



Hi Ken,

Everyone at CDA wishes you a Blessed and Happy Thanksgiving.

We are very thankful to all of our clients and we appreciate your trust in our company.

THIS MONTH'S COLLECTION TIP

One very EASY thing you can do to triple your collection rate...

Seems strange for a partner of a debt collection company to deliberately NOT pay a bill, but that's exactly what I did. You may even agree with me on this one.

In the summer of 2010, my family and I took a trip into Chicago to do some shopping during the day and to see my beloved Cubs that night. If you have made that trip, you know that finding parking around the Magnificent Mile can be expensive and inconvenient.

After searching for what seemed like hours and just before I was about to give in and pay \$40.00 at a parking garage, a car pulled out of a parking spot on the street and I grabbed it. Having done this before, I was sure to check for signs to see if there were any parking restrictions.



Spice it Up!

**9 RED HOT INGREDIENTS
TO FIRE UP YOUR A/R COLLECTIONS
IN JUST 30 MINUTES A WEEK**

Tony Muscato and Dave Schmitz

Get more money coming back to you with CDAC's 9 PROVEN strategies.

Click for a FREE copy.

The image shows a book cover for "Spice it Up!" by Tony Muscato and Dave Schmitz. The cover features a stylized number 9 with a flame-like effect. Below the title, it says "9 RED HOT INGREDIENTS TO FIRE UP YOUR A/R COLLECTIONS IN JUST 30 MINUTES A WEEK". The authors' names are listed at the bottom. Below the book cover, there is a promotional message: "Get more money coming back to you with CDAC's 9 PROVEN strategies." and "Click for a FREE copy."

None were to be found. We locked the car and went off for the day.

We had a great time shopping and eating then we headed back to the car to drive up to Wrigley Field. As I approached the car I could see the parking ticket on my windshield. It couldn't be! I checked for signs before parking.

The ticket said that I was parked too close to the opening of an alley. In my town, they mark the curb in bright yellow or there is a sign that says no parking past a certain point.

I double checked the curb for a yellow stripe and for a sign then I told my wife I was going to fight this ticket. I took a picture of the area and when I got home I sent the picture with a note back to the City of Chicago pleading my case.

Eight months went by and I had all but forgotten about the ticket.

Then one day I got a letter from the City of Chicago saying that not only did I owe \$50.00 for the original ticket, but an additional \$50.00 for being late. I was furious. First I was angry that they never responded to my "appeal" and then I was even more upset that they let eight months go by before they hit me with another bill - this time double what I was originally charged.

No response. No letter. No phone call. Nothing. Just another bill and a late charge!

I was going to dig in and fight it, but I caved when I found out that I would have to request a court date to do so. I didn't need the hassle so I reluctantly coughed up the \$100.00. If I didn't risk going to jail, I would have never paid that ticket.

Now let's try to relate that same type of experience to your late pay or no-pay patients. You send out your first statement in a timely manner and follow up with a 2nd and maybe even a 3rd notice or phone call, but the patient does not pay. It's now 90 days past due. What do you do next? Here's what we have found...

For the offices that send their past due accounts to us right away, our recovery rate is much higher than an office that holds it for a few more months hoping that the patient will decide to pay them. The U.S. Department of Commerce did a study that shows that for every month that goes by the consumer is 5% less likely to pay that bill. By the end of 1 year, you have less than a 10% chance of getting paid. You can find this study in our E-Book.

Go here to download the book or hear our webinar <https://www.cdac.biz/spiceitup>.

Here is an example of two current clients. Both are dentists with offices in the same medical building. At Office #1 we have a recovery rate of 25%. Pretty respectable. Office #2 we have a recovery rate of 8%. Not so good. How could there be such a wide spread when their

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demographics and type of practice could not match any better? When we ran an aging report (shows how long after date of service before it was sent to our office) Office #1 averaged 121 days and Office #2 averaged 289 days. Office #2 waited over twice as long to send their accounts. This is not an anomaly. We experience this all the time.

We all know the old adage, "Time is money. There's proof.

COLLECTION INDUSTRY NEWS

Consumers more likely to pay smaller debts first

New research published in the Journal of Marketing Research shows consumers consistently tackle small debts first, even though they'd save more money in the long term if they paid off larger, higher-interest debts first.

A big pile of bills to pay is enough to frighten most consumers, and consumers are facing some big piles during this recession. But new research published in the American Marketing Association's Journal of Marketing Research shows consumers put forth a disproportionate amount of effort to pay off their smallest debts first rather than put that extra effort toward paying down bigger debts with higher interest rates that cost them more.

The authors of *Winning the Battle but Losing the War: The Psychology of Debt Management*, Moty Amar, Dan Ariely, Shahar Ayal, Cynthia E. Cryder and Scott I. Rick, asked study participants to play a series of debt-management games to understand how consumers approach debt payments. They found that consumers often work to reduce the overall number of loans they have, which means they aggressively work to pay off their smallest debts first, rather than focus on paying off their bigger, and ultimately more costly debt.

The authors say consumers are debt-account averse and smaller debts feel more manageable than larger ones. Discharging easy debts makes them feel like they are making progress on their debts when, in reality, doing so may be costing them more in the long run.

The lab experiment also included scenarios that forced participants to pay more attention to their larger, costlier debts. Restricting participants' ability to completely pay off small debts actually helped them to reduce overall debt more quickly, the authors say.

The authors say understanding how consumers manage debt can help lenders develop tools that can help consumers get out of debt more quickly. For example, a credit card company, if so inclined, could draw attention to interest rates by highlighting the total dollar amount of interest that has accrued on the debt, rather than printing in small type the amount of interest accrued since the previous billing cycle, as is the typical practice.

At the same time, the credit card company could also show a cardholder how much less he'd pay and how many fewer payments he'd have to make if he doubled his minimum payment each month.

FROM CHEF DAVE'S KITCHEN

Dave's famous Pumpkin Cake Roll

Just in time for Thanksgiving. Try Dave's famous Pumpkin Cake Roll. It's delicious.

Roll

- Beat 3 eggs - 5 minutes
- Add 1 cup of sugar
- Add 2/3 cup canned or mix
- Stir in: $\frac{3}{4}$ cup of flour
- 1 Tsp of baking powder
- 2 Tsp of cinnamon
- $\frac{1}{2}$ Tsp of Salt
- Take a 15 x 10 x 1 jelly roll pan. Line with parchment paper, grease and flour. Spread filling in pan.
- Sprinkle with 1 cup chopped nuts, pecans, or walnuts.

Filling

- 8 oz. soft cream cheese
- 4 Tbs soft butter
- $\frac{1}{2}$ Tsp of vanilla
- 1 cup powdered sugar
- Beat until smooth

When cake is done: Turn on to a white tea towel sprinkled with powdered sugar. Roll up immediately after taking out of oven. Let it cool on cooling rack. When cool, unroll and fill with filling. Sprinkle with powder sugar. Put in refrigerator.

Got a recipe you want to share? Send it to us and we'd be glad to share it with the rest of the offices and we may even include it in our upcoming cookbook!

Reminder: Our Holiday closings will be:

- Thursday, November 24th
- Friday, November 25th
- Saturday, November 26th

- Friday, December 16th (after 1:30 p.m. Xmas Party)and Friday, December 23rd
- Monday, December 26th
- Monday, January 2nd

Enjoy! Look for the next e-Newsletter around December 15th.

Tony

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