



COLLECTION ADVISOR

Family-Owned
Agencies
*Purr Like Finely
Tuned Engines*

WHY THE "EARNED RESPONSIBILITY"
COLLECTION MODEL WORKS

4 WARNING
SIGNS TO SPOT
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BANK
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COMPETITION FOR EXPERIENCE
IS GETTING RIDICULOUS

Andy Laws
Accelerated Receivables Solutions



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Family-Owned Agencies Purr Like Finely Tuned Engines



Brothers David, Andy and Stephen Laws operate Accelerated Receivables Solutions together in Scottsbluff, Nebraska.

By Scott H. Cytron, ABC

Throughout my six years working on *Collection Advisor*, I have come across a wide variety of collectors, creditors and professionals who excel in their businesses because they have the passion and drive not only to be successful, but to motivate others around them as well.

What happens when you have entire families who share this kind of enthusiasm? You have a somewhat rare look into why family-owned businesses – especially a bottom-line, results-oriented profession like collection – run so well. Could the reason be that blood is thicker than water, or do these people generally like each other?

Scottsbluff's Favorite Sons

The first question I asked Andy Laws was where in the heck “Scottsbluff, Nebraska” was located. I envisioned a lone traffic light on a two-lane road dimly lit by the reflection of the Dairy Queen sign.

Turns out Scottsbluff really isn't that small, although Andy admits the next largest city is Denver, some 200 miles south. Actually, Scottsbluff is located on the opposite side of the state from Omaha and Lincoln, so I was naturally expecting Andy's agency, Accelerated Receivables Solutions (ARS), to offer some home-spun tales. Was I wrong!

ARS Sold Credit Reporting Division, 75 Percent of our Client Base is Healthcare

"ARS started out as a credit bureau for the City of Scottsbluff in 1932 by H.J. Dollinger, who was the secretary of Scottsbluff Chamber of Commerce and saw a need for the local business community to judge credit worthiness," says Andy. "It was bought and sold again and again over the years until 1975, when by father, Gerald F. Laws, who had been an employee since 1968, bought the business."

Fast forward to 1996 when Andy and his brother, David, purchased the business from Gerald. Andy had worked at ARS since 1988, while David joined the company in 1991. The third brother, Stephen, began working at ARS in 1995 and became an owner in 1998. That's when the agency really began to grow.

"The year Stephen joined the firm, we bought a 20,000 sq. ft. facility that had been a bakery, furniture store, bowling alley and even a diner in its previous lives," says Andy. "Our mother used to bowl in a league here when we were kids, and my office is exactly where the daycare used to be when Mom went bowling."

ARS sold its database to Transunion in 1999 and became a Factual Data-

affiliated reseller of credit files for the big three credit bureaus. In 2001, Andy and his brothers created "Magnet Solutions" (MS) as a separate corporation to service the active A/R piece of the industry. Just recently in 2005, the family sold its Credit Reporting Division to Factual Data Midwest and became solely focused on recovering current and aged receivables.

Today, the general focus for ARS and MS is healthcare, although the Laws family has also had success in the utilities and bad check markets.

"We are in rural America, and as such, we have not had the luxury of focusing solely on one specific type of A/R," says Andy. "Ironically, within the last five years or so, approximately 75 percent of our client base became healthcare. As more hospitals and medical groups began to outsource their active accounts, this type of A/R found its way to the Heartland – and we have steadily grown our client base in this arena. Specifically, critical access hospitals and physician groups have found our services to be just what the doctor ordered!"

Over the last few years, ARS and MS relied on Cyclone Software's products and services. This included Plus2 Debt Collection Software and Cyclone's Document Imaging Software, along with third-party outsourcing and interfaces with letters, notices, fund transfers, credit agencies and e-OSCAR (Online Solution for Complete and Accurate Reporting), a browser-based, Metro 2 compliant system developed by Equifax, Experian, Innovis and TransUnion.

However, just as Collection Advisor readers might work with packages similar to Cyclone and eventually move up to larg-

er packages when growth occurs, ARS and MS, too, just recently migrated to Ontario Systems' Artiva Agency. In addition to its collection functions, the agency will rely on Ontario's Verified Contacts and its Call-by-Call Blending feature.



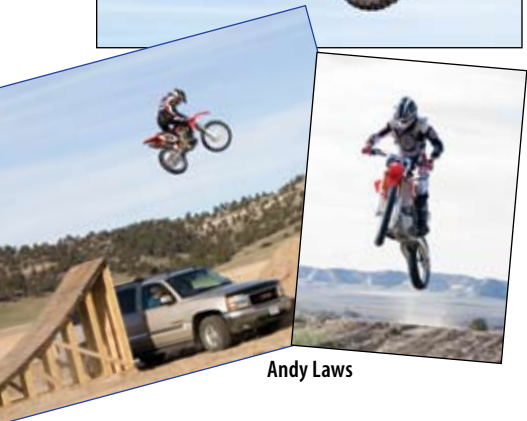
The Laws Family: David, Andy, Jerry and Stephen

"This system is designed on a platform that allows us, as the end user, to have complete control of what happens to our accounts and when," says Andy. "Tools and training are provided by Ontario Systems that put the power to provide a truly custom receivables management solution to all or our clients."

