Nextel’s bad credit essay

From 2001-2002, the level of Nextel’s bad credit was so high that major changes had to be made if they were to remain profitable in the communications industry. Steps to improve their systems and policies were deemed necessary to maintain the company’s health. Since a large part of the debt comes from fraudsters, Nextel’s first course of action was to impose a tighter policy regarding credit card transactions—they now require 2 identifiers when the credit card one wants to make transactions with cannot be inspected in person.

Within five months, this system has resulted in a significant drop in credit card fraud. Next, Nextel worked on streamlining its processes and consolidating its various systems, particularly the billing and collection system—the new scheme eliminated redundant and time-consuming processes that workers had to put up with in the past. To ensure that the new system works properly and is utilized to its optimum potential, employees from the customer finance services were used to design, use, and give feedback on the system.

The new system also includes Nextel’s implementation of a one-call resolution scheme, wherein the customer’s concern or problem is resolved in a single phone call. Employees were tasked to quickly identify and solve problems that might be causing customers not to pay. By the time they merged with Sprint, Nextel has successfully and dramatically reduced this debt to from 4. 7% to around 1%. As a result of all the implemented changes, productivity increased up to 30%, fewer customers are inclined to severe ties with the company, and Nextel’s overall cost and capital structure improved.

According to Morris’ (2005) article, what is common stock and what rights do the owners of common stock have? Common stock is, as implied by the name, the most common form of stock held in a company. “ Common stock” refers to the millions or billions of shares that are available to the general public. Owners of common stock have some voting rights in corporate decisions, although the rights of owners of preferred stock typically hold priority.

In case of company liquidation, owners of common stock are last in line to collect their portion of any remaining assets after bondholders, preferred stockholders, and other debt holders have been paid. Common stock owners are also entitled to a share in company profits through dividends and capital appreciation. However, dividends paid to the stockholders must be paid to preferred shares before being paid to common stock shareholders.

Common stock can be categorized into different types, although all types have several aspects in common such as their owners having voting rights, potential benefits to owners (e. g. quarterly dividends and increasing market prices), and also the risk of loss of investment principal. However, common stock can be categorized according to potential for return and investment risks. Common stock can also be categorized according to the market value of the issuing companies (market capitalization), or by industry (such as manufacturing or financial services) and sector (a subset of industry).