



Business Adaptive Strategies in Crisis: Servdebt's case

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Abstract

Title: Business Adaptive Strategies in Crisis: The Case of Servdebt

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Keywords: Crisis management, growth, dynamic capabilities, resilience, non-performing loans, strategy, COVID-19, financial crisis.

This thesis, in the form of a case study, explores how the Iberian company Servdebt, which was founded right before the 2008 financial crisis, organized its resources and capabilities through two big disruptions: the 2008 financial crisis and the COVID-19 pandemic in 2020. This case uses a qualitative approach supported by interviews with Servdebt's CFO Carla Ramos and some internal information, to understand how the company protected its core operations and transformed processes as a response to the crises to maintain competitiveness.

The financial crisis was a big challenge in this industry, with a boom of non-performing loans and a contraction in bank credit. For Servdebt, it was an opportunity to rise and establish a leading position in the NPL market. COVID-19 disrupted the company at an organizational level, and the challenge was to guarantee operations running smoothly even in this moment of global restrictions, using this moment to accelerate the digitalization of processes. The case explores the concept of resilience and adaptation, linking them with the capacity to emerge after crisis.

To have a better understanding of this case, there are theoretical concepts supporting it. The teaching notes can be seen as recommendations on how this case can be used in a management class, either master's or bachelor's degree. The limitations of the study are related to the fact that this is a specific industry and also the fact that the case is based on primary data, susceptible to different perspectives.

Resumo

Título: Business Adaptive Strategies in Crisis: The Case of Servdebt

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Palavras-chave: Gestão de crises, crescimento, capacidades dinâmicas, resiliência, crédito malparado, estratégia, COVID-19, crise financeira.

Esta tese, em formato de estudo de caso, explora como a empresa ibérica Servdebt, fundada antes da crise financeira de 2008, organizou os seus recursos e capacidades ao longo de duas grandes disrupções: a crise financeira de 2008 e a pandemia de COVID-19 em 2020. Este caso utiliza uma abordagem qualitativa apoiada por entrevistas com a CFO da Servdebt, Carla Ramos, e informações internas, para compreender como a empresa protegeu as suas operações principais e transformou processos em resposta às crises, de forma a manter a competitividade.

A crise financeira representou um grande desafio para esta indústria, com um aumento de non-performing loans e uma contração no crédito bancário. Para a Servdebt, foi uma oportunidade para crescer e estabelecer uma posição de liderança no mercado de NPL. A COVID-19 provocou uma disrupção organizacional, e o desafio passou por garantir que as operações continuavam a funcionar mesmo num contexto de restrições globais, aproveitando o momento para acelerar a digitalização de processos. O caso explora o conceito de resiliência e adaptação, relacionando-os com a capacidade de emergir após crises.

Para melhor compreensão deste caso, existem conceitos teóricos que o suportam. As teaching notes podem ser vistas como recomendações sobre como este caso pode ser utilizado numa aula de gestão, quer de mestrado quer de licenciatura. As limitações do estudo relacionam-se com o facto de se tratar de uma indústria específica e também com o facto de o caso se basear em dados primários, suscetíveis a diferentes perspetivas.

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List of abbreviations

ECB – European Central Bank

CFO – Chief Financial Officer

RBV – Resource-Based View

NPL – Non-performing Loan

AUM – Assets Under Management

REO – Real Estate Owned

PM – Property Management

SLS – Servdebt Loan System

HR – Human Resources

ISO – International Organization for Standardization

RSS2 – Residential Special Servicer Rating

ABSS2 - Asset-Backed Special Servicer Rating

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1. Introduction

In the last decades, companies have been confronted with distinct disruptive shocks that challenged the environment in which they operate, from the big financial crisis in 2008 to the COVID-19 pandemic. These are the two strongest examples that companies had to face that tested their capacity for adaptation, learning and performing under pressure. In the case of companies operating in the financial area, these disruptions were not only a threat to stability but also an opportunity to restructure operations and ensure competitiveness in the long term.

This dissertation explains the case of an Iberian servicing company, Servdebt, founded just before the financial crisis. The firm grew a lot in the first years, obviously because this is an industry highly influenced by the amount of distressed credit and by European Central Bank regulations. Using this case, we can understand how a servicing company can leverage learning and innovation to improve processes and turn to look at the shock as an opportunity to grow. Servdebt's case serves as a guide on how to accelerate organizational goals by making strategic decisions even through global disruptions.

To get to the point of the case which is how a loan servicing company can use flexibility and resilience to enhance growth, I use some management perspectives on how companies operate, identify relevant threats and mobilize existing resources. By connecting these perspectives with Servdebt's experience, this thesis intends to demonstrate how a firm operating in such a regulated area can create competitive advantages from responding strategically to shocks.

This thesis uses a case-study approach, linking insights from the Servdebt's Chief Financial Officer and some secondary data from reports. Using this combination, it is possible to have a detailed vision of strategic and operational challenges over these periods, being able to analyse resilience, learning and adaptation from an insider perspective.

The organization of this thesis follows this sequence: Chapter 2 in which the theoretical foundations about crisis management, resilience and dynamic capabilities are reviewed. Chapter 3 presents the case of Servdebt, analysing its experience through both the financial crisis and the health crisis and how they shaped its organizational structure. Chapter 4 gives the teaching notes, made to support in-class discussions and to make links with the theoretical ideas. To finish, the conclusion reflects the main findings of the research, explaining that companies can emerge stronger from a crisis rather than just surviving.

2. Literature Review

This chapter is useful to present the theoretical frameworks that will be used further in the interpretation of the Servdebt case.

2.1 Crises in Organizations

Crises are defined as low-probability, high-impact events that threaten a firm's core operations and survival, while being marked by ambiguity and urgency (Pearson & Clair, 1998). The approach is different from a normal threat since a global crisis is unpredictable most of the time, as (Bundy et al., 2017) affirmed in their research, they are exceptional events that demand quick decision-making under conditions of unpredictability. A crisis can create serious challenges for a company and it can come from an external shock for example a pandemic like COVID-19, geopolitical conflicts, economic recessions or internal factors such as fraud.

A crisis follows a sequence of phases, starting with the pre-crisis, where organizations try to catch weak signals, draft possible scenarios and build a protection plan based on it. After that, the critical phase is when the actual shock occurs and the organization must react quickly in order to control the damage. Finally, it is the post-crisis that includes an important idea introduced by (Coombs, 2007) which is about learning and recovery, using the experience gained to prepare for eventual disruptions.

Crises also have an important strategic role since they allow companies to understand the flaws and strengths of their communication structure and decision-making process. The time a firm takes to identify a potential threat can be decisive and the experience from a crisis helps managers to plan better for future challenges, therefore it can be a good opportunity to rebuild in a better way.

With that being said, disruption can work as a catalyst for renewal, once the routine breaks, firms discover new and efficient ways of working, developing products or changing their organizational culture. That means there are hidden opportunities as well as weak points in a disruption, that can accelerate continuous innovation.

These are some perspectives that give support to understand how firms deal with disruption, a matter that builds Servdebt's case.

2.2 Strategic Responses to Crisis

When it comes to crisis responses, there are many perspectives available and one of them is introduced by Wenzel, Stanske, and Lieberman (2020), affirming that the response can either be one or a mix of these four options: retrenchment, persevering, innovating, and exit. Retrenchment is considered a defensive response since it is about cutting costs and assets divesting to guarantee the company has liquidity to operate, which is a viable option in the short term but can be tricky in the long term. Then, persevering is the choice when a company wants to protect its core operations, usually by investing more resources, and hopes that the situation stabilizes. The downside is that if the disruption extends for a big period of time the company might face a threat to its growth. The innovating one contrasts with the first since it is an offensive strategy in which the firm takes the chance of being the ones to emerge and takes the opportunity to invest more, expand to new markets, introduce new technologies while others may be more risk averse. The last one is the exit, that is often misunderstood as failure, this option can simply mean the company is recognising its strengths are in other markets and dropping everything non-essential.

