



The Kaulkin Ginsberg *Bulletin* is published monthly. Our mission is to provide valuable content that owners and executives of accounts receivable management and related businesses find informative and helpful in their efforts to analyze, grow, and/or exit their companies. We hope you enjoy this issue. Comments are always welcome at [hq@kaulkin.com](mailto:hq@kaulkin.com).

Each month, we strive to provide owners and operators like you with valuable information that can help you grow your business. This month, Patti Dunn provides valuable insight from the creditor side. She certainly knows what creditors are looking for in their agencies; she spent nearly 25 years in the credit and collections field, specifically in her position with Fingerhut as Director of Collections and Recovery. In addition, Gary Zelamsky, co-founder of our recruiting partner Executive Alliance, shares four simple suggestions to ensure that you are getting the most productivity from your new hires.

Also worth pointing out, we've added a new section to [CollectionIndustry.com](http://CollectionIndustry.com)<sup>TM</sup>. Technology Focus is designed to help you stay on top of new technologies

and trends, providing current news headlines, whitepapers, and product reviews all organized on one web page. Check it out at: [www.collectionindustry.com/technology](http://www.collectionindustry.com/technology).

As we all look forward to the holidays and time with friends and family, I'd like to wish you a very happy holiday and a safe and prosperous New Year!

Sincerely,

Mike Ginsberg  
President & CEO



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**View From The Other Side: Creditor Criteria For Selecting An Agency**

*By Patti Dunn  
Operations Consultant,  
Strategic Advisory Group*

From the creditor perspective, "one size fits all" does not apply to the agency selection process. At the end of the day it is all about net back, but the fee is only part of that equation: fitting the agency to the business is a larger consideration. For creditors, the most important factor in selecting agencies is finding ones that **fit their needs and want their business**.

The first step for creditors is to define their requirements of an agency. To anticipate the questions that prospective clients may ask, it's good to know the standards against which you're likely to be measured. Here is a sampling of some of the criteria that creditors use internally to define expectations:

**Licensing**

Where should the agency be licensed – in all states, cities, and territories that require it; or is licensing in only specific regions necessary?

**Insurance**

What insurance coverage is required? What are the types and dollar amounts of insurance coverage?

**Experience**

Should the agency and/or collectors have a certain number of years in the business, or experience working certain types or levels of placements?

**Size**

Is agency size a determining factor? Is a 1,000 person agency with 15 branches required, or is one regional agency with

*(Continued on next page)*

**View From The Other Side: Creditor Criteria For Selecting An Agency (Continued)***(Continued from page 1)*

10 collectors a better fit? Do we want to be the largest client at the agency or are we comfortable being the smallest?

**Geographic Coverage**

What coverage area is needed based on account demographics?

**ACA or other industry membership affiliations**

Will membership be a requirement for awarding placements?

**Security Requirements/Certifications**

What data and physical security processes and procedures does the agency have in place? Have they been reviewed or certified by an independent third party? Is this a requirement for them in order to receive placements?

**Audited Financials**

What proof of financial stability is required? Will only audited financials be accepted?

**Off Shore/Near Shore Capabilities**

Is there a preference or requirement for off-shore/near-shore operations? Is there a prohibition on accounts being worked off shore?

**Other Clients/ Client mix**

Are the other clients the agency does business with important? Is the amount and percentage of the agency's total business from those clients critical?

**Reporting**

What reporting will be required from the agency? Are the internal measures the agency uses important?

**Website**

Client Access, Debtor Access, Online Payments – are any or all of these features on the agency's website? Is this important?

**Legal**

What capabilities or resources for legal or pre-legal processing are necessary?

**Credit Bureau Reporting**

Should the agency be required to report to the credit bureaus?

**Type of debt to be serviced**

Primary, Secondary, Tertiary, Quad, Pre Collect, Early Out, Special Projects, Small Balance, Probate, Bankruptcies, Warehouse: what type and level of business is the placement? Are there specialty types that are needed to assess the agency's capabilities?

**Work Flow Design**

How does the agency develop workflows? Do they use scoring models? Do they document client specific workflows?

**Collector experience**

Is information regarding average tenure at the agency and industry experience important?

**Collector turnover**

Is turnover rate at the agency important?

**Training**

Is the content, length, and frequency of collector training important?

**Management experience**

What is the experience level of the agency's management/time with the agency, etc.?

**Senior management involvement with your account**

Is the involvement of senior management / executives / owners important?

