

# CSA Times

Collection Services of Athens, Inc.

P.O. Box 8048

Athens, GA 30603

706-357-9164

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Dear Clients,

Most of us are familiar with the old adage: **"You get what you pay for."** Low collection rates often result in an agency scaling back its collection efforts. A collection agency is a business and as such needs to earn a profit. Lower prices or fees, often means that the agency will cut back on its collection efforts to reduce expenses and earn a profit.

Instead of a low collection fee rate a creditor should focus on a measure called "net back." Simply stated, net back means the amount of money returned to a company from accounts placed for collection after the agency has been paid its fee. Money that the company can use in its business. ***This is true CA\$H flow!***

Often, agencies that charge low collection fees do not produce high net back. The following provides a simple example of net back. For this example a company places an equal dollar amount of accounts with two collection agencies.

	AGENCY A	AGENCY B
<b>Commission Rate</b>	15%	25%
<b>Amount Placed</b>	\$200,000	\$200,000
<b>Amount Collected</b>	\$20,000	\$60,000
<b>Collection Fees</b>	\$3,000	\$15,000
<b>Remitted to Company (Net Back)</b>	\$17,000	\$45,000

In this example of net back, Agency B returned \$28,000 more to the company than Agency A although it had a substantially higher collection fee, 25 vs. 15 percent.

Obviously in this example a creditor would be way ahead of the game if they had chosen Agency B over A. It is important in selecting an agency that you look beyond the fees that they are charging and understand the resources that will be applied to collect your accounts.

**Call us with any questions...706-357-9164**

**We're going green  
how about you?**



**Refer a new client  
to CSA**

**We've got the S-P-I-R-I-T**

Our Spirit Committee has adopted Hope Haven (for over 45 years Hope Haven has empowered individuals with developmental disabilities), Relay for Life, Project Safe (battered women's shelter).

CSA employees will donate time, and have fundraisers monthly. If you would like to donate or have suggestions for a good fundraiser let us know!