Lengnick-Hall and Beck (2005) in their research differentiated two important aspects in this matter, adaptive fit and robust transformation. Adaptive fit means the capacity a firm has to make slight alterations in reaction to the external environment, while robust transformation relates to a deeper change, like introducing new technologies and new capabilities. Additionally, Herbane (2019) points out the “recovery paradox”, meaning firms that are disrupted but go through a successful adaptation process and often emerging stronger than some unaffected, proving that crisis can stop the inertia a company has and force its internal renewal.

It is important to mention that these responses should be evaluated in different moments in time, retrenchment gives quick alleviation, perseverance protects the organization at medium term but may not be enough in the long term, so, innovation is necessary in the long term (revitalizing) while exit can happen at any point in time in which the conditions are not sustainable. The timing of each response depends on the resources a specific company has, on the predicted duration of the disruption and the expectations of the stakeholders. In some cases, mixing responses or changing from one to another can be the solution to recover quickly.

2.3 Organizational Resilience

As a complement of the study of specific crisis responses there is a wider concept of organizational resilience that is described by (Williams et al., 2017) as “*capacity of an organization to absorb shocks, adapt to disruption, and recover while maintaining core functions*”. Despite sometimes being misunderstood as robustness, it is different since robustness implies no changes. In his paper, (Duchek, 2020) added that resilience is about learning and adapting, that means situations in which a firm can emerge stronger rather than just recovering from the hit.

Duchek (2020) speaks on his perspective about resilience being a multi-stage capability, and he identifies three stages: anticipation, coping, and adaptation. Anticipation is the capacity a company has to scan the environment and to be ready to deal with possible threats while coping indicates the capacity to mobilize resources in an effective way during the peak of the crisis to guarantee the core operations are functioning properly. The last stage is the adaptation stage and it actually comes after the crisis, a moment in which companies use the learnings to reshape their strategies and guarantee future resilience as a dynamic attribute.

Crisis management and resilience complement each other, Williams et al. (2017) argued that resilience is dependent on the ability to anticipate, improvise and adapt, concepts that are connected to crisis management. So, organizations that work on being resilient are more capable of dealing with disruptions now as well as in the future. Additionally, Duchek (2020) explains that resilience is a meta-capability based on learning, culture and resources (tangible and intangible) that allows the company to explore a crisis as an opportunity of renewal.

This means a resilient organization is about more than just being able to survive, it must keep learning and evolving, because resilience is about having liquidity, it is about mentality and culture. Organizations that are used to foster learning and collaboration are better prepared to succeed under pressure since seeing a crisis as an opportunity that can help a company move from the coping to the adaptation phase, with the leadership having an important role in this sequence.

To summarize, resilience allows for effective crisis responses, retrenchment, perseverance, innovation, and exit are specific strategies, resilience exposed the firm's flexibility and are the way to protect core operations.

2.4 Resource-Based View

The Resource-Based View suggests that sustained competitive advantage is reached through the resources a firm has (Barney, 1991). According to this, resources which are valuable, rare, inimitable, and non-substitutable (the VRIN criteria), allow the firm to have competitive advantage. These resources vary from tangibles, financial capital or technology, to intangibles like stakeholder relationship or know-how.

RBV states that competitive advantage begins not just from industry conditions but also from internal resources and capabilities, meaning something a firm individually owns (tangible) or knows how to do (intangible). Managers should identify and protect these resources that allow continuous competitive advantage.

The RBV separates what a firm has from what it can do. Tangible assets like buildings or computers are easy to recreate, but expertise and relationships are much harder. For a servicing company, success depends a lot on people and know-how. Experience in debt recovery and data systems are examples of resources Servdebt has and that are difficult to copy.

This framework serves as a base to the Dynamic Capabilities (Teece et al., 1997), which explains how the resources are renewed in shifting environments. In this thesis, RBV supports the recognition of Servdebt's main resources like their capacity of loan recovery or data-driven systems which validate that strategies in crisis.

2.5 Dynamic Capabilities

This framework is an approach to understand how organizations readjust in unstable situations. Teece, Pisano, and Shuen (1997) have a definition of dynamic capabilities that is: "firm's ability to integrate, build, and reconfigure internal and external competences to address volatile environments". Different from operational capabilities that grant competence in day-to-day tasks, dynamic capabilities are top level capabilities that allow firms to readjust their resources and strategies.

Teece (2007) defined three main processes: sensing the opportunities and threats, seizing the possible opportunities or threats by investing, and transforming the firm (making changes so the firm thrives in a changing set). Also, Eisenhardt and Martin (2000) defend that dynamic capabilities are usually identified as "best practices" that are important but not because they are special, instead, because they help to have a peaceful change.

To complement these studies, Ílidio Barreto (2010) proposed a different idea on this matter, affirming that dynamic capabilities are multidimensional constructs, based on sensing, timing, being responsive to the market and changing the base resources that allow continuous adaptation to happen. He believes that the organization's success relies on its capacity to combine their valuable resources rather than just owning them. In research after that, Barreto and Patient (2013) present a cognitive approach to dynamic capabilities, stating that managerial attention, meaning how decision makers evaluate their strategic options, determines the way firms react to changes.

Dynamic capabilities therefore show how organizations adapt and renew resources when dealing with disruptions.

2.6 Digitalization and Crisis Adaptation

Digital transformation is now almost required to explain how organizations adapt in difficult times, Bharadwaj et al. (2013) said that digitalization does not consist only of the adoption of the technologies, rather it consists in the modification of processes around digital capabilities and it allows the firm to be more flexible and quicker, which are important qualities to guarantee competitive advantage under stress.

COVID-19 exposed this dynamic, since organizations that already had digital infrastructures (clouds, online platforms) were capable to maintain its operations remotely, keep in touch with clients and redefine processes very fast (Brynjolfsson et al., 2020). For firms, the lockdown was an accelerator of digital investments that could take years to apply.

Warner and Wäger (2019) highlight that digitalization can be seen as a dynamic capability itself, that boosts the capacity of firms to sense threats using real time data, and grab opportunities through the launching of digital services and to transform operations by integrating new technologies into routine. That's how digital capabilities connect with resilience: they allow firms to deal with short term shocks as well as helping them position to long term renewal.

Digital tools are very helpful, they allow collecting and analysing data, by doing that managers can see the actions that were more effective and adjust strategies. Also, online platforms allow teams to work together still and share information from a distance.

Thus, digitalization is considered an important framework in this thesis to explain Servdebt's capacity throughout crisis.

3. Case Study

3.1 Case Study Introduction

The goal of this chapter is to put in practice the models discussed in the Literature Review through the analysis of Servdebt, an Iberian company that operates in the financial sector and is specialized in loan recovery of NPLs and portfolio management. This case study aims to explain how firms can leverage their dynamic capabilities in hard times to guarantee competitiveness in a volatile market.

The chapter uses the literature review concepts as a foundation, crisis management, resilience, the resource-based view, dynamic capabilities, SWOT, digitalization, to define Servdebt's strategies under two situations: the 2008 financial crisis and the COVID-19 pandemic. These moments were different in nature but similar in being challenging. The first was a big moment of opportunity in which Servdebt identified a market that came from financial distress in banks. The second was a challenge on adaptability and resilience of the organizational structure, digital and operational processes as it represented a global disruption.

