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Software Helps Auto Dealer Track Debtors

By RAYMUND FLANDEZ

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When Jessica Batugo joined Auto Town Pontiac GMC as its collections manager in the summer of 2005, she personally took on the daunting task of tracking down debtors -- with a lot of help from a software program.



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Anna Doyle

Jessica Batugo

Batugo, 29. And the agency had recovered only 9% of the dealership's 1,800 delinquent accounts that had accumulated over two years.

So Ms. Batugo and her staff of three hunkered down to collect on the debt on their own. They tried to contact, through letters and phone calls, the people who owed Auto Town a combined \$260,000 to \$270,000 -- an amount that represented about 4% of the company's total revenue at the time. But the files were disorganized and keeping track of calls was difficult. In two months, she tracked down only 25 debtors, sometimes working on a file for six to eight hours just to find a current phone number or an address.

"It was a complete nightmare," she says.

Auto Town, which runs five dealerships in Milwaukie, Ore., typically was selling 300 cars per month -- but 80% of the checks received as down payments bounced. The average check was for \$1,000 to \$2,000.

The 200-employee company had been outsourcing its bill collecting to a collection agency. But the agency charged half of the amount collected as its fee. "The profit went into the collection agency's pocket," says Ms.

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THINKING INSIDE THE BOX

The Issue: Auto Town Pontiac GMC was having a difficult time tracking down debtors who owed the dealership as much as \$270,000 combined. The amount was the result of a very high level of bounced down-payment checks.

The Fix: Collections manager Jessica Batugo purchased a software program, which, among other things, allowed her to quickly check if a customer has a history of writing bad checks and if the customer's bank account had enough funds available.

The Result: The number of debtors has been slashed to 242 and debt outstanding is down to \$80,000.

Seeking Out a Solution

That's when Ms. Batugo, who had been a supervisor at several consumer-finance companies, went looking for a better solution.



The Journal's Raymund Flandez talks to author Michelle Dunn about when and how small businesses should think about hiring a collection agency. (Sept. 24)

While doing some research online, she ran across an ad for Bill Collector in a Box, a software program from Marauder Corp. of Indian Wells, Calif. After looking at several other programs, she went with Bill Collector in a Box because it was the only software program that had several of the features she needed in one system. She paid \$99 for the software, which included the first year of service. Now she pays \$99 a year for automatic upgrades and unlimited support.

Ms. Batugo says 90% of the checks Auto Town receives for down payments now get vetted within a week or two, thanks to features in the software that allow her to input customer information to find out if the person has a history of bounced checks and if an account has sufficient funds. When a check does bounce, the software automatically issues an alert, which allows Ms. Batugo to try to recover the money much faster than before.

Over the past two years, the collections manager and her team have recovered about \$400,000 using the software application, including the original \$270,000 or so and additional debt that Auto Town incurred. The list of the dealership's debtors is now at 242 and current debt outstanding from down payments is at \$80,000.

"With us being able to cut out the middle man and do it all in-house," Ms. Batugo says, "we're saving thousands and thousands of dollars."

Reminders and Traces

Ms. Batugo also uses the software to print out collection letters that comply with state and federal laws and report delinquencies to a credit bureau with the click of a button.

In addition, the software uses a pop-up appointment reminder, called the Tickler, that tells Ms. Batugo the status of a client's payment. And there are reminders for follow-up letters and phone calls.

"It's almost like having a timer built in," she says.

Ms. Batugo also uses the software's skip-tracing feature to help locate debtors who may have left town.

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A basic skip trace gives

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Annual sales

information -- such as a person's home address, home phone number and current employer -- but Ms. Batugo has to verify the data herself. An advanced skip trace, which uses professional investigators employed by Maurauder, verifies that data and also includes information on affiliates and acquaintances, references, past jobs and past addresses.

Title	Up to \$25 million	\$25 million–250 million
	Salary range	Salary range
Credit manager/supervisor	\$39,500–\$50,750	\$47,500–\$60,500
Assistant credit manager	33,500–41,000	38,000–47,500
Credit/collections clerk	26,500–32,750	28,000–34,250
Accounts receivable/payable manager	35,500–44,000	39,750–51,250
Accounts receivable/payable clerk	26,500–33,000	28,250–35,000

Note: Add up to 10% for graduate degrees or professional certification.
Source: "2007 Salary Guide," Robert Half International

The software includes 25 basic skip traces and one advanced skip trace for free. Ms. Batugo pays about \$2 for each additional basic skip trace, which she does for about 40 to 50 accounts each year.

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