



The Kaulkin Ginsberg Bulletin is sent each month to provide you and others in the Accounts Receivable Management (ARM) industry with valuable insight, access, and information. Each issue contains actionable content designed to assist you in making strategic business decisions.

We hope you enjoy this issue. Comments are always welcome at hq@kaulkin.com.

Contents

Getting On Track with Onboarding	1
Major Transaction Captures Industry Attention	2
You Have a Chance to Make a Difference	3
KGI Increases Slightly	4
Upcoming Events and Staff News	4
About Kaulkin Ginsberg	4

If there is a theme for this month's *Bulletin*, it is *change*. Managing change can improve new employee retention. Our recruiting partner, Executive Alliance, explains how to smooth the transition.

The FCC is hearing public opinion on collection agencies' use of automated dialers, and agency executives like you have a unique opportunity to affect change. Read on to learn how you can voice your views.

Our industry continues to change through globalization. Earlier this month, a Japanese buyer acquired a

leading U.K. debt-buying company. Research Group Director Paul Legrady details this major industry transaction.

Change is inevitable. But one thing remains constant: we will do our very best to make you aware of changes so you can adjust your business strategy. If you ever need assistance in managing change, give us a call. We'd be happy to discuss ways we can help you.

Mike Ginsberg
President & CEO



Getting On Track with Onboarding

*By Kelly Egan
Researcher, Executive Alliance*

Do you remember the experience of beginning a new position? Trying to become assimilated to a new environment, new peers, and a new role? If you think back to the new-hire paperwork to complete, the jumbo-size company manual to read, and the ancient training videos to watch, you might feel overwhelmed all over again. Many companies are now attempting to lessen this burden by providing a structured process – now commonly referred to as “onboarding.”

Onboarding enables an employee to become acclimated to their new work environment quickly and efficiently, so they become fully involved productive members of the team in a shorter amount of time. A streamlined onboarding process helps to ensure that new employees are happy with their decision to join your company while motivating them to do their best. Onboarding programs at many

organizations include a face-to-face session, but some have turned to online orientation.

Using an online orientation process has numerous benefits for both the employer and the new employee. Many people find an instructor-led class as daunting as the employee manual – too much information to absorb in too short a time span. The online process caters to all individual learning styles and provides more flexibility as far as time constraints are concerned. Employees can easily go home and review any information they may need to refer to or brush up on. A successful online onboarding program contains all the information a company manual would, from where to park or eat lunch, to info on the company softball team, to company policies and procedures.

Ideally, whether the orientation will be held in-person or online, new hires should have the opportunity to review this employee information at least a
(Continued on next page)

Getting On-Track with Onboarding *(Continued)**(Continued from page 1)*

week before their start date. They should also be supplied with any necessary paperwork in advance.

When applied successfully, this process enables new employees to hit the ground running on day one. Eliminating the usual “first day” bombardment will let your new employees join your company with a sense of comfort and ease.

To help facilitate that comfort, don't forget about the little things that new employees will need on their first day! Make sure their email, voice mail, etc. are up and ready to be used, their keys/access cards are ready to be issued, and they have any passwords they may need to utilize. Most importantly, the employees' work areas should be set up and stocked with office supplies, making them feel they are already part of the organization. This will also save your new hire anxiety and frustration.

To enhance the onboarding process, many companies also assign a mentor to each new employee. Mentoring should not be taken lightly, as this person will introduce your new hire to co-workers, explain internal procedures, and hopefully help the employee establish a sense of comfort. Therefore, the mentor should not be a staff member who just happens to have some free time that particular day, but rather a selected individual who will accurately educate his/her charge. A mentor should be an employee who has a strong reputation within the company, who is enthusiastic and motivated, and who will be able to establish a trusting relationship with the new hire.

It is important for senior management to think beyond those first few weeks and months with a new hire, too. Be sure to keep in touch with your employees, whether you simply stop by to see what they are working on, or schedule a meeting with the team once or twice a week. This communicates to employees that they are a significant part of the organization and encourages them to perform to their utmost ability. Keeping the lines of communication open with your staff will make them feel comfortable enough to discuss any concerns they may be

having, thus enabling you to deal with any problems before they cost you a good employee.

To increase retention, a successful onboarding process should provide new employees with the tools to define their position with the company, create and set professional goals, and instill a sense of accountability. Employers have found that getting new hires involved in future planning right off the bat helps them to feel engaged, and employees are less apt to leave a position they already feel connected to. Many companies have enjoyed watching their turnover rates decrease while attendance and production rates increase as a result.