This is structured chronologically and analytically, starting with Servdebt roots, mission and strategic positioning in the sector. It analyses how the company capitalized on the appearing of distress assets to build market presence. The next section analyzes how COVID-19 challenged that base, forcing Servdebt to depend on their dynamic capabilities and resilience to maintain its core operations and relationships with clients.

By linking the two crises, the case shows how Servdebt went from being an opportunistic entrant to now an established, digitally oriented company, able to sense market shifts, seizing opportunities and transforming internal capabilities. This aligns with the sensing–seizing–transforming framework Teece (2007) and shows capacity of adaptation and renewal.

Lastly, the idea of this analysis is to understand Servdebt's development under stress, bridging theory and practice in a real-life context to understand how crisis can accelerate processes like learning, innovating and transforming.

3.2 Company Overview

Servdebt was founded in 2007 in Lisbon and as of today is one of the leading independent loan servicers and real estate management companies in the Iberian market. Starting with a team of 12 people and managing a first NPL portfolio of €43 million, it now has

450 employees allocated in Lisbon, Porto and Madrid and has assets under management (AUM) over €6.7 billion.

The core business is the management and recovery of NPLs and real estate owned assets (REO). With many years of experience, it developed into advisory and consulting for both the financial and corporate areas, the combination of being an expert managing distressed assets and managing properties makes Servdebt capable of covering the entire asset cycle, from valuation to recovery and reporting.

Mission

The mission is to provide an integrated asset-management solution from market analysis and advisory to the monetization of assets. Its vision is to become an international reference in loan servicing and property management, recognized for innovation and excellence.

There are four values integrated in this mission: innovation, transparency, excellence and commitment, which drive the operations and the relationships with clients. They are a reflection of the spirit that guided the company since its foundation and highlight the ethical behaviour in an industry with strict regulations.

Business model and services

There are three business lines:

1. Servicing and advisory: Starts with portfolio valuation, goes through a due diligence and a legal review and the management of secured and unsecured portfolios for investors. Servdebt has experience dealing with large and different transactions, from outright sales to private or public securitizations.
2. Outsourcing and collections: Provides the full recovery service to banks (speaking on behalf of the bank), allowing them to focus on the business core activities. The team of assets managers and more than 100 lawyers are the perfect combo of expertise to ensure the efficiency of recovery and compliance with the rules.
3. Property management: The PM team is responsible for the maintenance, valuation and commercialization of all types of properties, residential, industrial, commercial, retail in all Iberia. This guarantees the full value cycle of REO assets by the team of experts.

These units together support Servdebt in making the financial system more resilient by helping banks reduce NPL and clean their balance sheets while at the same time it helps debtors achieve financial stability.

Technology

Servdebt's operations are supported by the Servdebt Loan System (SLS), a platform developed internally by a team with deep knowledge on servicing, that has client data, collections and legal tracking. SLS is always being updated to the clients' needs, modules include case management, legal monitoring, accounting integration, document management, dashboards, and automated reporting.

Servdebt is committed to the security of sensitive data and business longevity by making continuous backups and replicating data across multiple servers, it obviously is a technology-oriented company and has been ISO 9001 certified since 2014, ISO 27001 certified since 2022 and was awarded Fitch Servicer Ratings of 'RSS2' and 'ABSS2' in 2023.

Being able to combine financial, legal and real estate expertise, having its own technology system along with its reputation internationally has created a competitive advantage for Servdebt.

Strategic Position in the Iberian Market

Since it is operating in Spain, Servdebt could benefit from scale and market diversification in an industry solidified by the 2008 financial crisis. The fact that the company is independent, gives more flexibility to make partnerships with international investors than bank-owned servicers. The client base includes major Iberian banks, private-equity funds and assets management organizations that act as partners.

3.3 The 2008 financial crisis

Macroeconomic context

The 2008 crisis was a critical point in the banking sector in Portugal that started with a liquidity shock in international markets and quickly developed into a recession characterised by real estate bubbles, freezing of interbank lending and an abrupt contraction in investment. Portuguese banks suddenly had an increase in non-performing loans in the following years linked to mortgages and construction, with the drop in real estate value and the unemployment rise, people and entities defaulted on their payments, which created an opportunity for a specialized side on loan recovery that the banks weren't capable of doing (Figure 1).

The European Central Bank was forced to make the regulations of financing stricter, meaning that companies could not access credit to leverage their businesses as easy as before. The banks now needed to equilibrate their balance sheet and one way to do it was by selling non-profitable assets. However, the Portuguese market for this (servicers) was still underdeveloped and there weren't many independent options with the expertise divided by sectors, legal offices, small agencies and internal bank systems. So, there was here a fantastic opportunity for a servicing agency to grow, which had to combine legal expertise with financial analytics for recovery.

Servdebt's founding opportunity

Both Servdebt founders were lawyers that worked in the servicing sector and believed the process could be much more efficient than what it was at that time. Basically, they had a vision and identified an opportunity which happened to have great timing.

In December 2007 they got their first contract, a portfolio of 43 million euros, small in today's perspective but decisive for its credibility in the first years and by January 2008, the company was operating, combining a financial necessity with organizational innovation. As happens in all crises, some businesses go bankrupt while others thrive, and for Servdebt, this was a period of expansion.

After the first client, Servdebt gained a lot of experience through a lot of unsecured NPLs, the banks needed to clean their books and were outsourcing the service to credit recovery experts. Also, investors saw in Portugal a decent risk-reward profile. Servdebt could manage assets for both, which placed it in an ideal situation in this emerging market.

Early Operations

At first, the company managed a lot of unsecured assets, which were common before the crisis. Despite these loans not having collateral, they generated big datasets of debtors that allowed it to analyse the behaviour of debtors and standardize it. The shareholders realised they should create a data system to profile debtors, instead of using intuition in the decision-making process.

Until then, the recovery forecast was based on intuition and experience, so Servdebt started to develop their own system to identify types of debtors and track payments at scale. This system is the most important asset along with people and it is being developed to this day,

Servdebt Loan System (SLS). The system allows to evaluate future cashflows and evaluate portfolios, which is crucial for investors to know how much to bid for it.

As a consequence of the crisis, in the decade of 2010, the banks shifted to secured portfolios, most being mortgages backed by real estate. This created a need to have a team with expertise in evaluating and enhancing the value of these properties (in the case of default). Servdebt then created a property management team to handle the repossessed real estate which is responsible for maintaining it and increasing its value to sell.

Strategic Response and Capability Building

The company was in expansion unlike most businesses and the shareholders legal background gave credibility across the sector between banks and investors and the organizational structure of Servdebt made the expansion a success. The first years were marked by two strategic responses:

1. **Process Professionalization:** Servdebt improved the efficiency of the operations through developing a system that helped in measuring performance by age, city, gender and that had better reporting templates. The shareholders knew that the advantage in the long term would be acquired by that internal system capable of supporting operations, more complete and more detailed than those in the market, while others relied on basic spreadsheets.
2. **Talent Acquisition:** As any economic downturn, especially coming directly from a financial perspective, unemployed rates were rising and a lot of qualified people were in the market, Servdebt took this chance to recruit experienced lawyers, analysts and managers.

The company was building its dynamic capabilities and not just surviving the crisis, meaning the capacity to sense opportunities, seize them through actions and transform resources.

Sensing opportunities in a crisis

The founders had the capacity to interpret the macroeconomic signals and anticipate the development that could come from the crisis by having a wave of NPLs by Portuguese banks and investors. Instead of seeking stability, they position Servdebt as a problem solver in the right moment (Figure 2).

