



# Credit Line

A MEMBER NEWSLETTER

DECEMBER, 2006

## When Should You Use A Collection Agency?

By Chad Wheeler  
NACM Collection Manager

You hang up the phone with your customer and the thought "some people are only around because it is illegal to..." We probably should not finish that thought, but it might be time to call a collection agency. Not all of your difficult accounts will draw that response, nevertheless; you still have not been paid. So when do you call?

You print an aging each month but you cannot simply base your decision on the number of days past due. Hopefully, you are calling your customers promptly for payment. A general rule of thumb is look to a collection agency when your avenues of communication with the debtor have been exhausted. Let me explain. You have called for several weeks (allowed for illness or vacation if you only get voice mail) and none of your calls are being returned. If your calls are being returned, you have sorted through the problems and reached the excuse phase. You know what I am talking about: The computer is down and will not be fixed for a few weeks. (Q: If you are computerized, how do you conduct business otherwise; how about a hand check or EFT?) All the checks are printed at month end. (Q: Then why didn't we get paid at the end of the past three months?) Our Accounts payable person quit. (Q: When? How is everybody else being paid?) The boss is gone and only he/she can sign the check. (Q: Has he/she been gone for the past three months?) As the questions in the parenthesis show, there is an easy way around all of these problems for the debtor. That is why they are excuses and not reasons. Remember debtors usually have money. They just do not have enough to pay everybody. Often you are just not high enough on their priority list. If you feel that you do not have their attention; i.e. they have not elevated you on the priority list, it is time for a collection agency.

My experience suggests every debtor has a different "psychological breaking point." Those points fall into categories such as: I bought it, time to pay; multiple reminder calls, time to pay; they are threatening collection, time to pay; a collection agency is on it, time to pay. There are a few who just can not pay and a few who never intended to pay. For

those who need a push, the collection agency is likely the "psychological break point" that will get their attention and hopefully cause them to raise your priority level. The more time that passes will usually put you down on the debtor's priority list. The debtor also starts believing the reason he has not paid is because you did something wrong. Now you have a dispute to deal with and not just a collection. Let it go long enough and you may as well say goodbye. Collection agencies can only resurrect the mostly dead, not the completely dead. Some accounts may need to bypass the collection process and go to an attorney. A reputable collection agency can help you determine whether an account should go to collections or go straight to an attorney.

That begs the question: How do I know if it is a reputable collection agency? I am glad you asked. See the answer on page 2.

### IN THIS *Issue*

#### PAGE ONE

When To Use A Collection Agency  
Industry Group Appreciation Seminar

#### PAGE TWO

Finding A Reputable Collection Agency  
Update Year-End Credit Information

#### PAGE THREE

Be Prepared  
Scholarships Available

#### PAGE FOUR AND FIVE

Free Demand Letters and Forms

#### PAGE SIX

Industry Credit Groups Appreciation Seminar  
Details

#### PAGE SEVEN

December Events Calendar  
New Members  
New Credit Managers

#### PAGE EIGHT

ICEL December Christmas Party

### Industry Credit Group Appreciation Seminar

*Government Day!*  
*December 7, 2006*

### Tax Liens & Internet Fraud

**Open To All NACM Members**  
Red Lion Hotel, 161 West 600 So.,  
Salt Lake City, UT  
Cost: \$25 Industry Group Members,  
\$45 Non-Group Members  
\$65 Non NACM Members

Seminar Details on Page 6

# How Do I Find A Reputable Collection Agency?

by Scott W. Lee, J.D., CCE, NACM Vice-President/Secretary

Of course, my immediate reaction is: call NACM. For those of you who feel that is a little too self-serving, here are some questions you should be asking:

1. How long has the agency been in business? Lifespan is an indication of integrity. An agency that does not collect, or worse, collects but doesn't forward funds will not stay in business very long. Check with the state licensing division and BBB.

2. Is the company bonded? This provides some assurance you can get your money if a problem does arise. Ask.

3. Is the company licensed? Look it up on the state's website. When did the company first obtain its license? In the case of NACM, we predate the licensing statute so check our incorporation date. 1901.

