

# Brown & Joseph Newsletter

Volume 11  
March-April 2010

## Separating Fact from Fiction

Exploring common misconceptions about the Credit and Collection industry.

➤ *ACA International. <http://www.acainternational.org/publications-separating-fact-from-fiction-5436.aspx>*

**O**verview: Businesses that sell goods and services on credit must handle accounts receivable. Inevitably, those businesses granting credit must decide what to do with past-due accounts. While third-party debt collectors provide valuable services by collecting delinquent accounts, thus lowering costs that would otherwise be passed on to consumers, professional debt collection businesses are often misunderstood. ACA International presents the following information to refute the myths about the collection industry and illustrate what the business is really about.

**Myth: Collectors continually hassle people who cannot pay.**

**Fact:** One of the first lessons a collector learns is that harassment of a consumer is both ineffective and illegal under the Fair Debt Collection Practices Act (FDCPA). Instead, collectors are trained to listen to what consumers say and determine if they actually have the resources to pay the past-due bill.

**Myth: All collectors are the same.**

**Fact:** There are differences between “in-house” collectors and “third-party” collection professionals. In-house collectors are often credit grantors, while third-party collectors are licensed agencies. Also, the FDCPA, a federal law regulating collections, applies directly to all third-party collectors, but only under certain circumstances does it apply to in-house collectors.

*Continued on page 4...*



## Collectively Speaking

➤ *by John Whyte of Brown & Joseph. January 2010.*

**E**very day that a bill owed to a company remains unpaid costs money. If a promise is made to pay in 30 days, there is nothing wrong with making a reminder call. Fears that a call could affect future business are unfounded because most accounts payable people have nothing to do with the people who are buying the product or service. Making the reminder call can help in collecting money from a company that is experiencing cash flow problems, as well as collecting from those companies that are trying to stall or delay making payment until the last minute. Let's face it, some companies have no intention of honoring the commitment at all.

A collection policy is as important as a sales policy and should be developed with care and forethought. It should be very clear what is to be done between the point of sale and ninety (90) days past due.



**BROWN & JOSEPH**

# The Underemployed

➤ WASHINGTON (Reuters).

Nearly 20 percent of the U.S. workforce lacked adequate employment in January and struggled to make ends meet with reduced resources and bleak job prospects, according to a Gallup poll released on Tuesday.

In findings that appear to paint a darker employment picture than official U.S. data, Gallup estimated that about 30 million Americans are underemployed, meaning either jobless or able to find only part-time work.

Underemployed people spent 36 percent less on household purchases than their fully employed neighbors in January, while six out of 10 were not hopeful about their chances of finding adequate work in the coming month, the poll said.

Gallup surveyed more than 20,000 U.S. adults from January 2 to 31. The results have a 1 percentage point margin of error.

The poll comes at a time when voter anger over the slow economic recovery is running high and President Barack Obama's hopes of boosting employment through government programs have been frustrated by partisan rancor in Congress.

The U.S. unemployment rate fell to 9.7 percent in January but remains near record highs.

Gallup found that underemployed Americans were more likely to have a favorable view of Obama, with 55 percent approving of his performance as president against 49 percent of the public.

The poll's estimate of U.S. underemployment is higher than official statistics. The Labor Department says 16.5 percent of American workers were without employment or worked part-time for economic reasons in January against Gallup's 19.9 percent. <img alt="arrow icon" data-bbox="358 702 372 715"/>



## Word Search

Words are up, down, backward & diagonal.

Answer key on pg 5.

Aggressive	Department	Sanction
Agreement	Fair	Schedule
Assistance	FDCPA	Sections
Authority	Last Charge	Security
Balance	Monday	Sick Day
Blanket Authority	Noted	Solicit
Commitment	Post Date	Sticky Note
Converse	Reminder	Task
Dollar Amount	Reporting	Test
Deal	Resolution	Update

T O L N P F L I T A K G N W T P  
 Y I A C I A L S E C T I O N S D  
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 A G Y E V I S S E R G G A E F T

# Meet the Staff

*This is a new segment to the Brown & Joseph Newsletter, where we interview staff members and learn more about the people you work with.*

## Joe Lencioni - Collector

**Q1:** How long have you worked with Brown & Joseph?

**Answer1:** 1 year

**Q2:** How long have you worked in the industry?

**Answer2:** 9 years, and considering collections is like dog years it equates to 63 years.

**Q3:** What area(s) do you specialize in?

**Answer3:** Non Insurance 3rd party commercial collections

**Q4:** What is the best part of your job?

**Answer4:** Successfully meeting the challenges that derive from handling large balance commercial files placed for collections on a daily basis & seeing my hard work rewarded on the 15th of every month.