The capacity to sense these opportunities became an organizational reflex, analytical forecasts over economic cycles are part of the company's culture. Downturns generate more NPLs while collections rates increase and this counter-cyclical awareness is integrated in the model. Also, a good economic cycle, despite having NPLs, makes it easier to negotiate with the debtors who in general are more comfortable financially.

Seizing the market and scaling operations

The company had to ensure both control and compliance while it scaled. While expanding its operational base, investments in training and technology were made to catch the opportunities identified. Servdebt combined long term portfolios of both banks and investors, with the goal of having long revenue streams.

The internal system SLS allowed to forecast with more accuracy the recovery rates and risk. This and the experience acquired until then gave Servdebt the credibility needed to sign contracts with international investors entering the Portuguese market.

The wave of secured portfolios after 2013 helped Servdebt strengthen its position, they are more complex and require asset coordination and legal expertise. The fact that Servdebt had the capacity to integrate the different areas of expertise, legal teams and PM teams, created a barrier to imitation.

Transforming and institutionalizing learning

The lessons from the crisis were integrated in the business, from data accuracy to operational discipline considering big clients required big preparation, data protection and recovery benchmarks.

Servdebt also incorporated technological autonomy with the continuous development of their platform SLS, that ensures compliance with client regulatory changes. The system is an organizational capability, the backbone of the work, that reflects now 12 years of learning and actualization.

These transformations were the roots of resilience for any upcoming crisis, for example, when COVID-19 hit, many of the procedures outlined before were important such as contingency protocols and remote data access controls. The capacity Servdebt now has to operate smoothly during disruptions traces back to organizational processes defined before.

Market impact

As a consequence of the 2008 crisis, the NPL market changed, the competition increased and international servicers entered the race. Servdebt was an early-mover and that made the difference, with relationships established with banks and investors, having the data on a platform and vast experience dealing with portfolios in Portugal.

Also, the fact that they were an independent servicer was a crucial differentiator, banks recognized it as neutral with the ability to be confidential and investors appraised them not having conflicts of interest, which enhanced trust between parts and allowed Servdebt to manage larger transactions.

By the year of 2013, it was seen as a leader that managed different portfolios and with qualified human capital, making the 2008 financial crisis work as an accelerator of learning and trust successfully.

Lessons and legacy

Looking back, the crisis was a driver of the first years of the company but also a driver to shape the core dynamic capabilities. It provided the company with: analytical vigilance, the capacity to scan the environment and credit trends; operational agility, the capacity to adapt teams as the portfolio composition changed; technological learning through the continuous development of SLS; crisis readiness, contingency plans and tools for risk assessment implemented.

Servdebt is now a proactive learning company, which was verified when lockdown started to disrupt operations. The routines created were decisive, including data integrity, cross functional collaboration and data analysis.

Finally, this crisis served as a catalyst and a shock, it made the company build an organizational structure and competences to have a sustainable competitive advantage. Starting as a small side at the same time as one of the most difficult economic downturns, Servdebt could become a reference in the servicing sector in Portugal through adaptation, learning and forecasting.

3.4 The COVID-19 Crisis

A different disruption

If we look at the 2008 crisis as a factor that shaped the company's growth, we may look differently at COVID-19 pandemic, now as a challenge to its operational model and organizational resilience. In 2008, the shock that created opportunity and in 2020 there was a threat to the normal functioning of Servdebt. This did not change the business model, instead, it reshaped the processes integrated into it, such as communication, data access, client interaction and safety. The challenge now was keeping operations running smoothly while complying with data protection and people safety rather than facing a big shift in market demand.

After the announcement of lockdown in early 2020, Servdebt gathered the Crisis Management Group, a task force assigned over the last years to deal with any type of emergency, which is formed by executives from different areas of the business, finance, HR, IT, Operations. Quickly they outlined a plan to determine the essential functions and which part of the operations could work remotely while not compromising data protection. In an unrelated note, the efficiency of this team would be again tested in the big power outage of 2025, that required quick action and coordination across teams.

Managing the shock

Since the servicing business requires constant contact with banks, investors and debtors, when COVID-19 hit and physical presence was suspended, a challenge surfaced: how can Servdebt maintain its normal operations without breaking data protection requirements.

The split up between the teams that worked remotely from the ones who worked at the office wasn't easy. The transversal functions, finance, HR, Legal, Marketing, Auditing could do it remotely with little difficulty, however, the operational recovery teams, which require a very strong network, access to databases and voice recording systems, couldn't. A trial was made through a pilot team that quickly realized that they couldn't recreate that environment remotely without risking the quality of the service and being more exposed to cybersecurity threats.

Every operator from the recovery team had to be on-site, meaning that to comply with the safety rules of the pandemic, such as distance between people, they would only fit if every non physically essential worker went home. To comply with the regulations, they had to do lunch shifts in the break room, increase the hours of the cleaning company and create an isolation room for anyone who may have symptoms. Also, an internal channel was created to

track potential infections and control the spread. This reflected their mindset through any crisis, mitigate the shock and protect core operations.

Business continuity

The first reaction through the first months of the pandemic was to guarantee the revenue stability and core operations running smoothly. At first, there was a sense of fear of an economic downturn, but it was surpassed quickly as the economy was supported by the government and most people did not lose their job. That, together with the fact that a big part of Servdebt's assets were unsecured consumer loans (in which the repayment depends more on household income than economic cycles), the debtors did not default as much as expected at first due to the fact that a lot of people were able to keep their income stable thanks to job retention measures from the government.

The main difference was the introduction of the moratoria on mortgage payments by the government, which influenced negatively the cashflows at the beginning but helped to hold a wave of defaults later avoiding an operational load for the legal team. Servdebt used this time to prepare for the revival of the collections that would happen right after.

The PM team experienced something unusual, after their operations being stagnated by rules against visiting houses, there was a boom in demand for the houses with outdoor spaces. At the time, Servdebt was managing a big CGD portfolio of real estate that was used to capitalize on this tendency, and their legal capacity differentiated them from normal real estate agents, who couldn't deal with it as easily during the pandemic.

Digital acceleration

Unlike 2008 crisis, that made Servdebt think strategically, COVID-19 made its processes even more digital. There were some manual processes that required the presence of people and paper circulation between them, it became unfeasible, for instance, validating and authorizing invoices was slowed down when staff wasn't there. So, Servdebt quickly created platforms to digitalize these processes, and that was permanently implemented.

Also, the company started using the latest version of Microsoft 365 and cloud-based tools, that was a step up in documents security and online meetings. As processes get more digital, cybersecurity concerns increase, so the process keeps improving through encrypted connections and multi-factor authentication. Given the data protection regulations and the raising concern about cyberattacks, this was now a top priority of remote work.

These improvements stayed even after the lockdown as they marked an important step towards automation. With the digital adoption and because people were working remotely, the communication and collaboration improved across departments, which increased efficiency and reduced the risk of human error.

Organizational and cultural adaptation

More than technological, it was a social challenge. The abrupt change of most workers to remote work created potential communication gaps between teams, who were used to work side by side (Figure 3). Management prioritized communication and employee satisfaction, and to achieve that, online meetings were made routine not just for work coordination but also for the sense of community that was lacking. HR launched small initiatives like care packages for everyone, using the money usually spent on the Christmas party and they also conducted surveys to perceive the adaptation levels and employee constraints.

