

Dear Friends:

I hope you all had a wonderful summer. We spent some of ours knocking down walls again as we continue to expand our office space and personnel. Much thanks to all of you for helping us grow.

This issue's feature article is a slight departure from the usual. There seemed to be so much important information to talk about on the subject of skip tracing that we decided to make it a "two-parter." Look for installment #2 in our December issue.

We have several simultaneous conferences on our calendar for the fall. The Television Bureau of Advertising annual conference will take place in Las Vegas on October 17th through the 19th. We'll also be attending the Broadcast Credit Association regional workshop in Cincinnati October 18th and 19th as well as the Advertising Media Credit Executives Association annual meeting in St. Louis on October 17th through the 19th.

Best wishes for a glorious fall season,



Pete Szabo, President  
Szabo Associates, Inc.

## Lost or Lost? Find That Debtor!

They call me Skip Tracer. My business is collecting, and only collecting, but for some reason some people think I'm a detective. Of course if that were true, I'd probably sneak around a lot, smoke too much, and interrogate people without mercy.

In truth, I haven't owned a trenchcoat since 1957 and my business life isn't quite that exciting. I skip trace, or develop information on debtors, to collect past due money and for no other reason. Don't get me wrong, though. I take considerable pride in my work. I know that it's vital for a credit manager to become an outstanding skip tracer in order to be successful in the credit and collections industry. It's that kind of pride that allows me to say, "If I am unsuccessful in skip tracing this account, then no one else could have been successful either."

I don't believe there is such a thing as a "born skip tracer." Skip tracing is a skill that can be developed, and experience will cultivate the sense of intuition and instinct essential to the process. Proficient skip tracers also develop qualities such as imagination, deduction, persistence, and the ability to get along with people. You have to be able to determine what sources of information to use

and how best to use them, then develop conclusions from isolated bits of information as they accumulate. If you can also diligently work on one lead at a time, adjusting your approach to suit the type of individual to whom you are speaking and avoiding the temptation to interrogate your contact, then you have what it takes to be a great skip tracer.

The main reason skip tracing is important is because if you can't locate a debtor, then you obviously can't collect. Many "skips" are "unintentional"; that is, they simply are careless about notifying creditors of a change of address. Once unintentional skips are located, it is usually fairly easy to collect the money owed. "Intentional skips," who have no intention of paying, are often more difficult to pursue, and their debts are obviously more difficult to collect.

While most debtors can be located, there will be times when finding a debtor is not possible, even when you use every information resource available. The basic rule is to do as much as you reasonably can before giving up the effort, exhausting all leads in an ethical, legal, and businesslike manner. Let experience be your guide in determining what is a reasonable stopping

*—continued on page 2*

## Lost or Lost?

—continued from page 1

point. If you have any doubts about terminating your search, the decision should be made in favor of continuing your efforts.

In addition to locating a debtor, there are other important reasons for skip tracing. Skip tracing may tell you if the debtor is financially able to pay, if the debtor has other accounts, what its paying habits are, and whether or not the debtor can be expected to pay in full. If you discover that the debtor is unlikely to pay in full right away, then skip tracing may provide you with information to help you determine the collectibility of the account.

Before your company extends credit to a client, chances are that it gathers information on the potential customer to determine whether or not to assume the credit risk. In the unfortunate instance that the customer becomes a debtor and you have to skip trace to collect payment, this credit application information becomes your first resource in the skip tracing process. It is always a good idea to keep in mind the future possibility of skip tracing a client when you obtain the following information:

**Legal Entity of the Debtor:** Is the client a proprietorship, a partnership, or a corporation? When was it established?

**Address:** Correct and complete, including zip code. Street name spelled correctly. Geographical designations (N.E., N.W.) should be checked. If company has more than one location, get complete address of each.

**Former Address:** Should be obtained because former "nearbys" of the debtor are often good sources of

**Question:** Our station recently obtained a large judgment against one of our delinquent clients. They still have not paid the account. What is a judgment, and what purpose does it serve?

**J.F., Kansas City**

**Answer:** A judgment is the court's determination that the money is owed and begins another phase of the collection process. The creditor now has the ability to attempt to enforce collection through various legal means.

Once judgment is entered and recorded, a lien is usually automatically placed on any real estate owned by the debtor. The most common methods to collect on the judgment are property levies, bank garnishments, wage garnishments, and attachment of accounts receivable.

If there are no known assets, counsel often subpoenas the debtor to take its deposition and review its books and records to determine viable assets.

A judgment is by no means a guarantee of collection, but it does provide the creditor with a vehicle to enforce collection through all legal means available.



information.

**Telephone Numbers:** Get numbers of all locations.

**Bank Account:** Correct name and address of the bank and the type of accounts.

**Real Estate:** Does the client own or lease the property? If client owns, how is the property titled? If leased, what is the name, address, and telephone number of the landlord?

**Does The Company Own or Lease an Automobile?** Get the name of the leasing company or the name of the title holder.

**Financial Statements:** Nice to have. They give current assets (cash or convertible to cash in a reasonable amount of time) and fixed assets (such as equipment). Also included are

secured and unsecured debt.

