

# 6 Steps to Choosing a Default Prevention Provider

There's never been a more important time to implement a strategy for helping students navigate successful student loan repayment. School administrators are looking for partners who can help them manage the activities and tasks integral to meeting the performance expectations that ED, school leaders, and the marketplace expect—and that students deserve.

These six steps can help you create a process for selecting a default prevention provider that will meet your needs and produce results.

## STEP 1

### Compile a team.

Student success is a campus-wide initiative that reaches far beyond the financial aid office. It's important to compile a team that includes members from various departments such as financial aid, business office, student services, and alumnae relations. Lowering your cohort default rate (CDR) and driving student success are goals that benefit several areas of your school. Pulling a cross-campus team together will enrich the decision-making and garner better outcomes.

## STEP 2

### Define your goals and requirements.

Ask your team members to share what they want to achieve with a service provider. Examples include:

- ✓ To lower your CDR
- ✓ To help high-debt students navigate repayment successfully
- ✓ To support students who stop-out and need to avoid default so they can re-enroll
- ✓ To reduce the number of inbound calls and questions about student loan repayment from borrowers
- ✓ To improve your outreach success with expert communications, counseling, and improved data

Agree on what are the “must haves” and “nice-to-haves”. As companies respond they will showcase different strengths. Some may focus on low cost, others on quality engagement, and still others on the most complete feature set. Decide up front, with your team, what your provider needs to deliver. While cost is a significant factor, achieving your goals is important too. Spending budgeted dollars on a service that doesn't include the features your team wants or have the history of proven outcomes you require is a poor investment. Keep this in mind as you establish your “must haves” and evaluate your bids.

### STEP 3

## Develop your list of vendor questions.

Consider the following areas:

- Experience, proven success, and references
- Data management, technology, and security
- Outreach and student engagement
- Fees for services and guarantees
- Reporting and performance tracking



Develop your questions and rank them in order of importance. Dive deeper into areas that most interest you. You may find that certain questions are more important to your school and should be evaluated with more weight in the decision-making process. You may also decide that some elements are required and others are optional, so they should be weighted differently.

### STEP 4

## Establish your timeline and select your partner.

Determine your selection process timeline.

- Set a deadline for internal planning and document development.
- Add time for vendors to be able to ask questions, prior to submitting a response.
- Allow 3 to 4 weeks for vendors to put together a good response.
- Schedule time to review the responses.
- Plan to present findings to stakeholders, to dig deeper into a provider's response or see a demo of their product.
- Factor in time for your final decision, contract review, and implementation.
- Keep in mind your key dates, school breaks, finals, and orientation periods.

## STEP 5

### Select your partner and establish rapport.

Once a provider is selected, establish the ongoing relationship. While you evaluated companies and discussed timeframes, the implementation process and time period were important subjects. Implementation should include the following:



Working within  
your timeline



Training



Schedule of touch base  
discussions post launch

Set aside time to review the program and the reporting that summarizes repayment performance and student satisfaction. Be sure to create a process that reports back to your team's stakeholders.

## STEP 6

### Measure success and evaluate performance.

Review performance reports and schedule a quarterly performance audit. Invite your team stakeholders.

- Where do you see the greatest result?
- Have defaults decreased?
- Has grace outreach reduced delinquency?

It's important to know if borrowers are finding the outreach services helpful, respectful, and effective in steering them toward the best strategy for managing their student loan obligations. Do a borrower survey or ask for feedback using your social media channels.