As the restrictions were being cancelled, Servdebt gave each employee the possibility of choosing between working 50/50 hybrid 40h/week or work on-site 37h/week. Eventually, the company returned to the regime of working always on-site but still with the digital tools integrated and the experience of having the need to work remotely for a period of time improved communication and collaboration across departments.

Operational resilience and client confidence

Despite the disruption, Servdebt did not suffer a big shift in the revenue streams thanks to their diversified portfolio and their data system that allowed management teams to fully recover from the slight downturn as restrictions were lifted. To the investors and banks, this was a reaffirmation of Servdebt's reliability.

Servdebt even increased their credibility to some investors by showing that it can mitigate a shock and protect its core operations. Companies with less structure contingency frameworks struggled to meet the standards of data privacy and Servdebt emphasis on IT and legal compliance worked as a competitive advantage.

This experience proved the need for adaptive governance. The Crisis Management Group did not follow word by word the contingency plan, as the CFO said, it serves as a "mental base" rather than a checklist, with the ability to give quick and appropriate strategic responses.

Strategic learning and post-crisis

As we have seen until now, the financial impact of COVID-19 was moderate but its organizational challenges were deep. This accelerated the process towards data-driven management, digital documentation and creation of communication platforms, processes that until then were physical now are completely electronic like approval chains.

The strategic value brought from the continuity of compliance rules as restricting emailing details, forbidding taking notes on papers, was huge. The capacity to maintain traditional compliance in another environment are proof of Servdebt's culture of discipline and control.

It also reinforced Servdebt's identity as a resilient learning organization from the human capital point of view as they acquired new skills, improved communication and absorbed adaptation as their routine. The mix between the cultural shift and technological progress, enhance its appeal in a competitive market.

Integrative reflection

By the perspective of organizational learning, the pandemic strategic response was based on the same logic of the 2008 financial crisis, adaptation. Servdebt proved again the capacity of identifying threats and acting accordingly in an unpredictable environment, transforming the short-term reactions into enduring progress. What was considered improvisation, evolved into structured innovation, reaffirming the company's resilience to sense, act, and integrate lessons.

Finally, the health crisis did not change Servdebt's business model, rather it strengthened it. Internal cohesion, acceleration of digital transformation and the reaffirmation of the company's reputation as super reliable were reinforced and the combination of both situations demonstrates the evolution from organizational agility to organizational resilience.

4. Teaching Notes

These notes are made to help professors in courses of Strategic Management, Crisis Management and Organizational Resilience by using the Servdebt case to interpret how a loan servicing company in Portugal survived the 2008 financial crisis and the COVID-19 pandemic and how these disruptions contributed to the dynamic capabilities and to the capacity of resilience of the company.

The presented case has the pedagogical goal of making students connect the revised theory with real life management, which in this case is the highly regulated servicing specific context. Servdebt's experience is a good example to discuss crisis response, digital transformation and dynamic capabilities development since it felt differently the two major global disruptions of the last years.

This should serve as a ninety-minute class or it could be divided in two, the first being dedicated to the expansion through the first crisis and the second analysing the operational resilience and innovation during the pandemic. The class should be aware of the concepts of Resource-Based View and Dynamic capabilities introduced earlier and crisis management literature.

This analysis is supported by three main perspectives:

1. Crisis response portfolios: guided by Wenzel et al. (2020) and by connecting his ideas of retrenchment, perseverance and innovation.
2. Dynamic capabilities: sensing, seizing and transforming during crisis from Teece (2007).
3. Organizational Resilience: Duchek (2020) that defines anticipation, coping and adaptation.

The starting point of this discussion should be that Servdebt's success was not based on luck or having infinite resources, rather it succeeded from its capacity to adapt, institutionalize learning and coordination.

4.1 Synopsis

Servdebt is an Iberian servicing company founded in 2007 that operates in the loan recovery of non-performing loans and real estate assets, employing about 450 professionals with 6.7€ billion under management. It was established right before the 2008 financial crisis, a

time in which banks were trying to decrease the amount of exposure to risk and equilibrate their balance sheets by selling a lot of distressed debt to meet the European Central Bank stricter regulations.

This case analyses how Servdebt went through two major crises, 2008 financial crisis and COVID-19 pandemic, and how they shaped its development. The 2008 financial crisis gave the opportunity to expand the business and accelerate the growth in the first years of activity, positioning itself in the market as a reliable independent servicer. The combination of qualified teams and internal expertise originated their Servdebt Loan System SLS which is the most important tool for their operations to run efficiently, improving client reporting capabilities and predicting debtor behaviour. Many years later, the pandemic presented a different challenge, a disruption of its operations. The government measures like the lockdown, forced Servdebt to accelerate digitalization internally, also, courts were closed which created unpredictability and data protection issues increased while working remotely. The Crisis Management Group met and designed a plan on how to protect its business, raising issues like the need to improve cybersecurity.

From the described situations, the students are capable of understanding the different outcomes a crisis can have depending on how a company faces it. This in particular, is a good example on how to accumulate Dynamic Capabilities, sensing, seizing, transforming (Teece, 2007) and how organizational resilience works through anticipation, coping, and adaptation (Duchek, 2020). It also allows students to analyse the process that firms in regulated industries go through to convert short term strategic responses into long term renewal, Wenzel et al. (2020).

4.2 Teaching Objectives

After reading the case, a student should be capable of:

1. Examine how crises create threats as well as opportunities depending on the industry and on the strategy.
2. Use Wenzel et al. (2020) to analyse the sequence of strategic responses.
3. Analyse the dynamic capabilities of the company by using the framework by Teece (2007).
4. Understand how there is a link between Servdebt and the resilience framework by Duchek (2020).

5. Discuss the impact of digital transformation and organizational learning as long term competitive advantages.

4.3 Assignment Questions

1. Which macro-economic conditions and regulations created a market space and what resources did Servdebt use to capitalize it?
2. How can responses to the 2008 crisis and the pandemic be classified? How did those responses help with stability and growth?
3. How did Servdebt sense, seize, and transform across both crises according to Teece (2007)?
4. In what way did Servdebt show anticipation, coping, and adaptation during both crises according to Duchek (2020)?
5. Prepare a SWOT analysis and elaborate strategic decisions based on your conclusions.
6. State which resources match the VRIN criteria of Resource-Based View and explain in what measure they contribute to a sustained competitive advantage.

4.4 Analysis

1. **Which macro-economic conditions and regulations created a market space and what resources did Servdebt use to capitalize it?**

The global financial crisis in 2008 was the event that triggered Servdebt's expansion and was their first real challenge. While liquidity disappeared and defaults were increasing, The European Central Bank put pressure on banks to reinforce their financial solidity. In order to clean their balance sheets, banks decided to dispose of NPL assets, increasing the demand for this service. Most firms weren't able to deal with that many NPLs efficiently. This gap created the opportunity and Servdebt seized it.

The shareholders, who had a lot of expertise in the area and also a legal background, identified the opportunity rather than just the economic downturn. This exhibited a sharp sensing capability: recognizing changes in the environment and anticipating market demands before competition as Teece's (2007) describes. Servdebt's strategic decision was to invest in a model that focused on data, efficiency and transparency to capitalize the gap.

It changed the way of looking at portfolios by creating its own system (SLS) which allowed to forecast revenues by controlling the performance of the debtors. For this sector,

which depends a lot on confidence, this was a good advantage as investors and banks valued confidentiality and risk aversion.

This means that recently established firms can leverage the climate of uncertainty to leverage their position during a crisis while bigger players are stuck in more inefficient and bureaucratic processes. Using the Resource-Based View, the company's assets at first were most intangible: expertise in the legal and recovery areas; reliability among banks and investors; and the SLS that is always being updated. These met the VRIN criteria, being valuable, rare, imperfectly imitable, and non-substitutable.

