

Hiring Outside Collection Agencies

When you find yourself in a situation that may lead to larger complications down the line, you try to find the fastest and most headache-free solution to the problem. It is always the best way to nip the problem in the bud before it even starts.

The same principle applies when you're dealing with customers who have lagged on payments, whose checks have bounced, who have totally stopped making their payments and have deemed themselves unreachable and a dozen other scenarios that will surely make your head spin. The role of your credit manager if you have one, at this point, is to decide whether to deal with these problems in-house or pass on these accounts to a collection agency that will then be tasked to follow-up and, at best, recover the money owed to your company.

Usually, a debt collection agency is called upon when you really have an overwhelming problem with your customers' payment backlog. You've already tried resolving the issue using your in-house crew and having them initiate non-threatening appeals to your accounts by making phone calls, sending letters and even making personal visits. Or, sometimes, the problem has persisted and you find that your whole business has reached its danger zone and its plight hinges on whether or not you can recover some of the money that you lost. Whatever the case, hiring a collection agency seems to be the best way to deal with the situation.

However, extra care must be exercised when you finally decide to go with a collection agency. You have to remember that hiring a collection agency means that you are turning over a part of your business to someone totally on the outside. First of all, when you choose a collection agency you have to be sure that they come highly recommended by someone who has made use of their services and have been highly satisfied with them.

It is equally important that you check with an accrediting organization like that of the Better Business Bureau. This just makes sure that the debt collection agency that you've hired is regulated and subject to a higher power if they fail to deliver on their promise.

Second, when selecting a debt collection agency, you have to consider their technological capacity and equivalent manpower to handle your demands. When you say technological capacity it means that the agency will have the call center in place to handle any communication between your customers and the agency, with reporting to be done on a regular basis to you as the 'mother' company.

You also have to make sure that the agency's staff is trained to represent you as the client and not be seen as a third-party provider. It has been reported that many people are adverse to collection agencies and are more prone to shying away from them which will make it harder for you to go after them.

The agencies experience and customer-related orientation need to be as good as the fees that you'll be paying. You need to negotiate a good compensation package that will take into account all of these conditions mentioned so you'll at least be assured that you're getting your money's worth. It doesn't make sense for you to be paying so much and not getting anything in return.

About the Author

Mallory Megan is employed by a collections agency that works with a [debt collection lawyer](#). She also writes pieces on business and finance, consumer spending and [collections agencies](#).

Source: <http://arabesquestudios.com>