**Branch operations**

Is the existence of branch operations an important consideration? What about whether our business will be worked there?

**Technology and Vendor relationships**

Is it necessary to know what vendors the agency uses for letter processing, skiptracing, etc? Is the collection software, dialers, telephony they use part of the decision process? Is specific technology required?

**Regional vs. national mix**

Is most of the agency's business in one geographic area or is it distributed nationally?

**Quality Control / Quality Assurance / Compliance / Compliant Handling**

Is a review of procedures in these areas part of the selection process? Are there minimum requirements? Is a list of complaints or lawsuits received in a defined period required?

Once selection criteria have been defined, ranking those items as to importance should be the next step in the agency selection process. There are also some internal considerations for creditors in designing the selection process:

**Request For Proposal**

Is a formal RFP process going to be required?

**Site Visits/Presentations/Interviews**

Will there be a site visit prior to selection decision? Will there be phone interviews or presentations required?

**Fees**

Will the fees be dictated or will a bid process be used?

**Contract requirements**

Are certain work standards a part of the contractual agreement? What are they? Is a separate trust account required? What other contractual requirements are there?

**References**

Are references required? How many? How many should be required from clients with similar businesses?

View From The Other Side: Creditor Criteria For Selecting An Agency *(Continued)**(Continued from page 2)*

After creditors have defined expectations and have begun the selection process, a more subjective evaluation is necessary to determine how well the agencies demonstrate that they want the business and are willing and able to commit the necessary resources on a timeline that fits the creditor's needs.

A number of large credit grantors do have formal vendor approval processes in place. Some focus primarily on financial and compliance requirements; others are broader in scope. In any case, whether a credit grantor

or debt buyer has a formal selection process or not, it may be worthwhile to craft your proposal using some of these criteria to demonstrate the full value your agency would bring to their network.

*Patti Dunn has 25+ years of professional experience in the credit and collections field. Patti provides strategic advisory services to agencies, debt buyers, and creditors as a part of Kaulkin Ginsberg Company's Strategic Advisory Services. Patti can be contacted at [hq@kaulkin.com](mailto:hq@kaulkin.com).*



## I Hired Them...Now What?

*By Gary Zelamsky  
Founding Partner, Executive Alliance*

Have you ever hired someone you thought was a top performer, only to later find out that his or her performance was mediocre? Do some of your new hires seem to have difficulty getting started and meeting your expectations?

If so, you are not alone. Many organizations struggle with the initiation process. This can result in unacceptable productivity, low morale and high turnover.

It doesn't have to be like that. There are four simple, methodical steps you can take to ensure a productive and successful start for your new employees.

**Clarify Roles**

Whether it's a management or front-line position, new employees need to get an understanding about their roles in the organization. What are all the functions they are responsible for? What are the direct and indirect reporting relationships? Who do they need to consult with prior to making a decision? Who do they need to inform after making a decision? What are the roles of others in the organization that this new employee should know about?

**Set Measurable Goals**

"What gets measured, gets done." You want to avoid any possible confusion about the direction your new employees should take. As part of the interview process, it is a good idea for employees to understand exactly what they are expected to accomplish during the first year of employment. Even if thoroughly discussed during the interview process, there will usually be modifications or clarifications after date of hire.

Ideally, goals will be measured by some combination of quantity, quality, and/or timeliness, e.g., amount of sales per month, collection percentages, or tasks to be completed by a certain date.

DO NOT set vague goals such as "improve teamwork" or "better customer service." Rather, identify the key measurements that can be impacted. For example, instead of saying, "improve phone service," say "reduce average speed of answer to 30 seconds by October 1."

**Cultivate**

Most companies have a process in place to ensure that new hires get informed about policies, health plans, fringe benefits, etc.

It is equally important to help your new employees understand the company culture. What are the values that the organization lives by? What are the unwritten rules that would help new employees stay out of trouble and become productive more quickly? How are disputes handled? Is there an open door policy, or are complaints viewed as an annoyance? Are there senior employees who can serve as mentors? What are the priorities among customer service, employee satisfaction, and profitability?

**Give Feedback**

Prompt and honest feedback is critical. Did you ever hear someone say, "I thought I was doing a good job, and my performance review was OK, then I got let go?"

Try to build a system whereby new employees get feedback early, perhaps at 30 days and then again at six months. Regardless of organization size, your organization will perform better if employees and their managers are on the same page regarding the employee's performance and what can be done better.