One of the most effective ways to retain employees is to encourage that sense of pride in their company as well as in their work. To keep existing employees engaged, firms are now offering side-by-side programs – one for onboarding new employees and one to address the needs of established staff. These plans enable loyal employees to start setting goals, learn better time management techniques, and help to re-establish that connection with the company they may have forgotten.

Onboarding programs can help ensure your organization provides the groundwork for happy and successful new employees. While many companies have no problem investing in the recruiting process to find the perfect candidate, they often forget what it takes to KEEP the perfect candidate. By utilizing a structured onboarding process that provides a streamlined entry into the organization, employers will find retention rates soaring, with employees who are happy, well-adjusted, and – most importantly – productive.

Kelly Egan is a researcher at Executive Alliance, an international recruitment firm and the leading provider of recruiting services to the Credit, Collections, and Call Center Management industries. Executive Alliance is the exclusive recruiting partner of Kaulkin Ginsberg and CollectionIndustry.com. For a confidential, no obligation discussion about your specific goals, contact us at hq@kaulkin.com.

Major Transaction Captures Industry Attention



By Paul Legrady
Director, Research Group

In April, the Japanese investment company Nikko Principal Investments acquired Cabot Financial, a leading U.K. debt buyer, for \$479 million.

This purchase price turned heads throughout the accounts receivable management industry worldwide, since it represented not only the largest transaction within the industry this year – but one of the industry's most significant transactions in recent memory.

This transaction was considerably larger than KRG Capital Partners' November 2005 acquisition of Collect America (\$350 million), West's August 2004 acquisition of Worldwide Asset Management (\$178 million), and NCO Group's September 2005 acquisition of Risk Management Alternatives (\$119 million), to name a few.

Perhaps more surprising than the purchase price of this deal was its acquisition multiple. The purchase price represented a multiple of *five times* revenues – a multiple that would make many company owners very happy on

(Continued on page 3)

Major Transaction Captures Industry Attention (Continued)

(Continued from page 2)

this side of the Atlantic. Barclays Private Equity, which held a majority stake in Cabot since its investment in January 2004, generated a 3 times multiple over two years and reinvested a portion of its proceeds into the recapitalized company.

So, what's the basis for this interest in the U.K. debt buying market, and, more generally, in the debt buying market worldwide?

Kaulkin Ginsberg's recently released *Global Debt Buying Report* describes how \$158 billion in face value of delinquent debt was purchased throughout the world in 2005. Included in this publication is a review of the debt buying market in the U.K., which has seen rapid increases in both pricing and volume since the beginning of 2003.

Industry experts estimate that the U.K. debt buying market generates roughly £4.5 billion (\$7.9 billion U.S.) in face value of portfolios changing hands. The prices of charged off credit card accounts in the U.K. trade for as much as 20% of face value for fresh paper, 15% for primary accounts, 9% for secondary placements, and 4% for tertiary debt – prices that are on the high end of comparable transactions in the U.S.

These market dynamics have allowed the U.K.'s largest and most established competitors – 1st Credit, Aktiv Kapital and Cabot Financial – to grow in terms of both portfolios under management and enterprise value. These three firms had an estimated £ 26 billion of delinquent debt under management at the end of 2005. While U.K.

debt buyers are expecting more competition in coming years from U.S. companies, market dynamics have allowed a number of these companies to grow and succeed in the U.K. already.

The Cabot Financial transaction represents a number of trends that interest us here at Kaulkin Ginsberg and that may interest you as well. We see here, once again, how the industry has become global in nature, with a Japanese buyer acquiring a U.K. company. We see how success in this industry is still highly localized, with portfolios acquired and collected based on local resources. Finally, we see how successful management teams are able to grow their companies over time and create excellent returns for both themselves and their investors.

*Paul Legrady is Director of the Research Group, where he oversees the production of [custom research projects](#) and [publications](#) on the ARM industry. He is primary author of the **Global Debt Buying Report**. For more report information, visit:*

<http://www.kaulkin.com/research/publications/dp/>.

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You Have a Chance to Make a Difference



*By Patrick Lunsford,
Editor, [CollectionIndustry.com](#)TM*

Collection agencies in the U.S. have a chance to actively participate in the regulation process that restricts so many of their activities.