**Q5:** What is your view on how the current economy is affecting accounts receivable?

**Answer5:** Most of the business's I encounter are suffering from financial distress, and have begun to prioritize which vendors are getting paid, and when. My specialty is using semantics, to convince debtors that it's in their best interest to pay our clients first. So, that means when I get them to pay, it makes our clients happy, we maintain high recovery rates, everyone is happy and when you get to sit at your desk, and read this news letter now.

**Q6:** Is there anything you can share with us about you personally? Outside of the office?

**Answer6:** I work hard & play hard usually on the golf course which I wish I had more time to do.

## Frank Angiulo - Sales

**Q1:** I understand you are new to Brown & Joseph, when did you start?

**Answer1:** I came on board at the end of January 2010

**Q2:** How long have you worked in the industry? What area(s) do you specialize in?

**Answer2:** I have been in the financial industry for well over ten years. I specialize in manufacturing and futures commodities markets.

**Q3:** How do you help the clients you service?

**Answer3:** I help them with everything from new client reviews, accounts receivable management and collections.

**Q4:** What do you like best about being in sales?

**Answer4:** I like creating new relationships that benefit clients in saving money.

**Q5:** What do you like best about working at Brown & Joseph?

**Answer5:** I like the efficiency of my co-workers.

**Q6:** What is most unique about you as an employee? What benefits do you bring to the company?

**Answer6:** I have the ability to uncover the needs of our clients in order to determine whether or not there is a need for our services.

**Q7:** What are some basic steps that AR departments can take in order to be more pro-active rather than re-active?

**Answer7:** I think some basic steps include reminder calls, client review process for an educated approach to credit lines, and our four step collection process.

**Q8:** What, do you believe, is the best way to combat this economy with common accounts receivable practices?

**Answer8:** I believe that if our cash to credit solutions are utilized properly, you will see a decreased amount of customers who default. We are an accounts receivable management firm that can assist in you in ever facet from accounts payables to receivables to collection accounts with a proven track record that works!

**Q9:** Is there anything you can share with us about you personally? Outside of the office?

**Answer9:** I have a loving wife who is expecting, and a sixteen month old that keeps me on my toes. The challenges that my personal life and work bring are what I live for and wouldn't have it any other way! ☺

**Myth: Tough, threatening collectors are the most effective.**

**Fact:** The most effective collectors are well-trained, sophisticated professionals who (1) understand what motivates a variety of people, (2) can determine quickly what will motivate a particular person and (3) are able to communicate well with others. The best collectors work with people to get their accounts paid.

**Myth: A collector will come to your door.**

**Fact:** The media has perpetuated the image of the collector knocking at the door for years. From Marx Brothers movies in the 1930s and depression-era cartoons to television and newspaper stories, collectors are shown knocking at the consumer’s door. In reality, collectors rarely go to anyone’s home or business to collect. It simply isn’t efficient. Using telephones and modern technology, today’s collector can make hundreds of contacts a day—many more than by going door-to-door.

**Myth: Collectors force people into bankruptcy.**

**Fact:** In reality, it would not make sense for a collector to encourage a consumer to file for bankruptcy. When people file for bankruptcy, their financial obligations to their creditors are usually wiped clean—and the credit grantor and collector receive very little or nothing. Collectors understand that people in financial trouble often need guidance in settling their accounts without expensive litigation, and often need the flexibility of alternative payment arrangements to work out their financial trouble. A collector’s business is to collect, but in practice, collecting often includes counseling.

**Myth: Consumer conflict is the main interest of all collectors.**

**Fact:** Media coverage of the collection industry often pits collectors against consumers. In reality, collectors are usually the first people to engage consumers in a problem-solving dialogue about their unpaid bills. Collectors receive many letters of thanks from people they have helped. Furthermore, the efforts of collectors keep the prices of goods and services from rising. Remember, there is no such thing as an unpaid bill. Through higher prices, consumers who do pay their bills end up paying for those who don’t.

