

Why do we need collection attorneys?

To answer this question, often asked by clients and sales prospects, the following comments may be helpful.

Debts which are six months old only have a 50% chance of being collected. Once a debt is 12 months old, you're lucky if it has even a 10% chance of being collected. The older a debt gets, the more uncollectible it becomes. A debt is not fine wine and it doesn't become more enchanting with age.

If a debtor has broken numerous promises or is just simply refusing to honor a commitment, it just may be time to bring in a professional to assist in the collection process and to take it to the next level.

During difficult economic times, you may even be facing a situation where a number of debtors are breaking promises and your accounts receivable are building to uncomfortable levels. It just may be time to bring in a professional to handle your collections so you can move onto your other responsibilities.

You need to know who to hire, how to find debt collecting professionals, what to look for in terms of credentials and ultimately how the system really works so you can get your money's worth.

A collection specialist is who we look to when we are at wits end. In the credit and collection business, wits end is usually arrived at following a series of broken promises.

Far and away the biggest mistake credit executives make is to wait too long before engaging collection professionals. Whether the debt is a business debt or a consumer debt, many factors occur as the debt becomes older making it more and more difficult to collect including:

- Relocating (skipping) to parts unknown.
- Loss of motivation to pay—the more time which elapses, the less motivated debtors are to pay.
- Faded memories—they forgot all about this debt.
- Statute of limitations concerns—legally, the claim is no longer enforceable.
- Businesses go under—the lifespan of a troubled company is short, especially in difficult economic times.
- Here today gone tomorrow—some debtors intentionally run up debts, take the goods and services and run (or form new businesses with new legal identities which make collections difficult or impossible).

Doesn't the collection professional go about bill collecting the same way I do? Yes, in many instances the procedures are very similar but just the impact of having a third party involved can be very effective coupled with the very specialized training and techniques developed by collection professionals to bring about results.

Collection professionals know what to say and when to say it. They use their instinct, imagination and creativity, within the bounds of state and federal regulations (which they are trained to follow) and they are highly motivated and have sufficient time to become familiar with your files, familiar with your debtors, and learn and determine what collection techniques work the best.

(For more detail on this subject, please refer to Part III of ***Credit and Collections Kit for Dummies***, by Steve Harms available at book stores or Amazon.com)