

# Business Credit News

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**FEBRUARY 2016 Chairman: Terry Ludzenski  
Holt Cat**

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## **“COLLECTION AGENCIES”**

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When someone mentions “collection agency” one usually visualizes the customer who has stopped paying and is avoiding your attempts to contact them. While this is usually the norm there are other reasons to engage the services of a third party to assist with your collections. In fact, a customer does not have to be past due to be contacted by a third party collector.

Have you ever considered using a third party collector as an assistant or the additional collector your company will not allow you to hire? Third party collectors can assist us with the everyday challenges of operating an efficient credit and collections department by working the accounts we never have time for until they become seriously past due.

That said, not every collection agency is created equal and not every agency is right for your unique business. Here are a few things you should consider when selecting a partner to assist in your collection efforts. Just like hiring a person with experience in your industry, collection agencies often specialize in certain areas or industries. Some, for example, excel in collecting from large companies while others do well working with small businesses or there are those that specialize in particular industry like construction or electronics. If at all possible, find out what sort of debtors the collection agency most often deals with and what sort of industry it serves.

Different states and localities have different rules for debt collection agencies. Make sure the one you want to hire is bonded, licensed, and adheres to the rules of the Fair Debt Collection Practices Act. Texas requires collection agencies to not only have a surety bond but also file it with the Secretary of State. There is a page on the Texas website where one can verify that an agency is authorized to collect in Texas.

Unfortunately, sometimes debtors skip town. Some collection agencies offer skip tracing services and maintain or have access to several databases that allow them to locate a debtor who has left no forwarding address. This can be especially important if you’ve been trying to contact your debtor and have been routinely ignored.

No matter how much research you do, there’s always the possibility that a debt collection agency may be accused of using aggressive tactics or that the debtor feels the agency acted in bad faith. In these instances, the debtor can sue. Whether or not you win the case, you want to make sure that you won’t be held liable for any misdeeds committed by the agency on your behalf. Never believe any agency that tells you they will indemnify you from liability for their actions. If you hire them to represent you they are your agent and as your agent you are liable for any action they take on your behalf. Get proof of insurance from your collection agency in the unlikely event that your debtor takes you both to court. This is most often called “Errors and Omissions Insurance” and is held by good debt collection agencies as protection.

Once you’ve found a collection agency that might work for your business, it’s time to look into their costs. Here, it’s worth noting that the way in which agencies charge for their services can be very different and you should choose the one that’s right for you. Some common payment structures are:

- Flat Fee: A straight-forward cost usually associated with “pre-collection” fees and usually fairly small. This flat fee is generally offered early in the debt collection process.

- Contingency: This is the most typical arrangement. Most debt collectors use a “No Collection - No Fee” model and charge somewhere between 25% and 45% of the total amount for collection, depending on the particulars of the account (such as how old it is, how many contacts have been made, etc.).

Dealing with debtors can be frustrating, slow, and mentally taxing. It can drain your resources. When you have no other recourse, it's best to hire a debt collector instead of simply letting your debtor get away with not paying you.

As a member of NACM of Texas you have one of the best collection services available to you. Craig Kirklin and his staff meet all of the requirements mentioned above and have demonstrated their ability time and again to provide personal and professional service.

When you need assistance with your collections whether it be a friendly reminder or a serious debtor call Craig and let him demonstrate how quickly he and his team can put those uncollected dollars back in your bank.

*David Balovich is an accomplished author and public speaker. He is presently the North Region credit manager for Holt Cat.*

\*\*\*\*\* **FEBRUARY 2016** \*\*\*\*\*

Day	Date	Group	Location	Time
Tues	2	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin TX	11:30
Tues	9	Coastal Bend Group	Holt Cat, 1325 South Padre Island Dr, Corpus Christi TX	11:30
Wed	10	Rio Grande Group	Victoria Palms Resort, 602 N. Victoria Rd. Donna TX	11:30
Thurs	11	SW Food Credit Group	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:00
Tues	16	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin, TX	11:30
Wed	17	Victoria Credit Group	Sky Restaurant, 236 Foster Field, Victoria TX	11:30
Thurs	18	HVAC Credit Group	*** WILL BE ATTENDING TO SW CREDIT EXCHANGE MEETING ***	
Fri	19	SW Electrical Group	*** WILL BE ATTENDING TO SW CREDIT EXCHANGE MEETING ***	
Tues	23	SA Construction	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:30
Wed	24	Laredo Credit Group	Phone Conference Meeting 1-800-791-2345	2:00
Thurs	25	Austin Ad Media	Phone Conference Meeting 1-800-791-2345	2:00
Thurs	25	Fuel & Lube/Heavy Eq.	Phone Conference Meeting 1-800-791-2345	2:30

## NACM Business Credit Reports are “A Click Away”

*Our Business Credit Reports are reliable, easy to use and a great value. We have Credit Scoring on our Business Credit Reports in addition to our already free “Watchdog Alert Service”.*

*The Credit Scoring and our Watchdog Alert which automatically sends out by e-mail or fax when any derogatory information is reported will help members by:*

- *Providing a Quick Snap Shot*
- *IMPARTIAL Credit Rating*
- *Accurate and Reliable information*
- *Staying on top of accounts*
- *Notifying members of information changes Giving members more time to effectively manage their accounts*

**GETTINGSTARTED:** All you have to be is a NACM Member to access our on-line reports. Call NACM at (210)225-7106 or 800-256-5306 to receive your password and allow us to show you how easy it is to access Business Credit Reports. There are no search fees while accessing our data and you are given the number of trade lines available on a report before you order the report. The report trade lines come from our groups, diskettes, past due lists and trade references that our members provide to us, therefore our credit information is more reliable than trade that you have no idea where they came from.

**VIEW SAMPLE CREDIT REPORT** Please visit [www.nacmtx.com](http://www.nacmtx.com) and go to Credit Reports.

## Why Wait? You’re “A Click Away” from Credit Scoring & Business Credit Reports