

The sooner you get an account to an agency, the more likely you are to collect on the account. An account that is 180 days past due is worth only 30% of what is owed—for every \$10,000 outstanding, only \$3000 is collected. However, if you are able to get the account to a professional collection agency before the account gets past 60 days overdue, you are more likely to collect the full amount.

For instance, if the agency's commission is 20-25% (which is fairly standard), the amount your business receives after paying the collection agency will be \$7500-\$8000 of every \$10,000 owed. This is a return on investment of 45-50%.

The income gained from a third-party agency's effort can be put back into your business. With the extra capital you can reward your employees with bonuses or raises, improve your technology, or increase your market share through advertising, etc. All these activities will increase your short-term profitability and the long-term health of your business.

## **THE TOP 10 REASONS WHY YOU NEED TO USE A 3<sup>RD</sup>- PARTY COLLECTIONS SPECIALIST**

10. For you it's personal—for an outside agency it's business
9. Your sales staff needs to be selling, not making collection calls
8. More money collected means more cash available to expand your business
7. Failure to follow state and federal collection laws can result in a lawsuit
6. An outside agency will be more objective when reviewing your customer's situation
5. Reducing your DSO can result in increasing your collections by as much as 50%
4. Delinquent accounts depreciate 26% after 60 days and 70% after 180 days
3. Professional collection agents are trained to secure payment while keeping your relationship with your customer intact
2. The costs of having an in-house collections department will likely outpace the amount collected resulting in a net loss for your company
1. Even the most self-sufficient business owner needs outside help sometimes.