

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



Reshaping the image of an industry- The Intrum Justitia Case

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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Reshaping the image of an industry- The Intrum Justitia Case

WRITTEN CASE

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The Situation

It is 2006 and Jean Luc Ferraton, Chief Human Resources Officer, together with the rest of the Human Resources team at Intrum Justitia Sweden are scanning the company's position in their 7 regions of business. It is easy to walk in the same footsteps as your forefathers; routines that have been in the company for almost 90 years are difficult to change. With a focus which has always been lying on reaching a new country market and improving the company's market position, less attention has been put on reflection.

It was in the 1970's that Bo Göransson, son of the founder of Intrum Justitia started to focus on organic growth together with mergers and acquisitions; a focus that has not changed for the last 40 years. With approximately 4000 employees and 180 agents Bo Göransson's dream of being the market leader has come true. Now, the next step for Intrum Justitia is what is luring in the mind of Jean Luc Ferraton and his co-workers.

What is Intrum Justitia?

Historically, Intrum Justitia has taken on the traditional role as a credit management services (CMS) company with a focus on debt collection. Their customers are companies who have own customers who have not been able to pay their debt. The customer's customer is therefore the debtor to Intrum Justitia. As most credit management services companies, Intrum Justitia hunts down debtors in order to make sure that they pay what they owe as well as buys debt cheap and collect the money to keep. Consequently, in the consumer mind the term credit management services and debt collection is not something one wants to be associated with and Intrum Justitia is left to be perceived as "the bad guy".

Intrum Justitia has a wide focus. Everyone and every company that owes money are seen as a customer to the company. There is no focused target group. However, leading up to 2006 the focus has also been local. That is, Intrum Justitia has a different logo and a different image depending on where in the 20 countries and 7 regions they are active (see **Exhibit 1**).

This has led to an emphasis being put on each country individually, which is a result of the growth Bo Göransson and the rest of the company underwent from the 1970's and onwards. Looking at the different logos, they differ vastly in name, color, font and the use of images. The variety of logos and names resulted in low brand awareness. Not so many people know who Intrum Justitia is and where it stands for. It is also apparent in the corporate culture of the different offices around Europe that Intrum Justitia is more of a conglomerate of local players than a unified company. This is what Intrum Justitia stands for leading up to Jean Luc and his colleagues' brand analysis in 2006.

Another aspect of Intrum Justitia is more internal. The 4000 employees and 180 agents do not feel like they belong to the company, something that Jean Luc and his fellow colleagues have found especially problematic as part of the Human Resources team. Intrum Justitia have not established a coherent identity through clear values and a core purpose, which in turn has led to less motivated staff. Employees see their job at Intrum Justitia only as a work, not as an environment where they can positively support their customers. This has led to difficulties in recruiting new employees as the image of the company is not appealing to potential employees.

What does a year at Intrum Justitia look like?

See **Exhibit 2** for a visual of the business model before 2006. Every year Intrum Justitia sends out 10,000 invoices to individuals and companies. From these invoices 1,000 reminders are sent out, which means that the original invoice has not yet been paid. Out of the 1,000 reminders, 300-500 result in actual cases and it can take up to 120-360 days before a debtor reaches this point. That is more than a case per day, highlighting that everyone who owes a debt is a customer to Intrum Justitia. The more cases the company receives the more effort and time has to be put into a wide variety of customers, leading to less of a personal connection between the company and the customer. Out of these 300-500 cases, 100-200 are taken in for debt surveillance and for these 100-200 Intrum Justitia cannot escape the image of "the bad guy".

Where does Intrum Justitia want to go?

Jean Luc and his colleagues are looking at the information that has just been presented. They have come to the conclusion that any brand that is perceived as "the bad guy" does not have an optimal customer relationship, especially when the employees are not motivated to improve that relationship. It is Friday afternoon and seeing as everyone's head is heavy after a long week of work, they decide to take the weekend to sleep on what the brand image of Intrum Justitia should be both internally and externally.

When they come back on Monday morning, fresh from a weekend of rest and reflection, Jean Luc and his team agree that changes have to be made. Since most of the team comes from human resources, many believe that the company should start

internally, while others believe that in order for changes to be made, the whole corporate core and identity need to be analyzed first.

Jean Luc, being the team leader and Chief Officer of Human Resources, takes on the leading role. He decides that all options are valid, but that a leading question can help the team create the end product of what they want Intrum Justitia to look like. The question they asked themselves was: Where does Intrum Justitia want to be in the future?

First of all, they decided to decrease the customer base. The actual thoughts of the debtors are difficult to collect when there is no personal connection to the brand. The new one-year structure was introduced; see **Exhibit 3** for the desired business model after 2006.

Fewer reminders are to be sent out which in turn would result in fewer cases and less debt surveillance. They believe that this in turn will lead to a more personal connection to customers.

The team also concluded that in order to reach this level of personal connection, the negative image of debt collectors had to be abolished and employees need to feel like they belong to the company. Changing the term of the customer from debtor to client was a first small step to make the change happen, but they were still quite unsure of the size of change that had to be made in order to reshape the image Intrum Justitia had in the minds of their clients. Jean Luc decided to summarize the final image that they wanted the company to have and decided to leave it up to external consultants to help with the actual steps of reaching the new image. **Exhibit 4** gives a summary of Intrum Justitia today and the desired image.

