

Dear Friends:

Welcome to the new, improved Szabo Associates! Our feature article describes the ways our re-engineered organization, the result of which is "Total Quality Management," will benefit you.

The response from clients who have talked to us about our re-engineering has been positive and has added to the enthusiasm of the entire Szabo staff, who have worked hard during the ramp up period.

During August, we will have representatives at the Georgia Association of Broadcasters Convention in Amelia Island, Florida, August 6th-8th, and the Eastern Cable Show in Atlanta, Georgia, August 25th-27th.

September's events include the NAB Radio '93 Convention in Dallas, Texas, September 8th-11th, and the Florida Magazine Association Convention in Sanibel Harbour, Florida, September 9th-11th.

Thanks to all our friends who visited our suite in Orlando at the BCFM Conference. Hope to see y'all again soon!

Best wishes,



Pete Szabo, President
Szabo Associates, Inc.

The New Improved Szabo Associates: Reengineered for Better Customer Service!

When Szabo Associates, Inc. was established back in 1971, it had the distinction of being the only collection firm devoted exclusively to the service of media properties. That distinction, which we still hold, has enabled us in our 22 years in business to focus our efforts entirely on the ever-changing demands of your industry.

Now, the challenges of the media industry – the growing complexities of producing and delivering your service, new markets, and rapidly evolving technology – have never been greater. In response, many forward-thinking companies have "stepped back" to reexamine their customer relationships, redetermine what their customers' needs are, and reevaluate how they do business. Out of these efforts has emerged a new approach to business, one which results in replacing many existing methods and procedures with entirely new ones. This new way of recreating business processes, with customer relationships as the focus, has come to be known as "business reengineering."

We have "reengineered" the Szabo organization because we recognize our responsibility not only to respond to but also to anticipate the changing needs of the media properties we serve. Over the past year, we have solicited feedback

from you, our customers, about reengineering and customer service. Our reevaluation of the processes through which we served you in the past and our reengineering of the Szabo organization have been largely driven by the valuable input we received from the media industry. We are grateful for your contributions to our efforts, and we are pleased to offer the result: Total Quality Management.

A central strategy of business reengineering is the forging of much tighter linkages between customers and suppliers. Companies often pursue cooperative arrangements between themselves and other businesses – creating business partnerships – to work toward shared business objectives. Many of you have expressed a need for active, ongoing involvement in the decision-making process as it applies to your accounts as well as a need for fast assistance with credit management problems (including those outside of the collection of receivables) as they occur.

Szabo Associates has implemented this strategy by changing its organizational structure.

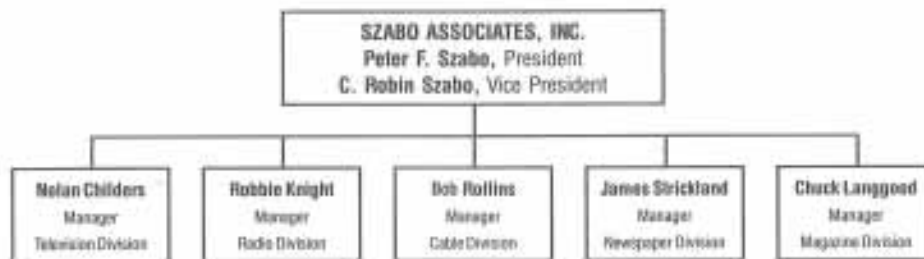
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The New Szabo

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Total Quality Management Teams

We have created five specialized teams, or divisions, to represent each industry segment – radio, television, newspaper, magazine, and cable—each of which will focus exclusively on the issues and problems unique to its segment. The new departmental structure is as follows:



All the functions necessary to support you are represented within a single team. By removing the necessity of having to go outside the team for any aspect of problem resolution, we will be able to respond to your needs with greater efficiency. Additionally, each team is empowered with the authority to make decisions and act upon them with mutual consent of the customer, further enhancing the performance of the team.

This new structure will also provide you with the opportunity for greater involvement in the account planning process. You, the customer, as a member of the team, will have ready access to team members, participate in ongoing discussion of ideas and solutions, and evaluate the results of our efforts.

Another key strategy of reengineering is that organizations often choose to focus on their "core competencies" – those functions that they perform the best – and look to suppliers or business partners to provide functions that were formerly performed internally. Many media credit departments are overburdened with having to make decisions regarding such issues as creditor and debtor rights, contracts,

and interdepartmental problems, in addition to the day-to-day tasks of collecting money.

Szabo Associates has expanded its auxiliary services to relieve some of the burdens on your credit department staff.

Accounts Receivable Management Services

Media credit management in the workplace is a multi-task environment in which most activity is reactive: responses to bankruptcy court notices, 341 hearings, fee

applications, bar dates, and most important, preference actions. Additionally, decisions must be made on such issues as creditor plans, bulk sales, receiverships, foreclosures, and FTC/FCC rulings.

Media properties often incur much unnecessary legal expense dealing with issues that do not need to be brought to the attention of counsel. Szabo Associates' Accounts Receivable Management Services is designed to assist your credit department in determining which issues need to be acted upon and by whom – your management, your lawyer, or Szabo Associates. We will also gladly lend advice in such areas as internal policy, procedures, contracts, credit investigation, and interdepartmental issues.