Students must get to the conclusion that Servdebt wasn't lucky, it was strategic business vision. Servdebt strategic execution turned the market demand into a sustainable business model by having the capacity to connect external shocks with its internal capability development.

2. How can responses to the 2008 crisis and the pandemic be classified? How did those responses help with stability and growth?

Responses to crisis can be classified into 4 types by Wenzel et al. (2020): retrenchment, persevering, innovating, and exit. Organizations can combine responses in different moments in time depending on the crisis severity. Servdebt path through both crisis shows a balanced mix between perseverance and innovation, with slight retrenchment.

2008: Innovation and perseverance

As it happened on the first years of operations, in which Servdebt was trying to grow with tight financial control, retrenchment was not necessary because the company was small. Rather, it combined innovation, developing SLS and standardizing recovery plans, with perseverance, protecting its operations and liquidity. It had a dual response, operational discipline and investment in technology to gain market share by formalizing client reporting and communication.

Post-crisis

The fact that Servdebt later was forced to diversify to secured portfolios and real estate assets exemplifies chronological adaptation, the perseverance at first opened the way to

innovate later. Students should understand that these responses are a sequence and not isolated events.

COVID-19 perseverance and selective innovation

When COVID-19 hit, operations were disrupted, but not the market demand, so as courts were in lockdown and people were working remotely, processes were slower but the clients were still there. Servdebt's immediate response was perseverance, including ensuring the safety of its employees, the security of its data and maintaining the operations running, a level of coordination guaranteed by the Crisis Management Group.

As soon as the environment stabilized, innovation started. Manual processes were made digital through internal platforms and cybersecurity measures were applied permanently. These represent more than just surviving a disruption, it also integrates these changes to make processes more efficient and to be more prepared for future potential threats.

The same strategy was followed in both crises, protecting the core and improving the overall system, yet, the critical point shifted, in 2008 it was the market entry and positioning and in 2020 it was operational continuity. In the framework suggested by Wenzel, this highlights that the dominant response of a company depends on the origin of the shock, external shocks linked with innovation and internal shocks (despite coming from an external bigger shock) require perseverance.

Teaching perspective

Professor can ask students to build a timeline of responses, as they were consequences of each other and not at the same time. Servdebt wasn't innovating under stress, the order is: 1. Perseverance; 2. Innovation; 3. Transformation.

Managing crisis efficiently is being capable of identifying the actions and the sequence for them to happen, it is not based on one right decision.

3. How did Servdebt sense, seize, and transform across both crises according to Teece (2007)?

Dynamic capabilities represent the organization's ability to integrate, build, and reconfigure resources in response to environmental change. In the paper Teece (2007), three main processes are explained: sensing the environment, opportunities and threats; seizing them

through investment or strategic commitment; and finally transforming the assets of the company. Using Servdebt, we can analyse this framework.

Sensing

Before anyone else did, Servdebt's shareholders identified an opportunity to emerge, an industry gap. They knew that the stricter regulations and the high NPL ratios came to stay and weren't just temporary, the capacity to recognize this revealed a superior sensing capability, which is understanding macro signals and planning.

With the pandemic, this process became more internal, sensing potential threats coming from remote work, data privacy, legal executions slowed down or cybersecurity for example.

Seizing

In the financial crisis, Servdebt already had planned to create its own system, more complete than the ones in the market, it invested a lot of its capital in developing SLS and standardizing processes to be capable of delivering a top tier service in scale without losing control. In the pandemic, seizing was revealed as an immediate internal reorganization, quick adoption of digital tools, processes of approval automation and preservation of information between departments by a responsible set of people.

Transforming

After 2008, the learnings from the first portfolios were institutionalized into the firm's processes and teams were divided in legal, finance, recovery, PM departments and SLS was the main source to operate in the best possible way. After the pandemic, what seemed like temporary measures of digitalization were integrated, electronic documents, security routines, remote accesses, being an example of transformation.

4. In what way did Servdebt show anticipation, coping, and adaptation during both crises according to Duchek (2020)?

Anticipation

This concept consists of the capacity to identify potential threats and act accordingly depending on its dimension. In Servdebt, there was a group made with the purpose of dealing with this, the Crisis Management Group, which is activated in times like these. In 2008, the

group did not exist, but the core of it did (the shareholders) and they could anticipate that if an economic downturn would happen, they would have an opportunity to increase their market share through differentiation, which in this case was by having an own internal system. Later in the pandemic, the company was a lot more developed and the group was defined and ready.

Coping

Coping represents the capacity to mitigate shocks without damaging the organizational structure. In the financial crisis, coping had a different approach, their way of coping was by investing instead of implementing defensive measures. In a different perspective, when the lockdown started, Servdebt's main concern was to protect the continuity of the business, hence the recovery operations, which were the critical ones to do on-site, remained there, while the transversal teams, such as legal and HR started working remotely. Hygiene routines were intensified, channels to communicate were created and helped stabilize the situation. Financially, the company kept everything stable, avoiding unnecessary panic measures and protecting clients and employees. It was an effective management of resources to absorb the shock without breaking down the organization.

Adaptation

After the critical phase, the adaptation stage occurs, either an organization integrates the coping measures or it doesn't. In this case, in the first disruption the it obviously adapted its operations for good by using an own system as support, and in lockdown, coping developed into learning and the digital processes used were kept permanently, accelerating Servdebt's modernization process. The IT integrated the cybersecurity standards and digital approvals were made routine, this not only made performance recovery easy, but it also increased efficiency, representing Duchek's adaptation stage in which learning changes normal functioning.

Cultural factors

The fact that Servdebt culture is based on trust and the leadership valuing transparency, improved coordination between departments. HR gestures, such as the care packages, satisfaction surveys and recognition, maintained employees engaged through the whole process. The CFO's idea of contingency plan being a mental orientation and not a check list supports the adaptive leadership concept, disciplined but flexible.

In the end, Servdebt could maintain all contracts, employees and improved processes, proving that resilience is not resisting but transformation through challenges.

5. Prepare a SWOT analysis and elaborate strategic decisions based on your conclusions.

This exercise should be used to consolidate the important aspects of this case, using Servdebt's crisis experience, digital evolution and capability development in a single picture. The goal is not to students just enumerate facts about the case, instead they should try and link each SWOT part with the firm's dynamic capabilities and its position in the industry of NPL servicing.

Strengths

1. Proprietary Technology

Servdebt Loan System is the main strength the firm has. Developed internally and still being improved to this day, it mixes analytics, portfolio management and reporting. Apart from being efficient, it increases the image of reliability since it provides investors with real time data and it works as a technological wall to imitation (it is super expensive and slow to develop and many companies just choose to rent a software). If we talk in dynamic capability terms, it is the tangible result of sensing and transforming processes, also Servdebt's certified standards (ISO 9001 since 2014, ISO 27001 since 2022), work as a differentiator and increases the level of reliability perceived for possible investors or even for young talents.

2. Reputation

Over the last fifteen years, Servdebt has been building a reputation as a reliable NPL servicer, capable of managing sensitive data in an industry where confidentiality is a must. Reputation as the specialty of not being for sale so this image, mitigates the risk associated to this industry and clients perceive this as an intangible capability that that contributes to the competitive advantage.

3. Human Capital

Servdebt's team includes experts in three main areas: legal, financial, real estate, allowing the company to come up with unified solutions. The culture of collaboration facilitates between the teams facilitates knowledge sharing and coordination, putting them a step ahead of companies with more hierarchical structures.