*Gary Zelamsky is a principal at Executive Alliance, a strategic partner of Kaulkin Ginsberg and a leading national recruitment firm that specializes in the debt collection and accounts receivable management industry. Gary brings twenty-four years of corporate management experience to the support of his clients. Contact Gary at [hq@kaulkin.com](mailto:hq@kaulkin.com).*

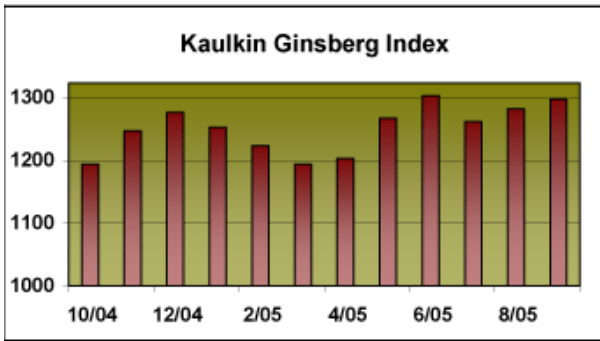


**Economic Conditions Approach Historical High for ARM Industry**

By Paul Legrady,  
Director, The Research Group

The Kaulkin Ginsberg Index (KGI), the leading indicator of economic conditions affecting the accounts receivable management (ARM) industry, has approached an historic high, although recent news suggests that this may be short lived.

For September 2005, the month for which the most recent economic information is available, the Index reached 1299.3, which is slightly less than June 2005's all-time high of 1303.1. The index remains up 1.2% month over month, and 11.1% year over year.



While the Index continues to reflect broad economic conditions that are friendly to the ARM industry, there is

trouble on the horizon. By next month, the Index will reflect the recent spike in bankruptcy filings, as well as recent declines in the prices of ARM companies. These factors should place considerable downward pressure on the KGI.

In September, the KGI's upward movement was caused by most of its contributing variables.

Variable	Sept. 2005*	Variable Change*	Effect on KGI*
Unemployment Rate	5.0%	3.4%	Up
Federal Funds Rate	3.62%	3.4%	Up
Charge-off Rate	0.49%	0%	-
Outstanding Consumer Credit	\$2.16T	0.4%	Up
Total Market Cap of ARM Stocks	\$3.4B	1.1%	Up
Bankruptcy Filings	497,333	0%	-
Consumer Price Index	198.8	1.2%	Up

\* See "How is the KGI Calculated,"  
[www.kaulkin.com/research/kgi/calculate.cfm](http://www.kaulkin.com/research/kgi/calculate.cfm)

The KGI is a product of Kaulkin Ginsberg's Research Group, which provides industry-specific publications and custom research services to the ARM industry. For more information about the Kaulkin Ginsberg Index, see [www.kaulkin.com/research/kgi.cfm](http://www.kaulkin.com/research/kgi.cfm) or call Paul Legrady, director of Kaulkin Ginsberg's Research Group, at 301-907-0840 ext. 104.

**Upcoming Events**

**[IACC 35th Annual Convention](#)**

**January 19- 21 -- Miami Beach, FL**

Senior Analyst Mike Lamm will be attending this conference and will be available to meet with you.

**[Collections Technology Summit '06](#)**

**January 25-27 -- Las Vegas, NV**

Mary Bittle Koenick, Director of Sales will be attending the show.

We're pleased to be participating in these shows and would welcome the chance to meet you. To schedule a confidential meeting with Mike or Mary Bittle, please email [hq@kaulkin.com](mailto:hq@kaulkin.com).

For a complete listing of upcoming collection industry shows and conferences, please visit the Industry Events section on [CollectionIndustry.com](http://CollectionIndustry.com)™.

**About Kaulkin Ginsberg**

Since 1989, Kaulkin Ginsberg has provided solutions to accounts receivable management and related business services companies. The Strategic Advisory Group provides merger, acquisition and valuation advice; operational consulting; and executive search services. The Research Group produces industry-specific publications and custom research products. The Kaulkin Ginsberg family of companies also includes Kaulkin Media, publisher of the most popular sources of industry information such as

[CollectionIndustry.com](http://CollectionIndustry.com)™ and [Credit & Collection Daily](http://Credit & Collection Daily)™, and Kaulkin Information Systems, provider of secure and affordable document and process management technology. Read more about Kaulkin Ginsberg at [www.kaulkin.com](http://www.kaulkin.com).

**What can we do for you?**

To discuss your business needs in confidence, send an email to [hq@kaulkin.com](mailto:hq@kaulkin.com) or call us at 301.907.0840.