ **Coordinated with Modernization Partner**
 - Integrate technology and business process components
- ✓ **Research Best Practices**
 - Identify industry best practices and previous analysis
- Visit Regional Office - Chicago**
 - Scheduled to visit the Chicago Regional Office (8/14/01)

Best Practice Findings of Regions

- ✓ **Consolidate Aid Awareness Activities**
 - One employee from HQ join SAA
- ✓ **Manage Knowledge Capital**
 - Developing a training manual
- ✓ **Designed Cross-Training Model**
 - Employees trained in all functional branch areas
- ✓ **Developed Career Progression Process**
 - Designed defined career path (1995 re-organization)
- ✓ **Developed Mentorship Program**
 - Coach and train new employees

To effectively achieve the desired outcomes, all Modernization Partner efforts need to work together:



Potential Change Opportunities

Organizational Opportunities	Level of Effort*	Key Issues/Considerations
Manage Attrition	●	<ul style="list-style-type: none"> Understand the full impact and timing of attrition and to manage strategically. (Attention to when employees are eligible for retirement).
Reevaluate Raytheon Contract	●	<ul style="list-style-type: none"> Eliminate Raytheon's preliminary recommendation responsibilities for loan forgiveness program and assign to SFA.
Develop Employee Incentive Program	●	<ul style="list-style-type: none"> Develop and pilot an employee incentive program to recognize and reward teams and individuals while increasing employees satisfaction.
Streamline PCA Monitoring	●	<ul style="list-style-type: none"> Reevaluate the current relationship structure to determine the work load level to monitor the number of PCA's.
Automate Manual Functions	●	<ul style="list-style-type: none"> Automate the account transfer process for litigation to Department of Justice if not able to outsource. Automate the Hearings function if not able to outsource.
Outsource Auditing Functions	●	<ul style="list-style-type: none"> Outsource auditing function and/or develop an internal auditing team responsible for auditing the PCA's and PIC once a year.
Outsource AWG Function	●	<ul style="list-style-type: none"> Contract the AWG function to PCA's or through common servicing.
Outsource Hearings Function	●	<ul style="list-style-type: none"> Outsource Hearings function since Hearings are prepared and processed by the PIC or Guaranty Agencies. SFA provides oversight, sign-off approval and processing oral hearings if requested.
Outsource Loan Services Function	●	<ul style="list-style-type: none"> Outsource Loan Services and coordinate work efforts with Mod.Partner's Consistent Answers to offer one call-in number.
Consolidate Regional Offices	●	<ul style="list-style-type: none"> Consolidate the four service centers to one or two locations to reduce costs.

* Level of effort = amount of integration/complexity required in terms of technology, process, and people

Level of Effort - Key		
● = Low	● = Medium	● = High

Next Steps

Students Channel leadership team should come consensus on the following:

- 1) Clarify and confirm Collections target vision
- 2) Define and agree to pathways for achieving the vision (include narrowing down options for change)