**Trade References:** Get three to five that pertain to your industry. All too often, prospective clients list vendors, which are most likely paid on a timely basis.

**Who is the Responsible Party?** Quite simply, know your client.

It's much easier to gather this information at the credit application stage than at the skip tracing stage. After all, prospective clients know they must give you adequate information in order to receive credit. In spite of your initial efforts, however, you may find yourself with an unpaid account and without enough information to find your elusive debtor. Luckily, there are a great number of resources available to the skip tracer. In our next issue of "Collective Wisdom," we'll explore the

—continued on page 3

# True Collections

The following story is true. The names, places, and dates have been changed to protect the persons involved.

## On the Mat with Billy Bob

(or: If 15 years of Sunday afternoons spent in front of TV with a six-pack finally pay off, what is the true meaning of life?)

Billy Bob McGee, the famous ex-wrestler, handled his accounts payable as he once handled his opponents in the ring. As owner of The Wrestling Emporium, he enjoyed a well-earned reputation for putting unsuspecting collectors into verbal headlocks and early retirement.

Billy Bob's position was further strengthened by the fact that his account wasn't usually worth the trouble and expense of a lawsuit. So when I was charged with col-

lecting his latest debt, I knew a creative and untried approach was in order.

I remembered reading once that certain types of music can inspire increased levels of performance. For instance, champion diver Greg Louganis played "Believe In Yourself" from "The Wiz" before he won his gold medals in the '84 Olympics. "Can't hurt," I thought, as I slipped Michael Jackson's "Bad" into my tape player and cranked up the volume. Suddenly propelled from my chair by an adrenaline rush, I mercilessly pinned an imaginary opponent to the carpet. Yes, I was finally ready for Billy Bob McGee.

Billy Bob himself answered the phone. "Billy Bob McGee," I ventured in my best "slap 'em on the back" voice. "It is truly an honor to speak to you, Sir. Why I remember when I was a boy and watched you massacre Dick the Bruiser in that Steel Cage match with a spinning toehold and figure four leglock."

I paused only long enough to hear a faint, self-important chuckle on the other end. "Yes Sir, and how  
—continued on page 4



HONEY, YOU HAVE SOME NERVE CALLING ME AN AGING ACCOUNT!  
TRUDY AT THE BEAUTY SHOP SAYS I DON'T LOOK A DAY OVER 29!

# szabo's FORECAST

The economy continues to exhibit steady growth despite the drought, deficits, and doomsayers. The Gross National Product has been on the increase, which is a very healthy report. The unemployment rate in June was 5.3%, the lowest level since 1974. Employment gains have been widespread throughout the economy.



Pete Szabo, President

We are beginning to see a natural by-product of this strong economic growth. Inflation is creeping upward. In 1989, we could be looking at an inflation rate of 5 to 6%.

Here at Szabo, we traditionally see a higher rate of bankruptcies during the summer months. This summer, by contrast, witnessed a significant decrease in bankruptcies although collections are currently more difficult than usual.

I advise an extra measure of caution when extending credit and more stringent controls on collection follow-up. Timeliness in placing accounts for collection is most important now. ♦

## Lost or Lost?

—continued from page 2

numerous and often undiscovered sources of information to help you find that debtor and collect! ♦

—contributed by James Strickland

## True Collections

—continued from page 3

about that time you took on six opponents at once in that Oregon Lumberjack match? Now that was really something!"

"Yeah," replied Billy Bob. "The medical claims on that one ran about 250 thou, and I didn't suffer a scratch. Say, who is this anyway?"

I told him my name and company, then quickly launched into a story about how I used to imitate his wrestling maneuvers on my kid brother. "Yes, Sir, you were one of my childhood heroes, and you know Billy Bob, I could talk to you for hours about the glory days of wrestling. But I'm actually calling about the unpaid bill for WZBO-TV."

The check, in full, arrived two weeks later, and the very happy sales manager for WZBO called to thank me. "Boy," he said, "I bet you really had to get tough with old Billy Bob."

"Just a little verbal sparring," I replied as I picked up the paperwork on my next account—Animal Crackers Pet Therapists. Well, I hadn't thought about my neurotic beagle Bongo in 15 years, but I guessed it was time to refresh my memory. Now if only I could locate my Dr. Demento tapes... ♦

—story contributed by Chip Cory

Szabo Collective Wisdom®. All rights reserved. Materials may not be reproduced or transmitted without written permission.

## The Fine Art of Media Collections

At Szabo Associates, we're more than just collection experts. We're well-versed in the fine art of media collections. In fact, Szabo Associates is the nation's first—and only—collections firm exclusively for the electronic and print media. And we do it with diplomacy and goodwill. Call us collect.

**szabo**  
Media Collection Specialists

**szabo**

Szabo Collective Wisdom® is a publication of Szabo Associates, Inc., 3355 Lanox Road, Suite 945, Atlanta, Georgia 30328 Telephone 404/295-2454

FIRST CLASS  
U.S. Postage  
PAID  
Permit No. 747  
Atlanta, GA