4. If the agency collects on your account, what is the holding period before forwarding your funds? Payments need to be held for about two weeks to make certain the debtor's check clears. What is the prospective agency's policy?

5. Does the collection agency abide by the Fair Debt Collections Practices Act? Your name is "defendant" right along with the collection agency if a suit is filed. Experienced collectors know that debtors have money, just not enough to pay everybody. The abusive collector is paid after the "firm but respectful" collector, if paid at all. An experienced collector also knows he/she is part of your sales and marketing team. It is better to collect your money

without developing a bad reputation that could hurt you with good customers? Yes, bad customers talk to good customers.

6. Will the agency keep you informed of progress and seek your input? Unless you sell your bad debt outright, you are still part of the partnership. Partnership? Yes. Debtors will frequently ask questions to which only the creditor has the answers. You will need to stay involved. Not with the debtor. That causes confusion and usually nets you less money. Stay involved through the collection agency.

7. What are the agency's rates? Prices are typically one-fourth or one-third. Some are lower, some are higher and some are on a sliding scale. If the agency takes half, does that include out-of-pocket costs? Cheaper is not always better. Neither is more expensive. It is just one factor. Know before you sign up. You may say the cost is too great. Wait! Anything the agency collects is more than you had.

8. What is the geographical area covered by the agency? If you only sell locally, then a local agency is fine. If you sell regionally, nationally, or internationally, then you need an agency that collects in those areas or you need multiple agencies. Plug for NACM: We have a national and international network.

9. What is their success rate? Of course it is good. It just depends on how you measure. Talk with the prospective agency. Meet the people you will work with. Check references.

Why is this any different than trying to know your customer before you issue credit?

Or you could call NACM Intermountain. After all, you know us.

## Don't Write Off That Balance Just Yet

**If your customer is paying other companies, you may still get your money!**



## Pull An NACM Business Credit Report

- *Find out who is getting paid*
- *Update your credit files for year end*
- *Begin the new year knowing your customer*

**Don't Be The Last One Getting Paid!**  
**NACM Credit Reporting**  
**801-487-8786**

## Be Prepared! The Last In A Series Of Articles On Preparedness In The Workplace

### Be Prepared!

#### Step Twelve:

#### Review

by April Tanner

Kimball Equipment

We are all finished. I hope you feel great pride in what you have accomplished. To all of you who I know have completed this project – thanks for participating – I hope you found it a rewarding experience.



The last step is to update your binder yearly. Make sure to schedule the time well in advance. Ask for advice from others. Keep track of changes throughout the year made to software, reports, duties, personal changes and put these changes in a file you keep with the book. When you need to make your yearly changes, most of your information is already at your fingertips.

Be sure and give a copy of the update to all employees who have the manual. You may want to include an itemized list of the changes made. Remember, save a copy of the new manual on a format you keep away from the office, just in case.

I sincerely wish you all Happy Holidays and a prosperous new year.

#### Preparedness Review

1. Gather supplies, set aside time
2. Who would take your place
3. Job description
4. Training
5. Assistants/helpers
6. Emergencies in other departments
7. Timelines
8. Togetherness
9. Practice
10. Personal preparedness
11. Show results
12. Review

*Thank you April for this sound advice!*

### Jerris Baldwin Scholarships

Credit education is one of the key services of NACM and ICEL. Together, these two organizations have established **THE JERRIS BALDWIN SCHOLARSHIPS FUND.**

- 1) **The Jeris Baldwin CBA Jump Start Scholarship**—This scholarship will pay for National registration, CBA exam fees, and CBA Review Session fees
- 2) **The Jeris Baldwin National Credit Congress Scholarship**—\$1,000 toward Nat'l Credit Congress registration and expenses

### LeGrande Wright Scholarship

#### Class tuition and text book

To apply, submit a NACM Scholarship Application form and attach one well written paragraph detailing how credit education has helped, or will help you in your business credit career.

Contact Georgette for more information

### Plan On NACM's Credit Boot Camp

January 10, 17, 24, 2007

NACM Training Center, 7:30 - 9 a.m.

7410 So. Creek Rd., Ste. 301 (1130 East)

#### January 10

Collection Calls:  
What really works!