Credit Information System

This system will provide quick answers to your inquiries regarding potential customers. The Szabo Credit Information System is the largest resource of its kind in the business, with historical data on

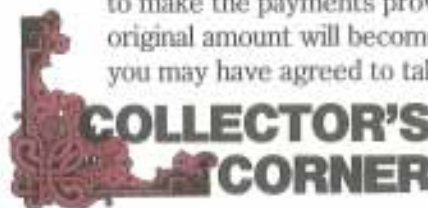
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"Collector's Corner" is our readers' forum for suggestions, comments, and idea swapping. If you have information to share or input on how our newsletter can better serve you, please write or call. We want to hear from you!

Question: Is it a good idea to get a settlement agreement on a delinquent account in writing?

P.L., Providence, RI

Answer: It is always a good idea to get every agreement in writing. Be sure that the agreement contains a provision that if the debtor fails to make the payments provided for in the agreement, the original amount will become due. Without such a provision, you may have agreed to take a lesser amount, and you will



have difficulty in enforcing collection of the original balance in the courts.

True Collections

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

Anatomy Of A Scam

"As you are aware, Miss Hardesty, you are not the person who is on trial here. You are under oath to answer these questions truthfully and you will not be prosecuted for any information you provide this court. Now, Miss Hardesty. How long were you in the employ of Edmund Rattzer, better known to his associates as 'Eddie the Rat'?"

"About six months."

"How did you become acquainted with Mr. Rattzer?"

"I was workin' as a coat checker at the Riviera Restaurant over on 49th. Eddie used to come in twice, maybe three times a week, and we would just get to talkin', you know. And one day, he tells me he's thinkin' about startin' this new business and would I like to go work for him. Just answerin' the phone, stuff like that, but he said he'd pay me real good."

"So is it fair to say, Miss Hardesty, that since you were there from the beginning, you were aware of how Mr. Rattzer ran his business?"

"You might say that. Yeah, sure."

"Then why don't we just start at the beginning, Miss Hardesty."

"Well the first thing was that there was nobody could outsell Eddie. Coulda sold flood insurance in Death Valley, I always say. Anyway, Eddie had me faxin' these ads to radio stations all over the country. More than half ran 'em, too, even though Eddie never put up any money up front and the bank reference he gave was one he had just opened a business account with two weeks before with 159 dollars and some cents. The business address Eddie gave 'em was a mail drop."

"And what was the nature of the ad, Miss Hardesty?"

"It was one of those 900 number things. Folks would call in and order this cubic zirconium jewelry with real gold plate - earrings, necklaces, rings, you name it. Eddie gave me some once. The gold kinda rubbed off in a week, but those cubics sure did shine. Those three-carat ones just about would put your eyes out in the sun. Anyway, the person orderin' would pay for the call and give their credit card number."

"And who took the orders?"

"It was a recording. You know, 'Just leave your name, address, credit card ...,' stuff like that. Eddie gave the phone company a fake service bureau name and address."

"Did the caller receive any merchandise?"

"A few did. See, Eddie got all this cubic zirconium stuff in some kinda deal but there wasn't a lot of it."

"Miss Hardesty, where was Mr. Rattzer during this time?"

"Well see, after a coupla weeks, we start gettin' all these calls from this collection agency that found out our number somehow. And this collection guy starts talkin' about ATT's and FCC's and it was all gettin' real complicated. And then later I realize the only person was showin' up for work is yours truly and I ain't seen Eddie or a paycheck in like a month. I guess you could say that's when I wised up to the fact that Eddie split and left me holdin' the goods so to speak."

"Is Edmund Rattzer present in this courtroom, Miss Hardesty?"

"Yeah, that's him sittin' there, the creep. You owe me Eddie! Six weeks pay and last month's apartment rent! And I got a brother wants to see ya real bad!"

"Please sit down, Miss Hardesty ... Thank you. Is there anything else you'd like to say to this court?"

"Maybe just this. Creeps like Eddie Rattzer ain't worth five minutes of a decent girl's time. And if there's any justice and I ain't sayin' there is, you'll put him away with a cellmate who the only thing he hates worse than havin' to share a cell with a creep like Eddie is not gettin' the chance to let creeps like Eddie know how he feels. Ya got all that, Eddie?" ♦

- story contributed by
Richard Gough of Szabo



"AND FOR A FULL RANGE OF NEW SZABO SERVICES, BOSS, CAN YOU SOLVE THE PUZZLE?"

The New Szabo

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more than 150,000 advertising agencies and advertisers.

Library Resource Center

Our library is filled with documents on issues such as debtor/creditor rights, advertising agency/advertiser liability, media/advertising law, and court cases that affect the media industry. Let us research your problem for you, saving you time and money!

Additionally, we will keep you abreast of new developments that affect your business, such as landmark court cases. Information that could have an immediate impact on your business will be disseminated by our fax system. Information on issues that are important but have

no immediate bearing on how you conduct business will be presented in our quarterly newsletter.

There are two aspects of reengineering that make it a "break-through" management concept. First, reengineering activities are customer-driven and require customer participation. The added value of any activity is measured only by the contribution it makes to you, the customer, as evaluated by you, the customer. Any activities that fail to "measure up," in the customer's opinion, should be discarded.

Second, reengineering is a management *process*, not an organizational event. The reason we call our outcome "Total Quality Management" is that reengineering is all about continual improvement. For this

reason, Szabo Associates invites you to continually challenge us to "reinvent" ourselves as we look for more and better ways to serve you.

Szabo's approach to reengineering has been to create an organization and ways of doing business that tightly integrate with how you do business, aligning our goals with yours. We believe that only through mutuality of interests, objectives, and values can we provide you with the most effective – and cost-effective – service.

Welcome to the new and improved Szabo Associates! We have been proud to serve you in the past and look forward to serving you with even greater effectiveness in the future with "Total Quality Management."

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