

Competition

The most sure-fire way do deal with the competition is to say to your Prospect, "Mr. Prospect, I never heard of that collection company. How do they work? Where are they from? What do they charge? Are they on the internet? Have they been around for a long time? Do they give you some kind of guarantee? Did they leave you a brochure? Can I see it?"

Never say bad things about the competition. Just say good things about NCS and you.

7.1 Percentage Agencies

Credit Bureaus: Most cities of size have a local Credit Bureau. These local agencies will provide collection services. They work on the standard contingency basis (30-to-50% on collection). Some will offer fixed fee letter writing services prior to placing accounts into their hard-core recovery efforts. The letters are usually "dot matrix" printer black and white contacts, and lack professional design to produce results. Consequently, the letters collect very few accounts, and most accounts go over to the contingent division. Even their skimming is rampant with these types of companies because they make more money by working on the large balance accounts. This leaves the smaller and out-of-town accounts virtually un-worked. Most of these agencies strictly work on a local or statewide basis, and thus they have no influence with out-of-state accounts.

Names of contingent agencies: Payco American, G.C. Services, RMA, and Intellirisk are a few of the large national contingent agencies. There are many regional and local firms as well.

7.2 Letter Writing Services

These agencies charge a fixed fee to recover accounts rather than a percentage of the balances they collect.

Their concept is similar to ours in that they attempt to get the account placed for collection at an earlier point in the delinquency cycle. The problem with these types of services is that they write a series of letters for the fixed fee. They do not provide a full array of collection methods. They use personal collectors, attorney demands or credit affecting, laws governing the collection industry prohibit an agency from making false claims in their

collection contacts, these letter writing services can not threaten anything in a letter that they do not actually intend to do. in other words, they do not litigate, they cannot threaten to do so. If they do not affect credit, they cannot threaten to do so.

This takes all of the horsepower out of the written contact limiting results. The company you will most frequently run into is TSI (Transworld Systems, Inc.). When a business tells you it is already using a program like ours, you will need to explain the difference between what TSI does and what we do at NCS. Remind the client that TSI is only sending a series of written contacts and then forwarding accounts for full collection to a percentage agency. Remind him or her that NCS performs the complete collection cycle for the fixed fee. In addition to making written contacts we have professional collectors who pursue the accounts, attorneys who make formal demand for payment, affect credit etc. Every remedy allowed by law is pursued in the primary phase of our service for a fee similar to what our competitors charge to simply send letters. That is why our recovery ratios are nearly twice the national average and our collection cost is up to 80% less. Also tell them the prospect that upon reviewing the competitive differences between us and TSI and that our service will produce better results, we will buy the prospect's TSI system from them.

They will not lose one dime on the cost of their TSI system.

7.3 Letter Writing Services That Charge a Percentage

I.C. Systems is the only company that operates nationally this way. They are based in St. Paul, MN.

They charge a fixed fee per account worked plus a percentage. The percentage charge is lower than the typical 30-50%. This concept is unique in that it combines the worst of both worlds; the ineffectiveness of letter writing services with the high cost of percentage agencies. These systems are easy to replace. Full purchase buyout of the fixed fee portion of the program is available as well. You will learn to recognize the I.C. Systems logo, and when you see it, you will know you have a sale.

The customer after all, has collection problems, uses a service, and understands that lower fees and early referral improves results. The prospect just needs to understand our alternative concept and fixed fee preventative maintenance strategy.