Questions to participants, the human resources department at Intrum Justitia:

- (1) What challenges is Intrum Justitia currently facing with its brand and the industry that it is operating in?*
- (2) What are the alternatives for Intrum Justitia?*
- (3) What should Intrum Justitia do in order to reach the new brand image? (actions)*

Exhibit 1 Logos of Intrum Justitia, 2006



Exhibit 2 Business model before 2006

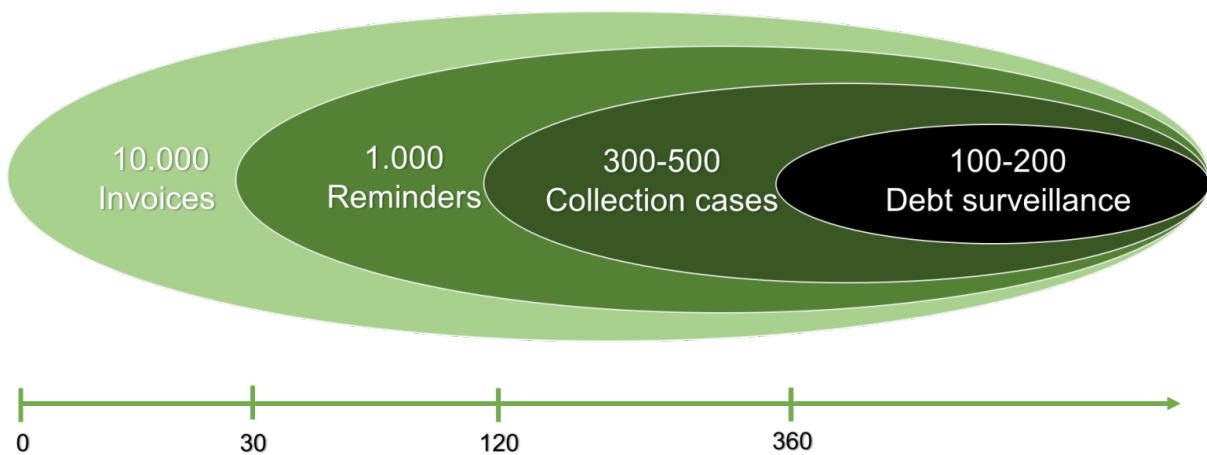


Exhibit 3 Desired business model after 2006

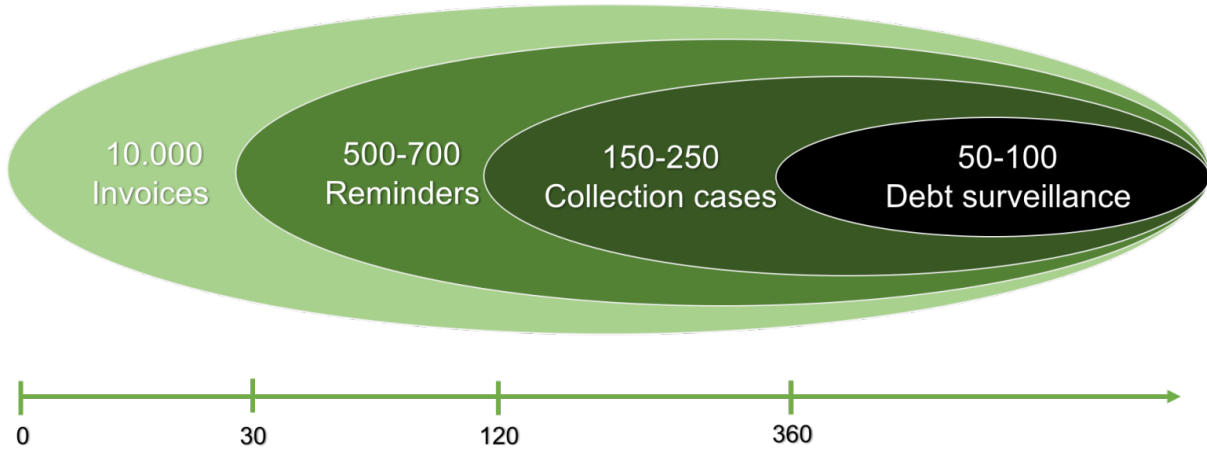


Exhibit 4 Summary of Intrum Justitia today and the desired image

Intrum Justitia Today	Intrum Justitia Tomorrow
Traditional debt collector	Business (sales) facilitator / service provider
Warnings & threats	Advise, help & assist
Local Actor	Contributor to healthy credit and payment behavior in society
Executor	Problem solver & proactive prevention
The bad guy	The good guy
"Debtor"	"Client", "Client's customer" or "Customer"
Product focus	Client & customer focus / Partnerships
Reduce credit loss	... and increase revenue
Get the cash	In-depth understanding of client & client's customer
Serve all clients	Serve defined segments
No focus	Industry focus
Hunting customers	Customers call in to get financial advice
Negative view on our role	Positive & proud view on our role