



THIRD-PARTY COLLECTIONS SUCCESS STORY

How a Small Collections Agency Generates Big Profits with CreditVision Recovery Scores

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- John Berquist, Owner, Forest Recovery Services.



TransUnion provides data-driven debt recovery solutions for businesses of all sizes

With little more than his cell phone and a lot of perseverance, John Berquist founded Forest Recovery Services in 2003 after spending more than 15 years working in operations and collections for GE Consumer Finance and First Chicago Bank. Today, the successful small business has six staff members and a healthy portfolio of clients, and it continues to grow and thrive, thanks to John's relationship with TransUnion.

Collections pro goes solo

"In the beginning, I would work at lunch, nights and weekends. My first clients were the doctors my family went to," John recalls. "Over the years the business grew through acquisitions, referrals and some marketing, and in 2013 it was large enough that I could do this full time."

Building a business while keeping costs down

As a new business owner in collections, one of the first hurdles John had to tackle was figuring out an efficient way to track down contact information for debtors while keeping expenses to a minimum. "Every call and every letter costs me money," he says.

John turned to TransUnion, his credit-reporting agency, for a solution. "I probably looked at half a dozen skip-tracing tools, vendors and companies out there," he says. "TLOxp[®] has been my favorite, and we've used it for quite a long time." As the years passed and John's business grew, TransUnion once again became critical resource, helping him reduce expenses and maximize profits with **CreditVision[®] Recovery Scores**.

Last year Forest Recovery Services acquired another agency, expanding the business significantly. John estimates the company's portfolio is now 70% medical debt clients, with the remainder a mix of municipal and other types of accounts. With the business collecting on about 15% of all accounts, he asked himself, "How can I align my resources so I'm just focusing on what's going to get me that 15%?"

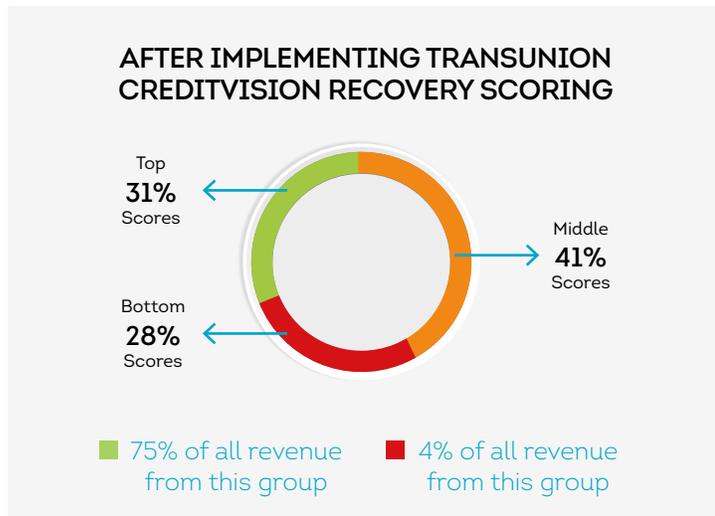
Identifying accounts most likely to pay

John knew scoring was the answer, having used it while working in collections at large companies, but he wasn't sure it would work for his business, until the team at TransUnion explained the benefits of CreditVision Recovery Scores for small portfolios.

The highly predictive tool helps collection agencies quickly identify the accounts most likely to pay, focus on high-yield inventory first and recover more debt by prioritizing accounts and maximizing resources. That's important for smaller agencies like Forest Recovery Services, where every effort must go toward profitability.

"They were able to share some high-level data with me that showed how the scores broke out and where all the money was coming from," he says. "At that point I thought, 'Wow, there's an opportunity to minimize the amount of effort spent on really low scores.'"

Sure enough, after the first month of using Recovery Scores, Forest Recovery Services' collections skewed to the highest quartile of scores. John estimates that 75% of the business's payments come from the highest scoring 31% of his portfolio. The bottom 28% of the collection scores, in contrast, net only about 4% of payments. With this new knowledge, John shifted his best collectors to focus solely on the top 30% of the portfolio while significantly reducing resources assigned to low-scoring accounts.



"It's just made all the sense in the world," he explains. I can eliminate a lot of letter and postage costs and staff making calls on the bottom quartile of accounts.

Another month, another record

CreditVision Recovery Scores has made a dramatic impact on Forest Recovery Services' bottom line. "Every month has been a record for us since we made the change," John says. "The recovery score makes me more profitable, and that profitability allows me to do other things to help grow. **If I'm more profitable, I have more funds to acquire other agencies and pay my people better so that they're willing to stay.**"

Boosting team morale

A month after introducing CreditVision Recovery Scores, John held a staff meeting and discovered another unexpected benefit – his staff members were thrilled with the new approach.

"The first person who spoke up said, 'John, this has made my life so much better, because the people I'm talking to are the folks who care about their credit and want to get this resolved, and I'm not spending my time working through these other guys who have no intention of paying and tend to be abusive on the phone,'" he says. "Now our collections agents are able to look at a preview of what's in the queues, and they're excited because they know they're going to collect more and earn more on their bonuses. Happy employees are better employees, so, it's a big deal."

With a new, targeted collections strategy, John is feeling confident about his business's future – and his relationship with TransUnion. "This has been a strategic game changer for us in terms of how we do business, and I'm a big fan of this tool."

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For more information about how TransUnion CreditVision Recovery Scores, TLOxp and other solutions can help your collections business be more profitable, visit transunion.com/collections.