

# Debt Collector

2007-09-04 10:51:26



Companies of all sizes rely on the services of collection agencies to track down and re-coup payments owed by debtors. If you have a knack for investigation, a keen eye for detail and don't mind working in an often emotionally draining industry, starting a debt collection business could be for you.

## Before The Start-Up, Let's Not Get Ahead Of Ourselves

No formal qualifications are required to start a debt collection agency. You will however need excellent communication skills, a high self-esteem, patience and a solid understanding of the debt collection laws and regulations in your country (if you live in the U.S you'll need a clear understanding of the Federal Fair Debt Collection Practices Act, you might also need to be familiar with laws applicable only in your state).

Depending on the industry you operate in you might also need specialist knowledge such as an understanding of health insurance policies and medical billing practices if you operate in the medical industry.

## The Start-Up

To get started you'll need a workspace with a desk, cell phone, computer, high-speed Internet connection, fax, copier and printer. In the last decade debt collection has been heavily influenced by technology making a good computer and fast Internet connection an integral part of your business. Although its possible to manually keep track of your clients with spread sheets and Word documents, most agencies opt for specialized debt collection software.

A large portion of the work previously required to find a debtor can now be done online by using search databases. These databases always charge a small monthly fee but are essential to find debtors quickly and easily.

## Making It Work

As a small home based debt collection agency, it's essential that you choose a niche to specialize in. Many experienced collectors warn newcomers against starting out in the health care industry due to its demanding nature. The industry or niche you choose to specialize in will depend on your skill set, interests and past work experience.

Finally, the profitability of your agency will in part depend on your ability to pick profitable clients. Look out for small commercial businesses with high value accounts in your industry.

## Marketing

Referrals and word of mouth form a large part of new business for many debt collection agencies, this is especially true since most agencies specialize in a specific industry where word of mouth travels quickly. To get this process started and establish yourself you'll need to advertise by cold calling, networking within the industry (joining industry associations is often the best place to do this),

speaking at public events and setting up a website with free content on financial management and plenty of testimonials from clients.

## **Don't Forget**

Don't forget to compile a thorough business plan before getting started. Starting without a business plan can often cause organizational problems later on; learn from the mistakes of others and don't let this happen to you.