

The Collector Chronicle

NORTH AMERICAN RECOVERY

March 2011

Utah's Collection Authority

LAST MONTH'S LUCKY WINNER

The lucky winner of our client prize for January is Physicians Group of Utah. Congratulations!! They will receive a \$100 gift certificate to Walmart. Enjoy!



THIS MONTH'S PRIZE

This month we will be giving away a \$100 shopping spree to the department store or mall of your choice. Each client who sends new accounts during the month of March will have their name entered into a drawing. At the end of the month we will draw a name, and if it's yours, you'll win the shopping spree.

***Don't miss
out on your
chance to
win; send
new accounts
in March!
Good luck!!***



IS THERE ANYTHING I CAN DO TO HELP?

By DAVID J. SAXTON

President, NORTH AMERICAN RECOVERY

When a prospective client considers using our agency they usually have a few questions. These range from: "What's your commission rate?" to "What can you do if someone moves to a different state?" But the question I wanted to discuss this month is this one: "Is there anything I can do to help the collection process?"

This may seem like an odd question because we are the ones charged with collecting your account, but keep reading and you'll see why this question is so important.

Collections is an interesting field. When I started as a front-line collector over 22 years ago, I was amazed that so many people didn't pay their bills. Then, as I became more experienced, I discovered that not only did people not pay their bills, but they moved all the time and changed jobs with the seasons. I learned that before I could even consider collecting from someone, I had to find them. It's the same today. Sometimes it's easy, but most of the time we have to use every one of our sophisticated skip tracing methods, tools and techniques to find the debtor. Only then can we start *collecting* from them.

How do we find a debtor? Well, it starts with skiptracing. In our industry, skiptracing is what we call the process of trying to find a debtor when they've moved or changed their phone number. Believe it or not, our best source of skip tracing information is our client. Many people mistakenly believe that with the internet, and the amount of information that's available today, we should have an easy time finding someone, but that's not the case. With the increases in identity theft, most sources of information have become less available. That's why the best source of skip tracing information is our client.

When you think about it, it makes a lot of sense. If a debtor is trying to obtain credit, or purchase a product or service, they are willing to provide just about any personal information you would ask for. This is why you are the best source of information.

If a client were to ask, "What can we do to help the collection process?" I would tell them there three specific things:

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1. Collect detailed, specific personal information from the debtor during the initial transaction.
2. Assign the account when it's 90 days delinquent.
3. Send all information at the time of assignment.

Sounds simple right? Let's discuss each one in detail starting with: "*Collect detailed, specific personal information from the debtor during the initial transaction.*" You might be asking, "What information should I get?" The minimums are: social security number, date of birth, home address and phone number, name of employer, work phone number, and the names and phone numbers of at least two relatives that are not currently living with the debtor.

These items are usually collected as part of your standard credit application process. If you make sure every customer completely fills out the application, when the account falls delinquent and is sent to us, we will have everything needed to identify and locate the debtor.

Most of the forms I've seen are very good. The only problems we encounter are when customers leave large sections of the document blank, so don't let that happen.

The next item, "*Send the account when it's 90 days delinquent.*" is just as important. The "ideal" time to send an account to collections is 90 days after the last payment or service. If you wait any longer, the chances of collecting the account are greatly reduced. I know it's tempting to wait another month before sending the account with the hopes that "Maybe they'll pay..." but you have to resist that temptation. The sooner we start working the account, the sooner we will collect it.

The last item, "*Send all information at the time of assignment*" is maybe the most important of all. Why? Well, if you collect every possible bit of personal information from a debtor, and assign the account when it's 90 days delinquent, if all we receive is the debtor's name and address it defeats the purpose.

Here is an example of what I mean. We had a prospective client ask if we could collect his past due rental

accounts. (This client owned some rental properties and this specific debtor lived in one of his units for about a year.) The debtor disappeared one day, and owed for one month's rent. This is a fairly typical situation and we collect accounts like this all the time. We instructed the client to send the account to us and we would get started right away.

A few days later we received a package in the mail from the client. It included a typewritten form that listed the debtor's name, address (the apartment he just moved from), and his old phone number. There was also a copy of the lease, and a detailed description of the charges. Sounds good right? Well, actually we didn't have any personal information about the debtor. The documents we received did a very good job of establishing the details of the debt (a copy of the signed lease is a necessity and a detail of the charges is also required), however, there wasn't any personal information about the debtor. No date of birth. No social security number. No information about his employer. No references. This lack of information would make finding the debtor very difficult.

But everything turned out okay because we contacted the client and had him send a copy of the application—which had a good deal of personal information about the debtor. Without that additional document, we would have been sunk.

Most clients are very good about collecting the necessary personal information from a debtor, assigning the account when it's 90 days delinquent, and sending us everything. That's one of the reasons our recovery rate is double the national average (36% compared to 18% for the national average).

To sum it up; make sure you obtain detailed personal information from every consumer. Then, if the account goes delinquent, send us **everything** you have when the account is 90 days past due. It might take more time to do this, but I promise it will be well worth it. And it will ensure that we have everything necessary to provide you with the best collection services possible.



The *Collector Chronicle* is published monthly by NORTH AMERICAN RECOVERY for prospective and current clients. Please direct questions or comments to Dave Saxton at the address or number listed below.

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