Earlier this month, ACA International, the association for collection professionals, announced that collection agencies using autodialers have a rare opportunity to have their voices heard by the Federal Communications Commission.

The FCC is asking for public comments on a clause in the Telephone Consumer Protection Act (TCPA) pertaining to the use of autodialers in calling cell phone numbers. The FCC decided to expand the definition of autodialers in 2003 to include predictive dialers. ACA International successfully petitioned the FCC to reconsider their interpretation of the act, which bars collection agencies from using autodialers to call cell phones. Since they did not include a clause to exempt creditors and debt collectors from the autodialer rule, collection agencies today cannot use automated dialers to call cell phones.

ACA International believes that the FCC's actions were inadvertent, but they still need collection agencies to step up and provide comment to help influence change in the ruling. ACA International members should use this link: www.acainternational.org/default.aspx?cid=8187 to access more information and a sample letter to send to the FCC. Non-members who wish to get involved should email btimm@acainternational.org. Also, the FCC's web site allows for electronic public filing. Go to <http://gullfoss2.fcc.gov/ecfs/Upload/> and select the option marked "Telephone Consumer Protection Act - Docket 02-278." The FCC has set May 11th as the cutoff date for public comments.

Do your part to help out in this important matter. If you use autodialers, contact the FCC and let them know your position.

Be aware of industry developments!

If you're not yet a member, we invite you to register on [CollectionIndustry.com](#), where you can access the latest news, subscribe to our free daily e-newsletters, browse or post debt portfolios, and more – it's all free!

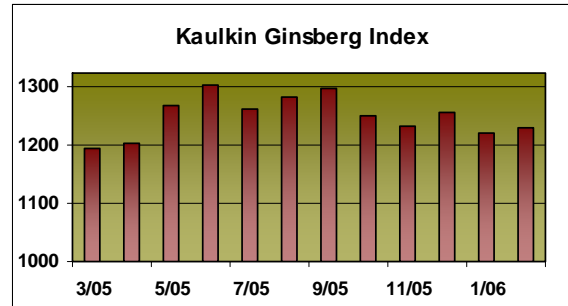
KGI Increases Slightly

The Kaulkin Ginsberg Index (KGI), the leading indicator of economic conditions affecting the ARM industry, increased slightly in February, rising 0.5% to 1229.3. The index was also up 0.5% year over year.

The index's upward movement reflected slight increases in four of its seven macroeconomic variables, including the Federal Funds rate, the amount of outstanding consumer credit, the total market cap of ARM stocks, and the Consumer Price Index. In the coming months, we expect the Index to cross its all-time high as the number of bankruptcy filings decrease.

The KGI is a product of Kaulkin Ginsberg's Research Group. For more information about the Kaulkin Ginsberg

Index, see www.kaulkin.com/research/kgi or call Paul Legrady, Director of Kaulkin Ginsberg's Research Group, at 301-907-0840 ext. 104.



Upcoming Events

Meet us at these upcoming shows! To schedule a confidential meeting, please email hq@kaulkin.com.

NARCA 2006 Spring Conference

May 18-20 – Miami, FL

The biggest industry forum of the year, this conference features practical, targeted educational sessions developed for collection law firms. Research Group Director Paul Legrady will be attending and is available to meet with you during the conference.

Michigan ACA Annual Meeting

May 24-26 – Acme, MI

On the 25th, Our Operations Consultant, [Patti Dunn](#), will be speaking on "How To Improve Operations For Increased Profitability" at the conference. She will also be on hand for conversation during the event.

Save the date!**Debt Connection Symposium and Expo 2006!**
September 6-8, Hollywood, CA

This innovative conference will focus on networking and connecting with clients, agencies, attorneys, and industry vendors. CollectionIndustry.com and Kaulkin Ginsberg are proud to support this premiere event! For more information on the conference as it becomes available, please visit www.dcs2006.com.

Staff News

Congratulations to Mike Ginsberg, who was a finalist for the Association for Corporate Growth's "Dealmaker of the Year" award. Criteria for nomination included deal volume and number of transactions, plus qualitative factors, such as impact on the industry and growth-fostering activities.

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.comTM and Credit & Collection DailyTM, and Kaulkin Information Systems, provider of secure and affordable document and process management technology (www.KIStTrack.com). Read more about Kaulkin Ginsberg at www.kaulkin.com.

What can we do for you?

To discuss your business needs in confidence, send an email to hq@kaulkin.com or call us at 301.907.0840.