4. Crisis Management Experience

Servdebt went through two big system shocks without registering major losses in any way, which is a big statement. Also, the efficiency of The Crisis Group Management until now, shows that the flexible leadership and culture of readiness create a powerful foundation for any future events.

These strengths together linked with technology, trust and culture, are the perfect mix that builds organizational resilience.

Weaknesses

1. Limited Scale

A servicer normally only does business in its country, since you need to have deep legal knowledge of a country's regulations to operate in there. Portugal for example is a limited market for this, and banks are more conservative than in other countries, although it is an Iberian and agile firm, it still depends a lot on heavy regulations and on the size of the Iberian NPL market.

2. Dependence on the Domestic Legal Environment

In Portugal and Spain, loan recovery is tied with judicial efficiency. Any change on regulations can have an impact on how to manage portfolios, this is keeping the company from having full control of outcomes.

3. IT-Maintenance

As SLS develops and the world gets more and more digital, Servdebt needs to keep investing in cybersecurity and systems updates. This could be a problem if the market is limited and the costs may decrease margins.

The weaknesses pointed out relate to scale and resource asymmetry, not capability quality.

Opportunities

1. Regional Expansion

Consolidating its market presence in Spain even more, and then looking at other similar markets, whether by having similar regulations, culture or by geographical proximity and expand operations.

2. Technological Upgrading and AI

Increasing the value delivered to investors and decreasing the human intervention in operations that AI could help with and deliver a better outcome, such as by integrating predictive analytics AI in the SLS system to improve the forecasting capacity and accuracy of portfolios.

3. Employer Branding and Talent Attraction

There are a lot of competent people in the technological areas that could be tempted to work in such a technological-oriented company in a technological driven area

By exploring these opportunities that are really an extension of its strengths, Servdebt can grow staying truthful to its identity.

Threats

1. Market consolidation

Foreign asset managers and servicers are expanding to Portugal, accessing to cheaper capital, which may decrease margins because of competition and alter client expectations for international coverage.

2. Cybersecurity risks

With the digitalization of many processes, the vulnerability to cyberattacks that could harm Servdebt's reputation and damage trust between clients increases. It is essential to keep investing in mitigating these threats.

3. Regulatory uncertainty

This industry is highly regulated and any change in EU data-protection rules that is not immediately followed could increase compliance costs. A smaller player in the global perspective may face excessive burdens.

4. Macroeconomic and Interest-Rate Volatility

Macroeconomic shocks that cause economic downturns or the rise of interest rates can influence NPL inflows, affecting the recovery expectations and consequently money collection.

Resilience must be dynamic to deal with these threats. What were considered strengths in the past can be a liability in the future if not adjusted regularly.

Strategic Recommendations

Given the SWOT, students must be able to think of three or four strategic ideas that link internal capabilities to opportunities:

1. Deepen Digital Differentiation

Keep developing Servdebt Loan System, positioning the company as tech-oriented, using it to attract clients and not only as an internal capability.

2. Pursue Partnership-Based Internationalization

Try to penetrate new markets through partnerships, sharing data infrastructures and knowledge, as an attempt to grow the business and explore synergies.

3. Institutionalize Learning Loops

Make regular meetings of the Management Group Crisis, to monitor the environment and analyze possible risks.

4. Leverage ESG and Compliance Positioning

Align Servdebt with the EU taxonomy and sustainable finance directives to promote responsible management and build reputation.

6. State which resources match the VRIN criteria of Resource-Based View and explain in what measure they contribute to a sustained competitive advantage.

Resource-Based View can be used to analyse Servdebt's competitive advantage, specially by understanding which resources match the VRIN criteria. First, we have the Servdebt Loan System, which is a core asset of the operations (and super valuable) and allows a level of personalization difficult to achieve, it is inimitable in the sense that it took more than a decade to get this far and it depends on a long process. It is rare in the Portuguese servicing market since it takes lots of investment to develop, so most firms use software from external tech companies. Then, it is non-substitutable since the others systems in the market cannot achieve and maximise cashflow prediction as good as this one.

Next, we have the link between legal and operational departments as a valuable resource, that creates synergies, in particular in situations of legal recoveries. This model is unusual in the industry, in which many companies outsource the legal expertise and the process is divided. This model of integration is harder to copy and improves efficiency, making it impossible to substitute without compromising the best outcome.

After that, reliability and trust. Servdebt has create strong relationships with banks and investors along the years and their capacity to efficiently deliver results has created a valuable intangible resource which is the foundation of any business, trust. In this sector, reputation is gained over time and experience, and it is inimitable in the sense that thus kind of trust can't be bought.

Together, the resources mentioned provide a hedge on competition and serve as foundation for the dynamic capabilities, giving the firm the tools to adapt, learn and renew in changing environments.

5. Conclusion and Limitations

Servdebt's path suggests that organizational strength isn't measured by avoiding crises but how the firm can evolve and learn with them. Since its foundation, Servdebt has been able to convert external shocks in internal development, making unstable environments a driver for progress. Instead of seeing the financial crisis and the health crisis as isolated events, the firm sees them as parts of the process of coordination and renewal. Each crisis was in its own way a catalyst for the company's capacities to adapt.

In the 2008 crisis, Servdebt started working on its competitive advantage, which is a culture of legal expertise, analytical orientation and technological independence. Starting small, it rapidly developed into a big player capable of supporting its operations independently. The initial phase of activity reflected strong sensing, seizing and transforming capabilities.

Now in 2020, COVID-19 pandemic has put to the test the capacity of Servdebt, but now in a structural level. The response to the shock reflected Servdebt's internal maturity of processes, the firm quickly changed to remote work, evaluated how to guarantee data security and fostered communication across teams so they wouldn't lose track. This specific moment of cultural resilience proves that the systems built before were integrated in its identity.

If a comparison I made between both situations, there is an evolution from reactive to proactive resilience. The first has establish its positioning in the market, the other emphasized its capacity of renewal, but, in both situations, institutional learning was a big factor, capable of making the best out of these cases by refining processes and reputation. By analysing this perspective it is clear that resilience is a continuous cycle that includes anticipation, response and learning, rather than a single static capacity that resists any changes.

More than practical lessons, this case helps to understand how do companies in highly regulated industries develop their dynamic capabilities. Servdebt shows that a flexibility in strategies can co-exist with severe regulations if supported by the rights structure and digital tools. For students, it is evidence that institutional strength is built over time through consistency and the need to innovate in uncertainty.

Like every case study, it has limitations, this case focused on a specific company and on a specific context, the Portuguese distressed market, which is a restriction for the generalization of findings to other areas of business. The research was based on qualitative evidence, mainly primary data from interviews, that may indicate a subjective point of view.

Studies in the future could expand the focus to comparing Servdebt with servicers across Europe to understand differences in operations and how AI will shape the industry.

Summarizing, this thesis uses Servdebt to describe an example of how crises can create stronger organizations. With the process of transforming knowledge and learning into capabilities, the firm acquired the facilities to control external shocks and use them as fuel to grow in a sustainable way, reinforcing the idea of this thesis, that frames resilience as a growth rather than resistance.

