

Go to the Source! Find That Debtor—Part 2

Dear Friends:

The year has rapidly come to a close, and we're already looking forward to upcoming events in 1989.

We'll be speaking at the Georgia Association of Broadcasters winter conference at the University of Georgia in Athens on January 17th through the 19th. Then, on February 14th and 15th, the Broadcast Credit Association will hold its twenty-first seminar in Orlando, Florida. This seminar promises to be enjoyable and informative, with a number of group presentations and roundtable discussions on such timely subjects as "Legal Aspects of Credit and Collections," "The Media Buying Service," "Efficient Time Management for Credit Personnel," "Basics of Credit and Collections," and "Credit, Sales, and Management Relations." It looks like there will be a major turnout of broadcast industry folks, so I hope to see you there. For more information on the conference, call Mark Matz at (312) 827-9330.

In the meantime, best wishes for an absolutely wonderful holiday season, and we'll see you next year!



Pete Szabo, President
Szabo Associates, Inc.

Well, here I am, Skip Tracer, back again after our last feature on finding those "lost" debtors. In the last issue, I talked about the importance of gathering information at the credit application stage that could prove useful later should skip tracing become necessary. As promised, this time I'll focus on the many resources available when you need more information to complete your skip tracing process.

Perhaps the person taking the credit application failed to get some pertinent information from the prospective customer or some of the information was incorrectly recorded. Or maybe, in spite of a complete credit application, the account that seemed so good is long gone and the debtor company hasn't bothered to send you a goodbye note, much less the \$30,000 it owes your company.

Obviously, depending on the situation, much of the information on the credit application may no longer apply, but the credit app is still your starting point as you begin to uncover information that can lead to your elusive debtor.

The credit application may list other creditors, whom the debtor might have given you as trade references when the account was first opened. There's a good possibility that some of them will

have the debtor's current address as well as other information.

Information on the credit application will also be a useful starting point when consulting another group of resources used regularly by savvy skip tracers. Directories, including alphabetical and classified telephone directories, criss-cross directories, city directories, maps and atlases, real estate directories, zip code directories, and business directories contain a wealth of valuable information.

If you can't get copies for yourself, you can find them at your local library. Take the time to thoroughly acquaint yourself with the type of information contained in each directory. Carefully examine each one, beginning with its Table of Contents, in order to learn how to make the best use of the information it contains.

Two of the most obvious sources of information, even though they are often overlooked, are the alphabetical telephone directory and the classified directory. They can be quite helpful when you are looking for principals with unusual names, because they give you the telephone numbers of other people with the same name who may be related and may be able to furnish you with worthwhile leads.

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Probably the most useful directory is the criss-cross directory, which lists telephone numbers in street address order. The criss-cross directory enables you to locate telephone numbers at the debtor's address as well as those of businesses next door, across the street, and in back of the debtor.

City directories vary in format from city to city, so you should carefully read the introductory and index pages of each one. You will be surprised at the amount of information contained in a city directory, including the type of business of your debtor, its correct name and address, whether or not it is a proprietorship, partnership or corporation, and the names of the proprietor, partners, or officers.

Many city directories also contain a street address telephone directory section, which is an alphabetical listing of streets by house numbers, showing the names of the residents or occupants at the address. Assuming the debtor's address is an office building, this directory will give you the names of the firms and professional people in the same building as the debtor.

Real estate directories list properties by street address and show who owns the property, the type of property, its value, and more. If the debtor leased the property, the directory will give you the name of the owners, who may have information on the debtor.

Zip code directories, published by the U.S. Postal Office, show the zip code for each area. If a city or town is spelled incorrectly, or you are not sure of the state in which it is located, the zip code directory can often help you find the correct spelling and location.

"Collector's Corner" is our readers' forum for suggestions, comments, and idea swapping. If you have information to share or input on how our newsletter can better serve you, please write or call. We want to hear from you!

Question: What is the disadvantage of accepting a settlement in lieu of placing an account for collection with an agency?

C.M., San Francisco

Answer: When you agree to a settlement, you show weakness and might gain a reputation in the market of not upholding your credit policies. By enlisting the services of an agency, you don't compromise your credit policy and you show the debtor and the community that you enforce your terms.

In addition, even though you pay a third party a fee to collect the debt, sometimes the third party can collect your balance in full. Moneywise as well as reputation-wise, you could very well come out better in the end if you use a third party to collect.



Business directories, such as Standard and Poor's Register, list the legal name, address, telephone number and offices of the nation's leading corporations.

Atlases can help you to find the correct spelling and location of a little known town or city to which the debtor has moved, and maps can be helpful in rural areas.