**Myth: Economic doom means collection business boom.**

**Fact:** Although more accounts are placed with professional collectors during a recession, those accounts are also less collectable. When people are unemployed and business is struggling, bills do not get paid. Furthermore, a prolonged recession with decreased buying power eventually translates into a contraction of accounts sent for collection. The bottom line: Collectors, like anyone else, prefer a healthy economy.

**Myth: Debt collectors are a special breed of people.**

**Fact:** Collectors come from all backgrounds with different experiences. Collectors often develop new traits and skills: quick-thinking, goal-oriented, problem-solving and effective communication. Tact, persistence and an understanding of people’s motivations are traits of a good collector.

**The best  
collectors work  
with people to get  
their accounts  
paid.**

**Myth: Collectors deal mainly with the destitute and the downtrodden.**

**Fact:** Collectors learn quickly that debtors come from all walks of life. In fact, many people with debt are people like you and me who happened to be unable to pay bills for a time for one reason or another. Although collectors know that they must treat each person as an individual and understand each person’s specific situation, they do recognize certain categories of people who experience financial difficulties:

- ° Those who don’t understand the advantages of paying their bills.
- ° People who have had a change in their lifestyle due to death, illness, job loss or some other unforeseen and unplanned circumstance.
- ° Those who simply do not understand the complexities of buying on credit.
- ° People who promised to pay through credit agreements, broke their promises and are looking for ways to avoid payment.
- ° Credit criminals engaging in fraud. ☞

## Taxable or Exempt? Depends if the Person Still Has a Pulse

⇒ *“Keep Up to Date on Accounts Payable.” Aug 25, 2009: 7.*

Ever feel like you’re going crazy with staying on top of ever-changing sales and use tax laws?

You will after reading these tax laws that are actually on the books:

- 💡 In California, foods like candy and snack cakes are generally not taxable, unless they’re sold through a vending machine.
- 💡 New York considers goggles taxable items, unless they have prescription lenses in them.
- 💡 Applying makeup is a taxable service in Ohio. One exception: Cosmetic services aren’t taxable if makeup is applied to a person in a mortuary, and
- 💡 South Dakota taxes air ambulance services, but ground ambulance and emergency services are exempt. ⇐

### Did You Know...

- ⇒ If you are right handed, you will tend to chew your food on your right side. If you are left handed, you will tend to chew your food on your left side.
- ⇒ Chewing gum while peeling onions will keep you from crying.
- ⇒ The Titanic was the first ship to use the SOS signal.
- ⇒ The average person who stops smoking requires one hour less sleep a night.
- ⇒ Laughing lowers levels of stress hormones and strengthens the immune system. Six-year-olds laugh an average of 300 times a day. Adults only laugh 15 to 100 times a day.

## Words of Wisdom

“The way we see the problem is the problem.” - Stephen Covey

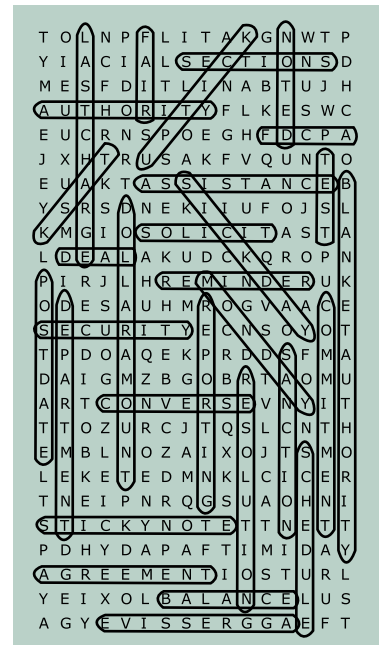
“Once you replace negative thoughts with positive ones, you’ll start having positive results.” - Willie Nelson

“The purpose of our lives is to give birth to the best which is within us.” - Marianne Williamson

“You cannot teach a man anything; you can only help him to find it within himself.” - Galileo

“Credit is like a looking-glass, which when once sullied by a breath, may be wiped clear again; but if once cracked can never be repaired.” - Sir Walter Scott

### Answer Key



Published by Brown & Joseph

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