6. Appendix

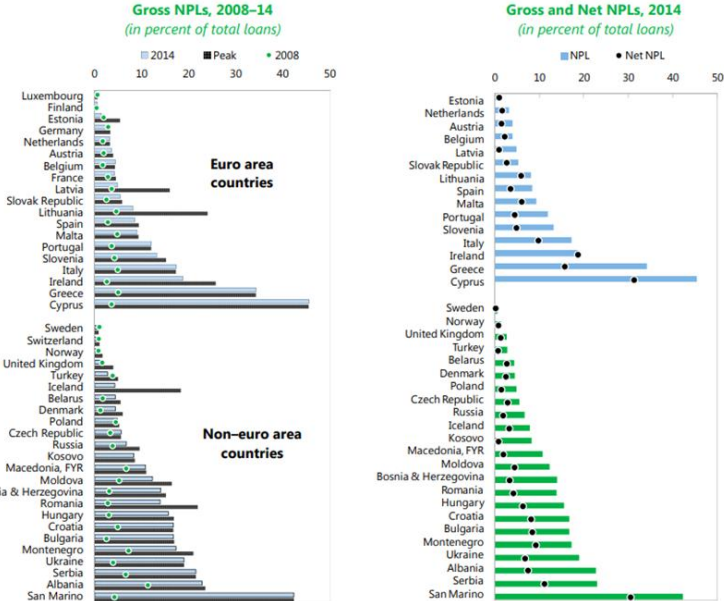


Figure 1 Europe: NPLs after the Global Financial Crisis, Source: IMF (2015)

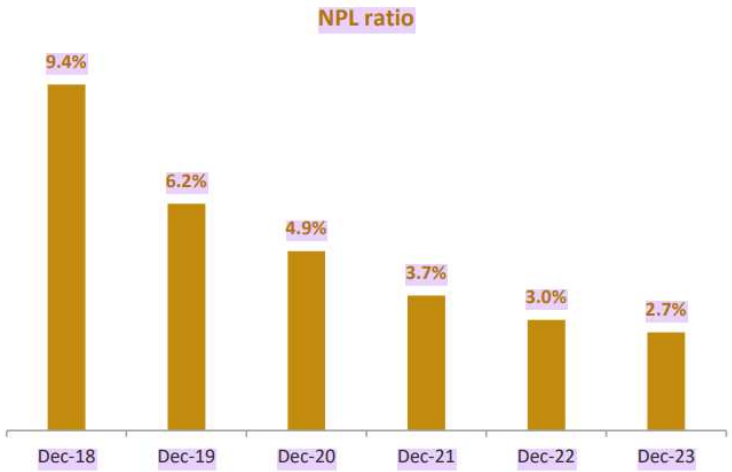


Figure 2 Evolution of Gross NPL Ratio in the Portuguese Banking Sector, 2018–2023, Source: Associação Portuguesa de Bancos (2023)

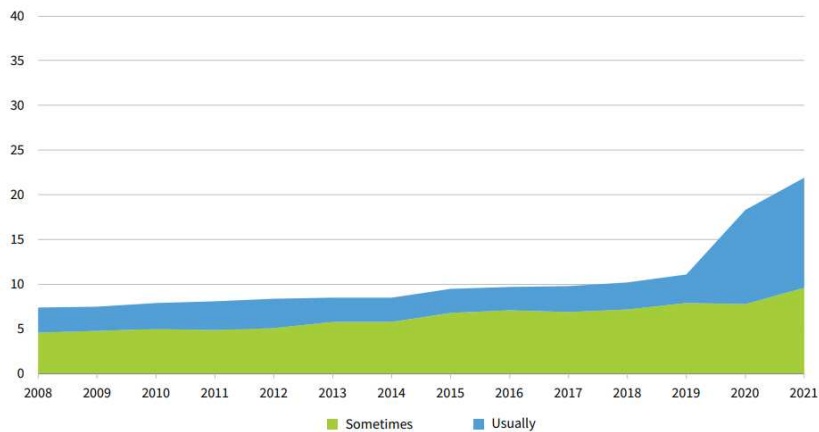


Figure 3 Share of employees working from home, 2008-2021, EU27 (%), Source: Eurofound (2022)

Summary of Interview Insights with Servdebt CFO and Senior Management

This appendix provides a structured overview of the information collected through two internal interviews conducted with senior members of Servdebt, including the CFO. The insights were grouped by thematic areas relevant to the thesis: crisis response, operational adaptation, organizational learning, and strategic evolution.

1. Crisis Management and Contingency Planning

- Servdebt maintains a formal *Crisis Management Group*, activated in situations of disruption (e.g., COVID-19, blackout in 2025).
- The group's role is to take rapid decisions based on available information, not to follow a rigid checklist. The CFO emphasized that the contingency plan serves more as a "mental base" than a procedural script.
- During COVID-19, the existing contingency plan had to be quickly adapted, since no prior version had anticipated such a systemic disruption.

2. Operational Differentiation and Remote Work Feasibility

- The organization is split into two major categories:
 - **Transversal functions:** finance, HR, marketing, audit, legal, IT development, most could work remotely.
 - **Operational teams:** asset recovery and legal enforcement teams, these had to remain onsite due to technical constraints (voice systems, secured data, real-time access).

- A remote pilot with friendly recovery teams failed due to technical/security limitations (e.g., call quality, data protection, no offline notes, inability to monitor interactions).
- To maintain distancing, all transversal staff were moved offsite to free up office space for critical teams.

3. Data Security and Compliance

- Data protection is a top priority. The CFO reinforced that operators only access data needed for their case.
- Internal protocols prevent sensitive data from being written on paper or shared via email.
- Infrastructure includes dedicated IT support, restricted systems access, backups, encrypted channels, and certified standards (ISO 27001).

4. Adaptation Measures during COVID-19

- Office reconfigurations: lunch shifts, new cleaning routines, isolation rooms, real-time infection reporting channel.
- Adoption of Microsoft 365 and custom digital platforms to manage approval workflows (e.g., invoice validation and purchasing authorization).
- A temporary hybrid model (50/50) was introduced post-COVID, but later transitioned back to full onsite work with occasional exceptions.

5. Strategic Use of Technology

- Servdebt's proprietary **Servdebt Loan System (SLS)** is a key strategic asset. It's continuously developed to integrate changes in law, internal needs, and client expectations.
- The system supports segmentation by debtor profile, forecast modeling, and real-time performance tracking, core to both internal operations and investor reporting.

6. NPL Servicing Model and Business Lines

- Three business areas: servicing for banks, servicing for investors, and property management.
- Property management emerged post-2013 to manage repossessed real estate from secured NPL portfolios, a response to the 2008 crisis.
- The servicing model is counter-cyclical: downturns generate new NPLs; upturns improve collection efficiency.

7. Crisis-Specific Commercial Impact

- During early COVID-19: collections dropped, moratoria impacted cash flow, property visits were blocked.
- Property Management saw a spike in demand for houses with outdoor space (e.g., CGD real estate portfolio).

- Investors paused acquisitions, offered lower prices, banks withdrew portfolios temporarily.
- Gradual market return brought new risks: debtors who had benefited from moratoria but later defaulted.

8. Organizational Learning and Resilience

- COVID-19 accelerated digitalization, improved cross-team communication, and surfaced process inefficiencies.
- Staff engagement actions (e.g., gift boxes replacing Christmas party, wellbeing initiatives) boosted morale.
- The company optimized internal workflows under pressure and reinforced its cultural adaptability.

9. Strategic Outlook and Evolution

- 2008 was pivotal for growth and market positioning; COVID-19 was more about operational resilience.
- Shareholders' legal background led to early recognition of opportunity post-2008 (NPL growth, regulatory pressure, investor interest).
- SLS, talent acquisition, and legal-integration differentiated Servdebt early and still shape its competitive edge.
- Adaptation now blends legal, technical, and organizational learning as part of routine strategy.

This interview summary provides foundational evidence for the case study analysis in Chapter 3 and supports multiple frameworks applied in the thesis.

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7.2 Other sources

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