

Debt Collection Tips

There are several tips regarding debt collections that can help ensure you will recover your outstanding accounts. Implementing these tips effectively in every organization or business will improve one's cash flow and translate into improved profitability.

- Before attempting to collect a delinquent account is sure to review the state and federal regulations.
- Familiarize yourself with the account before calling the debtor. Know the history of the account and all credits and payments that were applied to the account.
- Remain calm and focused and professional while making negotiations.
- Adapt to meet the circumstances and adjust to the situation while dealing with the customer.
- Make sure the contact is never left open-ended.
- The time frame should be precise by a specific date, a specific amount, and even verify the number the customer is using to pay the balance. If the payment is not arranged within 90 days, visit a collection agency or start legal proceedings.

Collection Company

National Asset Management is a progressive and highly effective collection company providing a full range of services throughout the United States and with an international client base. As one of the most successful collection companies in the country, our collection service receives hundreds of millions of dollars in bad debt placements annually. We have advised and guided thousands of businesses nationally and internationally, as more are seeking debt recovery services to help recover unpaid debts and improve their cash flow.

NAM customizes their strategy and services based on the client requirements of which the results driven lead to improving the client's balance sheet through accelerated cash flow, low operating costs, reduced bad debt expense and improved customer retention. All this has been possible because of the high calibre personnel and support staff at NAM. We carefully select client oriented and experienced personnel with a high standard of ethics and values. They then undergo a thorough training and then regular supervision to ensure that they are constantly maintaining your good public image.

Our staff is monitored on a daily basis. As a debt collection agency, we are fully aware of industry legislation and codes of practice we need to be comply with. Compliance is achieved by quality control, testing etc. ensuring that all state laws in regards to debt collection and insurance billing are followed without any dereliction. In addition, NAM also monitors Fair Debt Collection Practices Act (FDCPA), which is the Federal legislation governing debt collection law and is binding on all the collection agencies.

NAM offers a broad menu of developed services that meet client specific needs. These programs are flexible in nature and are customized for each customer making the service unique for every client.

Careful analysis and due diligence is carried out for each client prior to recommending a specific service to address their needs.

NAM has assembled a service portfolio that provides any client with the opportunity to custom design revenue enhancement, backlog reduction, and collection programs to suit their specifications. Our capabilities include every follow-up function managed by an independent debt collection company.

Credit Collection

Credit Collection service is offered to make you and your business debt free. National Asset Management stands at the top in designing collection programs for retailers across the United States. Our representatives offers aggressive credit collection services having experience in collections for:

- consumer loans
- bank credit cards
- store credit cards
- catalogue sales
- club sales

NAM applies a strategy that is successful in recovering both low and high balance accounts. Our collections processes are conducted in a legal, ethical and professional manner. We use all feasible strategies to ensure we collect the outstanding balances from debtors. We are flexible in the type of collections we manage and will customize a collection program that will fit your needs and concerns. We are equally diligent in handling all types of collections, regardless of small or large balances. Our diligent and dedicated representatives provide all our clients with the same processes and efforts.

Time is Essential

Successful debt collection begins with immediate action. One should never wait more than 90 days to begin to recover debt on past-due accounts. This is where a good collection agency comes into play. One you place your delinquent accounts with the agency, they will begin communications with your debtor through phone calls and mailed letters immediately. If they are unable to connect with your debtor after several attempts, they may refer your case to a collections attorney. The collections attorney will almost always be able to collect from your debtor, as most people fear legal action. Once the debt is recovered, the only thing left to do is pay the agency the fee that was agreed upon at the date of hire

Fee based collections

A reputable collection agency can often help if you are a business owner trying to collect on past-due accounts. However, it would be wise to conduct a little research before selecting one.

Collection agency rates vary, sometimes significantly. There are four factors that are considered when coming up with a fee:

- The age of the accounts
- The type of accounts you are placing (industry)
- The average dollar amount of the accounts
- The number of accounts you are assigning.

In general, the longer a debt has remained past-due, the harder it is to collect it. Therefore, the fee you pay out to the debt collection agency will be higher.