#### January 17

Credit Policy & Credit Application:  
Protection For Your Company

#### January 24

Credit Reports:  
Read, Interpret & Utilize  
Everything On A Report

To enlist, call your local  
NACM Boot Camp Recruiter Today!  
Georgette Bevan, 487-8781, ext. 116  
GBevan@nacmint.com

### Basic Combat Training In Credit Survival Skills

- Develop Your Collection Courage
- Conquer Business Credit Report
- Master Applications & Policy

Instructors:  
Dean Wangsgard, CCE  
Dave Sekino, CCE  
Scott W. Lee, CCE



Boot Camp Sergeants: Dean Wangsgard, CCE; and Georgette Bevan, CCE

**Clean Up Those Year-End Balances!**

# **FREE Demand Letters For NACM Members**

**Dec. 1, 2006 –Jan 15, 2007**

## **100% Guaranteed Results!**

**YOU WILL GET ONE OF THESE RESULTS...**

- Payment
- Initiate contact or learn of a dispute
- Nothing—you have a serious collection problem



**Give Us A Try!  
You have everything to gain**

**FREE DEMAND LETTER OFFER** for NACM Business Credit Service members. Retain the left portion of the form for your records. Complete the Demand Form and FAX to 801-484-1891 or mail to P.O. Box 460, Midvale, UT, 84047. If you have any questions, please contact Amanda Martindale at 801-487-8781, ext. 118.

An account turned over for Final Demand prior to Collection may be withdrawn at any time during the “Demand” ten (10) day period. At the termination of the “Demand” period (10 calendar days), unless the account is previously withdrawn, the account will automatically be turned over for collection at regular rates, and any payments reported after that date are subject to regular collection fees.

Complete and retain this form:

Date \_\_\_\_\_

The following account has been referred to NACM for collection starting with the Demand Service.

\_\_\_\_\_ \$ \_\_\_\_\_ Date Pd. \_\_\_\_\_

Any accounts not withdrawn after 10 calendar days will be placed for regular collection at published rates.

### NACM Business Credit Services

**FREE DEMAND OFFER FOR NACM MEMBERS, Dec. 1, 2006 – Jan. 15, 2007**  
P. O. Box 460, Midvale, Utah 84047

Account (Debtor) \_\_\_\_\_ Phone # \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Person To Contact \_\_\_\_\_ Your Account # \_\_\_\_\_

Please proceed with your demand service for FREE. A statement is attached as evidence of the debt in the amount of \$ \_\_\_\_\_.

We understand that if this account is not withdrawn within ten calendar days from the date of the acknowledgment, that NACM will commence regular collection activities at the prevailing rates.

**If placed into regular collections, add \$ \_\_\_\_\_ for cost of collection as agreed by contract for a total of \$ \_\_\_\_\_.**

Member # \_\_\_\_\_ Date \_\_\_\_\_  
Company Name \_\_\_\_\_ Forwarded By \_\_\_\_\_  
Person to Contact \_\_\_\_\_ Phone # \_\_\_\_\_  
Email \_\_\_\_\_ Fax \_\_\_\_\_

*No Commission Charged On The Ten Day Demand Letter*

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Email \_\_\_\_\_ Fax \_\_\_\_\_

*No Commission Charged On The Ten Day Demand Letter*

# Industry Credit Group Appreciation Seminar



## Industry Credit Group Appreciation Seminar

**Open To All NACM Members**

Thursday, December 7

Red Lion Hotel, 161 West 600 South, Salt Lake City, UT

Cost: \$25 Industry Group Members, \$45 Non-Group Members

\$65 Non NACM Members

### Some Topics of Discussion:

- What types of liens may be filed? Sales tax, use tax, & income tax
- At what point do delinquent taxes turn into lien 'material' and what criteria are followed?
- How are debtors notified—how many & timing of notices. Can a lien be placed without a debtor knowing?
- Enforcement and execution of lien & judgment. What assets can be seized? Insolvency or bankruptcy—what priority is taken?
- Warning signs that show a company may be having tax problems
- Satisfaction of lien—what does this mean to a credit manager who is considering credit?
- Who to call for information on tax issues
- Are you and your company safe from internet fraud? Current statistics
- Are you or your company a victim? Who do you call?