In addition to Artiva, other technologies used by the agency include digital voice recording software by Digital Loggers, Inc., which records inbound and outbound calls for quality assurance and training purposes. For a predictive dialer, the agency uses Access!, along with Global Connect's web-based dialer. Skip tracing is primarily done through Accurint, while electronic check re-presentation is handled through the eFunds Corporation.

Regardless what kind of collection an agency or business specializes in, the working environment is paramount. Andy says that working with family is by far the very best of environments.

"We believe that we are all striving for the same objectives in business and along each other the freedom to make mistakes. Our goal is to be prepared and make



Andy Laws

We do not Believe in Over-Promising and Under-Delivering to Secure an Account

sound, efficient decisions, but sometimes we make the wrong ones and we have learned to accept it as part of our growing pains. For us, the trick has been to allow for each of us to have our own responsibilities within the organization while holding each other accountable and hiring some great people.”

With their father semi-retired and the brothers in their 30s and 40s, I asked Andy whether the agency had a formal succession plan. While ARS and MS have the necessary legal documents in case of a death or departure from the business, a truly formal plan does not exist.

“If our children want to get involved in this industry, we will make every effort to give them the opportunity; however they will be required to earn their stripes. Our father instilled in each of us ‘God first, family second and business third.’ When we remember to keep them in that order, we work and play extremely well together. We truly are best friends and have great fun with each other. Trust is priceless. This translates to our relationships with our employees and clients.”

Away From it All in Archbald

Although they may live on opposite sides of the United States, Mike Zadarosni, his wife Noreen, and son, Ron, actually do share many similarities with the Laws family.

For starters, Archbald, Pa. – home to USCB Corporation, the Zadarosni family business – is also located in a small town, this time in Northeast Pennsylvania very close to the New York border. Second, the two families share a tireless work ethic that has enabled success. Third, as Mike likes to put it, “We have fairly simple lives and we like it that way!”

Mike, vice president and general manager, spent many years in the corporate world before taking the entrepreneurial plunge into being a small business owner. He operated a distance education company supported with limited in-house collection efforts.

“I understood the psychology behind collecting debt, and was aware of the regulatory components, but I outsourced some placements whenever the limited in-house strategy was not successful,” he says. “I entertained the idea of pursuing debt collection as a business enterprise, but timing and circumstances drew my time and efforts elsewhere.”

Mike met Noreen (USCB president) in 2003, who had experience in client management and operations. In 2004, the family sold the education company, but kept the collection function.

“We’ve continued to build the company on a quiet, but confident promise of consistent performance and service. In addition to the three of us, today we have 24 collectors, a call floor manager/trainer and a full time administrative person. Our current primary focus is on retail consumer debt, handling first and second placements. Our future goals include a focus on purchased debt.”

A family that works together, well ... stays together – and that’s just what Mike, Noreen and Ron have done. Although Mike admits that he and Noreen’s management and leadership styles

are different and complementary, what makes this agency thrive is an attention to detail and delivering on what it promises.

“We do not believe in over-promising and under-delivering to secure an account,” says Mike. “We have grown our business through partnering with clients in an interactive strategic, tactical approach that meets their specific business needs, aligns with corporate objectives and culture, and allows them to compare our results with others.”

Mike says many companies and individuals cannot achieve this synergy, not because they are not good at what they do or lack experience. Instead, it’s because they are not skilled at establishing expectations and managing them along the way, a process that takes frequent formal, informal, direct and sometimes difficult communications.

“I think that when it’s your company, there’s an inherent incentive to work both harder and smarter, but in a small world, that phrase has to be a way of life rather than part of a company’s mission statement. I am in no way speaking disparagingly of the corporate world – I’ve been there, enjoyed it and my wife is still there – but owning your own family business is different. I don’t know that you can appreciate that until you’ve done it. It’s a great place!”

USCB operates a proprietary relational database that the company continues to evolve and enhance for performance, reporting and client requirements. Accurant is used for electronic and manual skip tracing (comprised of a weekly feed). A Web-Pay channel allows debtors to make payments via the Internet, and electronic payments are done by debit, credit and check-by-phone. USCB also uses a Vodavi Internet protocol phone system with “lots of scalability, including virtual agent capability,” a Noble blended dialer and RecoverScore from LexisNexis for ranking accounts.

“Personally, I have a love/hate relationship with technology,” says Mike. “I completely appreciate its purpose, but I generally feel people overcomplicate business and life with how they use it. Having said that, we use a significant amount of technology to support our business – but not run it.”

With Ron now firmly ensconced as the agency’s Operations director, Mike says USCB has formal and informal succession planning. For example, tiers of management at the call floor level serve as subject matter experts to mentor specific team members. At the company level, Mike and Noreen intend to be involved in the business for approximately the next five years in varying and lesser degrees as Ron begins to assume more of the operations and executive management.

“I know we have a different approach to capitalizing on our collective strengths; many companies and managers take the approach of focusing on where individuals need to grow and improve, but that’s not our primary focus,” says Mike. “Instead, we capitalize on what we all do best. We all have very different skills and experiences. You bring those together like the ingredients for a good sauce – and then season to taste!” ☺