Best practices for Commercial Collections:

- **Have a defined credit collections policy:** Make sure that your company's terms of payment are clearly stated in writing to each commercial customer. If you do have a clause in your contract or agreement our in house legal team would be more than happy to write one up for you free of charge. There is no reason you should have to pay for collection fees.
- **Invoice promptly and send statements regularly:** Many times the client hasn't paid their account simply because they haven't been billed or reminded to pay the bill in a timely manner. Set up a systematic invoicing and billing system.
- **Contact overdue account more frequently:** There is no law stating you can only contact a customer once a month regarding an outstanding balance. Consider contacting late payers every 10-14 days. Doing so will enable you to diplomatically remind the commercial customer of your terms of payment
- **Use your aging sheet, not your feelings:** More often than not a business will let an account age beyond the point of ever being collected because he or she "felt" the customer would pay eventually. The truth is that if you aren't being paid, someone else is. So stick to your systematic plan of follow up.
- **Make sure your employees are promptly trained:** Make sure everyone on staff knows what the terms of payments are and the procedure your business follows for past due accounts. Make sure the staff is firm, yet courteous when dealing with customers.
- **Keep accurate and timely payment records:** If you see any deviation from past payment patterns, and especially if payments become unusually slow, immediate follow-up is warranted. This gives you an early alert to impending payment problems, and the chance for early intervention if there is an outside influence.
- **Follow the collection laws in your state:** In many states, businesses are governed by the same collection laws as are collection agencies. For example, calling customers at an odd hour or disclosing to a third party that they owe you money are just a couple of the numerous collection

practices that can cause serious repercussions. If you're not sure, call your state's department of finance which governs and monitors collection agencies.

- **Use a third party sooner:** If you've systematically pursued your delinquent commercial accounts for 60 to 90 days from the due date, you should contact a collection agency immediately. More than likely, you've requested payment four to six times in the form of phone calls, letters and statements. Statistics show that after 90 days, the effect of in-house collection efforts wears off 80%. Commercial collection efforts should be focused within the first 90 days where the majority of your commercial accounts can and should be collected.
- **Admit and correct any mistakes on your part:** Sometimes your commercial customers do not pay because they feel you have made a mistake. Denying an obvious error only fuels the fire of resentment your customer may already feel. If the basis of the non-payment is a dispute over the quality of your product or service, a mutually agreeable settlement between you and the customer should be arrived at promptly.
- **Remember that nobody collects everything:** Even by setting up and adhering to a specific commercial collection plan, there will always be a few commercial accounts that will never be collected. By identifying these accounts early, you will save yourself and your company a great deal of time and money.

Commercial Collection agencies

Commercial collection agencies help your business with past due accounts allowing you to focus on current accounts and customer relationships. Your company can continue to move forward while the collection agency focuses on collecting your delinquent accounts and putting an end to bad debt.

Along with increasing your cash flow collection agencies reduce costs and give you the freedom to run your business effectively and efficiently. You no longer have to focus your time and energy on the delinquent accounts.

You also need to ensure that you are not wasting your valuable time or your employee's time pursuing unpaid debt. Trying to collect delinquent accounts can be time consuming and frustrating.

Employing an agency can lift the extraordinary and monotonous burden of chasing after bad debt. This gives you the freedom to run your business effectively and efficiently.

When you own a business you are responsible not only for yourself, but you are responsible for your company's future. In addition you are responsible for protecting your company's reputation, your clients and your employees.

Experienced, competent commercial debt collection agencies help you protect your business by following strict laws and guidelines that help you to collect more debt. They also help to protect

your company's financial health while helping you retain more of your clients by avoiding ugly confrontations and helping you to protect your employees by removing them from the collection process altogether by placing your delinquent and unpaid accounts with agents who specialize in collecting debt.

Why hire a collection agency?