In addition to directories, there are other sources of public information available to the skip tracer in the form of government offices. The Secretary of State's office can tell you if the debtor is a corporation, a partnership, or an individual. The Post Office, because of the Freedom of Information Act of 1979, is required to give you information on any box number, provided that it is listed as a business box number. City Hall (including the Town Clerk, City Clerk, or Court House) can be a source of business license information. The

Tax Assessor's Office will tell you who owns the property where the debtor lives. The County Liquor License Bureau and Alcohol Beverage Commission Board can provide information on businesses that serve alcohol, while the Environmental Health Department can do the same on businesses that serve food.

Additional sources might be the Better Business Bureau (any complaints against the debtor?), the Chamber of Commerce (is the debtor a member?), and the Police Department of small towns.

Skip tracing is a challenging game of wits requiring not only a variety of personal skills but also a thorough knowledge of available resources and how best to use them. And for those of us who play the game well, the rewards of winning are increased collections and, well heck, it's just fun to win! ♦

—contributed by James Strickland

True Collections

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

Harold Greedier Buys His Dream House

Years ago, buying the home of your dreams was a simple matter of saving up for a long time for a substantial down payment, then entering into a fixed-rate 30-year agreement to pay your lending institution the difference between what you saved and the total cost of your dream house. Then came the high-inflation '70's, which threatened the housing industry and dreams of home ownership for many middle class Americans. That's when "creative financing"—things like ARM's, GEM's, buy downs and such—stepped in to make sure the American Dream lived on. But just when it seemed there was enough new real estate jargon out there to fill five pages of

The New Dictionary of American Usage, a lone pioneer was busy creating yet another new and innovative method of home financing.

Harold Greedier's first dream had been to work his way out of the streets of the Bronx. He succeeded, and his entrepreneurial talents continued to serve him well in the media-related company he owned. But Harold had another dream—to put himself and his status-driven wife Lorraine in a \$750,000 house in Scarsdale. And when a national advertiser placed not only considerable trust in his knowledge of the media but also money in his hands, Harold saw the chance for his dream to become a reality.

Harold's new advertising agency, which he formed particularly for his creative home financing venture, placed two national buys for his client involving 100 television stations across the country. The first schedule ran, and all media properties were promptly paid. That's when Harold put the second phase of his plan—I like to call it SMC (Shaft Media Creditors)—into action.

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"THE BOSS SAID I SHOULD MAKE UP A 'TICKLER FILE,' BUT I SURE DON'T KNOW HOW THIS IS GONNA HELP WITH OVERDUE ACCOUNTS!"

szabo's FORECAST

Sales for the advertising media have been pretty flat over the past 12 months, and this trend promises to continue in 1989. Most industry people, in response to the problem, have loosened their credit practices. Both sales and credit managers have had to become more creative in their attempts to get customers and extend credit. The credit manager's role is particularly critical now as he or she devises techniques to get sales orders through.



Pete Szabo, President

We have noticed that many people, fearful of alienating customers at a time when every customer is important, are loosening collection practices. While it is advisable and perhaps necessary to loosen credit practices when sales are flat, it is a gross error to loosen collection practices as well. On the contrary, collection practices should be tightened to balance the situation.

As you take on new and more marginal customers and some of your existing customers are also having financial problems, it is important to adhere to credit basics and even begin collection follow-up earlier. If a customer will not give you a commitment to pay or fails three times to honor a promise to pay, then it is time to bring a third party into the collection process. ♦

True Collections

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It worked this way: The advertiser paid Harold's agency approximately half a million dollars for a second schedule. Out of this money, Harold lent his first company several thousand dollars and paid himself a quarter of a million, which he used for a down payment on his house. Of course, the company held a second mortgage on the home so things would be legal-like. The rest of the half a million was put to use by Lorraine, who had a penchant for Louis XVI furniture and designer lounging outfits.

The ensuing investigation led to the determination that all was perfectly okay in the eyes of the law. Since the only assets were the note receivable from the first company and the assigned second mortgage, Harold could either borrow the money to repay the sec-

ond mortgage or sell the house to pay off the debts. He agreed to assign the second mortgage and the note receivable from his first company to the media creditors. It was also agreed that if he couldn't buy back the second mortgage by a certain date, he would then put the home up for sale.

The house has been on the market for just over two years now. There may be a foreclosure action by the second mortgage holders, in which case any equity in the home above the second mortgage owed will go toward attorney's fees and interest Harold agreed to pay on the second mortgage.

While all this goes on, however, Harold has managed to live in his "dream home" for four years. And who knows? As I tell this story, Harold may be

hatching yet another "creative financing" venture. A man's got to have his dreams, after all. ♦

—story contributed by Andy Carros

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.

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Media Collection Specialists

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