### Schedule:

7 – 8 a.m.	<b>Registration/Continental Breakfast</b>
8:15 – 9:30 a.m.	<b>Utah State Tax Commission</b> Wendy Gianchetta, Assistant Dir.; Dee Talbot, Dir. of Tax Services & Sally Knighton, Education Coordinator
9:45 – 11 a.m.	<b>Federal Internal Revenue Service (IRS)</b> Advisors M. Kay Moncla & Maureen Neal
11:15 – 12:30 p.m.	<b>Federal Bureau of Investigation (FBI)</b> Special Agent Corey Hubbert
12:30 p.m.	<b>Buffet Lunch—Drawings/Award</b>

*Government Day*

## Tax Liens & Internet Fraud

**What You Don't Know  
Will Hurt Your  
Company!**

# Code

Black : Industry Credit Groups  
 Red: Other events

# December, 2006



## Looking Ahead:

Dec. 5: Scholarship Applications Due To Georgette  
 Dec. 7: Industry Credit Group Appreciation Seminar, Red Lion Hotel  
 Jan. 8: School Begins

Sat./Sun.	Monday	Tuesday	Wednesday	Thursday	Friday
					1 Steel & Welders
2/3	4	5	6 Hardware & Lumber	7 <b>INDUSTRY GROUP APPRECIATION SEMINAR</b>	8 Concrete, Paving, Excavating & Waterworks
9/10	11 Fine Paper	12 Food & Restaurant	13 Contractors	14 <b>ICEL CHRISTMAS PROGRAM LITTLE AMERICA</b>	15 Diesel Engines Ogden Contractors
16/17	18 Masonry & Wholesale Landscaping	19 Printers of Utah Heating & Plumbing Floor Covering Equipment Dealers	20 Advertisers, Media Ut. County Contr. Automotive & Truck Suppliers General Services Intermountain Metals	21 Electrical Industrial Supply Roofers/Siding General Contractors	22
23/24 30/31	25 <b>CHRISTMAS</b>	26	27	28	29

## NEW Membership Contest Turn In Your Referrals For Quarterly \$ Drawings



## Members Are In The "Know" They know what companies:

- Should be NACM members
- Need credit references
- Could use credit training
- Need help with collections
- Could benefit from Industry Credit Groups

**Make sure you are in the January \$10 drawings!**

## Referrals Made "Easy" Through...

- 1) \$10 Quarterly drawings at Industry Credit Groups
- 2) \$10 Quarterly drawings from emailed or faxed referrals

To send in your referrals and get in the quarterly drawings,  
 FAX: 801-484-1891, Attn: Barbara  
 email BOBrien@nacmint.com

**ICEL Luncheon**  
**Thursday, Dec. 14**  
**"White Christmas"**  
**Little America**  
**Hotel**

Join ICEL this month for our annual Christmas program and enjoy a "White" Christmas.

Jake White is from Bountiful Utah, and currently lives in Utah



County. Over the past 10 years he has performed his unique guitar style for audiences around Utah and the surrounding states. He has been featured as an opening artist, performing with local musicians such as Peter Breinholt, Jon Schmidt, The California Guitar Trio, and Ryan Shupe. He currently has three CDs, and one on the way.

Georgette E. Bevan, CCE  
 NACM Business Credit Services  
 (801) 487-8781, ext. 116  
 GBevan@nacmint.com



**Meeting Changes**

**December Industry Credit Groups**

For the month of December, several Industry Credit Groups are meeting on days different than regularly scheduled meetings.

Please make sure to check the calendar for the day of your meeting.

**NACM BCS Board of Directors, 2006-2007**

**BOARD OF DIRECTOR OFFICERS:**

Patty Fullmer Chairman BMC West	Susan Lujan, CCE Vice-Chairman Kenworth Sales Co.	Tyler Steenblik, CBA Treasurer Young Electric Sign Co.
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**NACM OFFICERS:**

Dean Wangsgard, CCE President NACM BCS	Scott W. Lee, JD, CCE, Vice President & Secretary NACM BCS
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**P.O. Box 460**  
**Midvale, UT 84047-0460**  
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**(800) 977-6226**  
**www.nacmint.com**