

Key considerations in selecting a collections partner for your business

The right collections partner can work wonders for your cash flow, provisioning and actually enhance your brand's reputation.

JOHANNESBURG, GAUTENG, SOUTH AFRICA, August 2, 2021 /EINPresswire.com/ -- Levels of

“

The best outcome is one where the debt is successfully recovered and the debtor remains a loyal customer as they were treated fairly, with dignity and respect for their unique circumstances.”

Gareth Levinsohn

consumer and business financial distress have significantly deepened since the start of the COVID-19 pandemic 18 months ago. The fallout from job losses, business closures and general decrease in financial liquidity have forced sweeping changes onto how credit risk and debt collection need to be managed. The number of once diligently paying debtors who now find themselves in an untenable bind is growing exponentially.

“Credit providers are alive to the fact that these are not ordinary times that their customers are living through, and that a more collaborative and an increased data-driven

approach is needed to help indebted consumers through their constraints to repay their debts. However, there is also a fine balance to strike for creditors since unpaid debt will limit the ability of the business to recover, grow and remain sustainable. When assessing a potential [collections partner](#) to help recover such debts, there are critical considerations that credit providers need to weigh up,” explains Gareth Levinsohn, Chief Commercial Officer of [Shapiro Shaik Defries and Associates](#) (SSDA).

“In assessing the suitability of a collections partner for the business, first prize is to work with a collections partner that maximizes the amount of debt collected and returned to the business. However, in the current environment, it also requires a more data-driven and empathetic approach that sees your business recover what’s due, but also helps maintain a positive relationship with clients. This is particularly important at a time when customers who were previously in good standing now find themselves defaulting on their financial commitments through no fault of their own,” explains Levinsohn.

Some of the key considerations and insights into selecting the right collections partner include:

1. Find a collections partner, not a debt collector - Work with a collections partner with a proven

track record in partnerships, versus one that has a client/vendor approach. It's imperative that an external collections partner acknowledges that every client is unique and spends the time to research and understand what 'success looks like' for your business. There is no one-size-fits-all solution to collections. The industry, client base, financial provisioning and regulations differ, so it's vital to have a partner that assesses these factors in detail to deliver a successful collections strategy aligned to your objectives and circumstances, and those of your customers.

2. Size and scaling capability – Can your preferred collections partner efficiently manage the portfolio given, and maintain quality standards and customer retention at the same time? How scalable is the set-up to rapidly respond to changing circumstances in the macro/country environment as well as within your business environment?

3. Data and Analytics Capability – does your preferred collections partner use supplied data effectively and augment this with their expertise and are they able to tap into additional resources to engage with a debtor? How strong are the data analysis and interpretation capabilities, and are they able to apply the appropriate treatment to the data, at the right time, in the correct medium to best reach and engage each debtor?

4. Technology – omni-channel communication tools that incorporate traditional as well as digital channels are essential to effectively communicate, report and pivot between requirements of your business and its customers.

5. Agile structure – can your collections partner adapt and learn as fast as the environment is changing? Is your collections agency able to pivot between offering physical payment mechanisms to offering EFTs and debit orders and electronic payment channels to ensure people can still pay on time, all within a matter of hours versus days and weeks?

6. Track record – does your collections partner have a track record in your industry? Collection regulations differ between industries, and there are many subtle nuances, so find a collections partner that has experience in your sector. They will be better equipped to deal with your unique challenges and improve recovery while maintaining a compliance system that's fit for your business needs.

7. It's about ROI – It's tempting to compare agencies based on initial price only, but what's more important is how much cash they actually return to the business and their recovery rate, especially when it comes to complex debt collection. A collections partner may have a higher initial fee, but a better recovery rate and agent quality that delivers a better ROI for your business. It's important to measure the real returns versus the perceived expense.

8. It's about customer service - Every customer is unique in terms of their personal and



Gareth Levinsohn, Chief
Commercial Officer of Shapiro
Shaik Defries and Associates

employment circumstances. Is your collections partner able to use and corroborate internal and external data sources to empower collections agents to have meaningful and constructive conversations with your customers, at the right time, via the right channel? By better understanding each debtor's circumstances and behaviour, your collections agency should be able to segment and risk rate debtors more precisely and activate the right conversations – the ideal being to rehabilitate their account and bring them back on track, and if that's not possible, find ways to restructuring their debt, offer individual settlement packages or even payment holidays if their immediate situation is untenable.

"The right collections partner can work wonders for your cash flow, provisioning and actually enhance your brand's reputation, especially at the current time when millions of debtors are facing incredibly challenging circumstances. At the end of it all, the best outcome is one where the debt is successfully recovered and the debtor remains a loyal customer as they were treated fairly, with dignity and respect for their unique circumstances. This is especially important in a pandemic environment where for millions of people, they are certainly not in the same financial position now as they were when they applied for the credit, and prior to the pandemic. Completing the due diligence and asking the right questions when assessing a collections partner for your business will go a long way in ensuring that you get the best results in debt recovery and brand reputation in the long term," concludes Levinsohn.

Gareth Levinsohn

Shapiro Shaik Defries and Associates

+27 11 019 0000

[email us here](#)

Visit us on social media:

[LinkedIn](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/547865072>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2021 IPD Group, Inc. All Right Reserved.