

The Only Thing More Expensive Than an Education is Ignorance *How Much Is "what you don't know" Costing You?*

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What do you know?

We all assume we know all there is to know about the accounts receivable business. But what is it that we do not know? Most businessmen have the knowledge to conduct business and provide profits yet other businessmen seem to be able to grow their businesses faster and larger.

In the collection industry, we all think the best way to make more money is to enhance liquidation rates and **voila!** you will make more money. This is true; but what about reducing costs to multiply profits? I am sure you have looked at this issue and exhausted much of your executive team's valuable time trying to solve the problem but have you found pre-eminent solutions?

How can I further reduce my costs?

OK, so you have created a team to help find a superior and less expensive vendor. After many hours of research by your team they decide they have found the best vendor and fashioned a 8% reduction in costs expecting the service will be top notch. Now you commence business with the new vendor and everything is rosey. Then you attend a conference or talk to colleagues in the industry and they inform you of a superior vendor with more services and better technology that produces a 15% savings. Now what do you do?

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You will always have that decision to make and no matter how much research you do there will be a superior vendor on the horizon every week. So how do you eliminate this phenomenon and find the best vendor the first time while staying up on changes weekly? Most of us rely on newsletters like this and discussions with peers. Cruising the conference floors is another way many of us learn of new vendors.

But will our best competitors tell us the secrets they have established that are allowing them to increase profits while performing at a higher level? Of course, our competitors will most likely NOT volunteer the info we need.

Chances are you and your management team are not privy to processes and vendors used by your closest competition. They do not have the opportunity to spend time in your competitors shop in order to learn your secrets. Employees hired away from local competitors will be able to provide some insight but, unless they were the owner or manager, they will have the same experiences as you and your staff and provide similar answers.

How do I find out what I don't know?

The foremost way to create more profitable processes is to create them internally based upon your group's experiences, research, and knowledge. Another way is to inject new vision in your management team. Many businesses try to hire key employees with experiences and job references that differ from current staff. You can try to hire a key employee that has worked for a competitor in order to infuse your team with new ideas, but most businesses tend to hire employees with similar backgrounds and thought patterns. We tend to be more comfortable with alike people. This only provides for analogous solutions to equivalent problems.

Another way to infuse distinctive ideas into your business is to hire a consultant. As a consultant, I am able to view many different ways to tackle the same issues. I have noticed the similar processes and vendors that exist in each collection market. Most of the collection agents in **Buffalo, NY** perform within the same methods and have very similar processes. While those processes are dissimilar than in **Atlanta, GA** agencies I have as clients, most of the agencies in GA execute processes similarly also.

My experiences have put me in over 100 agencies over the years as either an auditor, employee or consultant and each

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agency has taught me new processes. Some are more efficient than others and some are simpler. The size and financial stability of the agency are determining factors to the solution. Because of this best practices will be different for the same problem at different companies.

Lighthouse Consulting is a true consulting firm that can help you find out what you do not know and refine what you do. Let our experiences infuse your team with new ideas and let us find the best vendor for you while your management team concentrates on key company initiatives.

Give Phillip W. Duff a call at 877.819.1962 x2

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