Hiring a collection agency removes the strain and hassle of recovering outstanding accounts that are owed to you. Utilizing a collection agency allows you to focus your energy and time on your current accounts and clients. This removes the stress and frustration that comes with trying to collect bad debt. This is an excellent way of reducing delinquent accounts which in turn improves cash flow. National Asset Management is a leading collection company providing debt recovery services throughout the US and Canada. NAM can help in installing a new model that will assist you with any debt problems by analysing how you currently handle outstanding debts.

With the economy as it is today several companies are experience financial challenges and will prioritize their creditors for payments. Creditors who display the seriousness of continued non-payment are most likely to be paid first. Our debt recovery services can guide you here, which is one of the most efficient and cost-effective ways of prioritizing an account for payment.

We at National Asset Management have trained and experienced professionals who are aware of the laws behind debt recovery inside out. Each account is handled individually. We try and recover all the monies that are owed to you through a combination of letter and phone requests. NAM keeps in mind the importance and future of our client's customer relationships. As a debt recovery agency we have the skills to request payment in a way that won't offend or alienate your customers.

By utilizing our informative and flexible debt recover process we acquire payments on your accounts. Our debt recovery services provide a proven way of collecting a bad debt which normally results in the prompt payment of an account.

There are several benefits to hire a debt recovery agency. They act on your behalf and work on your bad recovery leaving you time to focus on your current accounts. Some of the benefits are listed below:

- **Fast Payment:** With the involvement of a debt recovery agency, payments are normally collected faster from customers.
- **Increase Cash Flow:** Debt Recovery Agencies not only reduces the amount of debt owed to you but also increase your cash flow.
- **Low commission charges:** We charge a low commission and that too on successful debt recovery.
- **Nationwide service:** No matter where you or the debtor is located; we offer a nationwide debt recovery service.
- **More time for you:** Utilizing a debt recovery agency to handle and recover your debt allows you to focus on your current business plans.

Collecting on bad debts

When you hire a debt collection agency to act on your behalf to collect overdue accounts, the agency puts into action a streamlined process which works in the majority of cases. As a result, you will increase your cash flows while reducing your bad debts.

Debt recovery agencies work within a legal framework and do their best to respect that framework which is there to ensure that the debtor is properly informed of the facts of the case, of their rights to dispute a debt and their rights to privacy, both with regards to the debt and with regards to how and when the agency communicates with them. In short, they will adhere to the legal framework of the FDCPA (Fair Debt Collection Practices Act).

Why does the debtor pay a collection agency?

There are several reasons why the debtor ultimately pays. The reasons include fear, guilt, intimidation, and a lack of understanding of the legal situation. Often a debtor will pay when they need to apply for a loan and need the debt removed from their credit report.

The debtor may have misconstrued ideas about what collectors are (legally) capable of doing, and may have outdated stereotypes in mind.

The debtor may be intimidated by the persistent demand letters and phone calls they receive regarding the debt. The debtor may assume that great individual attention is being given to this particular debt.

Both creditor and debtors should be educated about the FDCPA (Fair Debt Collection Practices Act). Many debtors aren't aware of their legal rights, and feel powerless. Mainly debtors should learn about credit reporting and the possibility of lawsuits.

Credit Reporting

Third-party collection agencies may report a debt to one or more of the credit bureaus, as a collection account including the amount, and whether it was paid or not. Once the debt shows on the credit report it is very difficult to get it removed. Paying off a collection account will not result in the item being removed from the consumer's credit reports; it will be shown as "paid." Agencies can report two types of debt, debts that they are working on and debts that they have bought.

Preventing Debt Collection Problems

Identifying debt collection problems immediately can prevent a person from drowning in financial debt. There are several strategies you can follow to avoid having collection problems. There may be various situations a person faces while giving large credits to a new customer. Sometimes out of excitement you

forget to perform the due diligence necessary which consequently becomes a debt collection problem. To prevent such incidences you should keep in mind the following recommendations:

- Research the business or the individual you are considering lending money to prior to actually lending the money. Many online credit reporting services will help you to do the investigation.
- Check to see if the customers are paying the amount regularly and on time. If they are not, you need to be cautious. Tighten the terms of credit and protect yourself.
- Keep in touch with the customer.
- Educate and familiarize yourself of bankruptcy laws.
- Try everything at the pre legal stage before pursuing litigation.
- If possible try to negotiate a mutual beneficial settlement.
- The older the past due accounts are the harder it is to get collect back. So, make sure to claim your money back within the limited time period.

Advantages of online debt collection services

Extending a credit to customers or clients is often a gamble, because even those with excellent credit history can occasionally miss a payment or experience financial hardship. Before starting a business or extending credits you should make important decisions about outsourcing collection agencies or hiring third party debt collection services. Hiring a debt collection agency will relieve the tasks related to debt collections by having the collection agency do all of the work for you while making you debt free.

There are several advantages to using an online debt collection agency. The services they provide are fast and easy to use. It only takes a few minutes to get online and get the collection process started. You fill out a short form including contact information for your company along with the debt collection information. Online debt collection services have become increasingly popular due to the speed and the simplicity.

Often times an online debt collection service is usually cheaper than those provided through a physical office. The reason being an online debt collection service will have less need for overhead and support staff than a physical office.

Advantages of using a Commercial Collection Agency

Every business finds themselves in a situation where they need to collect unpaid debts from customers at one time or another. This can be uncomfortable; especially for the small business owner who often times have a more personal relationship with their clients. Consider using a commercial collection agency to avoid any unpleasant confrontation and get paid sooner.

Many business owners believe they do not need the help of a collection agency to collect on their bad debt. They think that sending numerous letters and making phone calls will eventually get them results. This can become very time consuming and can take away the time needed to run a business.

Most companies have limited access to information about their clients. A collection agency has advanced technology that allows them to research a consumer or business before attempting to collect the debt. Even if the consumer or business has moved or changed address collection agencies can run skip searches to find the valid contact information in most cases. The extra information collection agencies have access to makes the collection process easier and more efficient. Collection agencies can also research to see if a company has gone out of business or filed for bankruptcy.

If every other option has been explored and the debt has still not been recovered, legal action may be necessary. In this case, there are many collection agencies that will also handle the debt in the litigation stage. They have connections to several reputable collection lawyers and can find the best one for the situation. They will also act as the middle man so that a company needs only contact one person for all of their cases.

No business wants to end up chasing their customers around to be paid for the services or products they provided. . However, sometimes these situations are unavoidable and a commercial collection agency is the best option to collect bad debts fast and will little stress.

Collecting on bad debt is a long strenuous process. In August 2009, Wall Street Journal reported that companies with less than \$500 million in sales were taking 58.9 days to collect money owed to them. Larger companies received payment at 41 days.

The amount of time it takes to collect on a past due account has a much greater effect on small businesses. But not matter if you are a small or big business delinquent customers hurt every business.

Protecting customer relationships

Recovering debt from non-paying or slow-paying customers is a gruelling and difficult task. Good customer relationships are vital to a business's growth. Hire a collection agency to handle your outstanding accounts. This can avoid risking the customer relationships by following up on payments to aggressively. A collection agency can request a payment from a customer without offending the customer and detriment your current customer relations.

It is less expensive to retain existing customers than it is to acquire new ones. When the market is very competitive offering incentives such as lower prices, discounts and credits can help in regaining existing customers. Although it is less expensive to retain existing customers companies also need to cut their losses by reducing delay in payments. Hiring a collection agency can help with this by receiving payments faster.

Medical Collections

Medical collections can be a burden on any medical practice. Medical debt collections are complex because of the number of agencies involved in the process including insurance companies, Medicaid, Medicare and the patient. Making collection phone calls or performing other administrative tasks to collect outstanding debt diverts your employees from their focus on delivering superior healthcare.

Outsourcing the responsibility of debt recovery allows you to focus on patient satisfaction. Collection agencies are cost-effective as they only get paid a percentage of the debt recovered. The sooner a collection agency is retained to collect debt, the larger the amount and the faster it will be collected. In the long run, collection agencies are more effective in collecting delinquent accounts than in-house collections. Medical debt is bad for your financial health and should be treated with the best care available.

