

US POSTAL RATE INCREASE GOT YOU DOWN?

10 Tips for Getting the Most out of Your Collection Letter Strategy



INTRODUCTION

Many industries are associated with simple mnemonic devices that represent some important characteristic, rule, or standard of that particular business sector. A few widely recognized examples include the “Four Cs” of diamond quality—Carat weight, Color, Clarity, and Cut—established by the Gemological Institute of America around 1950 to create a standard grading system for diamonds and the “Three Rs” of education: Reading, wRiting, and aRithmetic. Although less commonly known, the debt collection industry has a three letter axiom of its own: the “Three Ps.”

Within the accounts receivable management (ARM) industry, the Three Ps stand for People, Postage, and Phones. In addition to being among the most important tools used in the process of collecting delinquent receivables, the Three Ps also account for the lion’s share of collection agencies’ costs of doing business. And in 2011, one of those budgetary line items just got more expensive.

In January 2011, the U. S. Postal Service announced that its first upward price adjustment in two years would take effect on April 17. While these rate changes will have little if any effect on retail customers, the cost impact on business customers like collection agencies and other high-volume mailers will continue to be significant for several reasons.

First, the use of printed collection letters will remain an essential part of the debt collection process. Section 809 of the Fair Debt Collection Practices Act (FDCPA) requires debt collectors to provide initial validation notices to consumers in writing. The content of those letters is subject to heightened regulatory oversight and intense public scrutiny.

Second, collection letter strategies are perceived within the ARM industry as empirically effective. According to findings published by ACA International in November 2010, 62 percent of ARM industry respondents considered collection letters an effective method of recovering debt obligations on behalf of their clients. Among the same group of respondents, almost 84 percent said that they used a third party letter service to handle their mailings.

Given the ongoing need for collection letter services and the challenges associated with cost and compliance, how can credit grantors and their ARM industry partners leverage current best practices to develop effective collection letter strategies? The following tips demonstrate a handful of ways to begin creating Leading Edge Letter Campaigns.

Given that postage rates have now increased for a seventh time in ten years and paper prices continue to rise how will your company contend with the fact that you still need to mail those letters everyday? Are you doing all of the right things to ensure you are getting the best value from your letter series program? Now is the time to use the recent USPS postage increase as a catalyst to re-examine your entire letter strategy.

The following is prioritized list of ideas you should consider doing on a daily basis, along with a few new ideas and opportunities, regarding your company’s collection letter practices.

10 TIPS FOR COLLECTION LETTERS

1. Full Service Intelligent Mail Barcode (IMB)

This recently developed barcode technology provides the following features:

- a. Tracks your mail through the mail stream and back into your lockbox with a unique serial number. This unique number can also be used for any internal metrics or reports you may desire.
- b. Confirms delivery of your mail. Know when and where your mail pieces were delivered.
- c. Electronically delivers immediate notification from the USPS of address changes, reducing costly second letters being re-mailed to a bad address. The process also provides you with the most recent addresses available on file with the USPS.

2. Market Testing

Test a different look and feel for your letters and evaluate the results.

SureBill recently tested three letter package designs for Atlanta-based Vital Recovery Services, Inc. Test volume was 300,000 pieces of mail.

Package 1 - Traditional Package

Double window envelope printed black and white with a laser letter and return envelope.

Package 2 - Brown Kraft Envelope

Single window, laser letter and return envelope.

Package 3 - 8 1/2 x 11 Self Mailer

Folds in half and is pressure sealed on all sides. No return envelope.

The results so far have been surprising. Based on the number of payments per letter mailed, Package 2 slightly outperformed Package 1; however, Package 3 outperformed Package 1 and Package 2, by over 51% and 37%, respectively. Package variability does produce better results.

3. Consider using pre-cancelled stamps (more like a “real” letter, less like a bill) for a different look to improve open and read rates.

4. Change the look of your envelope. There are ways envelope manufacturers can alter paper appearance (with embossments, for example) to give your package an expensive look and feel for free.

5. Don't over commit to paper inventory and run on autopilot.

10 TIPS FOR COLLECTION LETTERS

6. Pre-sort mail and then co-mingle the letters with other mail for the lowest first class rates available.

7. Use basic mail management software tools Cass Certification and National Change of Address (NCOA). You will realize immediate postage savings and improved address quality resulting in higher delivery rates.

8. Shop your letters and see how much the market has changed. Try using providers that have vertically integrated operations using no outside vendors, thus no middleman mark-ups to absorb.

9. Pay attention to your letter vendor's business model and "junk fees." Some letter vendors do charge for CASS, NCOA, OR IMB hits/updates.

10. Run your files against the Bankruptcy and Deceased Database before mailing your first letter. Also, consider (AEC) Address Element Correction from the Postal Service, for a fee, it will standardize your addresses to conform to all USPS Standards.

If you employ some or all of these options you should see short-term cost relief and long-term letter program improvement.



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Our corporation is unique to the industry due to our high degree of vertical integration. All envelopes, forms, letter production, mailing and presorting services are performed in-house, thus no outside suppliers are involved. This makes SureBill price competitive, completely self sufficient and able to control production quality and costs at the highest levels.


We maintain all necessary compliance, certification and training to deliver world class service to the collection industry. Our large IT staff, software, and technological capabilities are second to none.

We are based in a 55,000 ft2 facility in Duluth, Ga. and maintain a fully stocked, regularly tested backup production facility for disaster recovery purposes.

Learn more: <http://www.envelopesandforms.com/surebill.html>

The logo for SUREBILL features the word "SURE" in a blue serif font, followed by a green square containing a white dollar sign, and then the word "BILL" in a blue serif font. A registered trademark symbol (®) is located to the right of the word "BILL".

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A blue United States Postal Service mailbox is mounted on a brick wall. The mailbox is a standard wall-mounted model with a white slot for mail. The words "UNITED STATES POSTAL SERVICE" are printed on a white label on the front of the mailbox. The mailbox is set on a concrete sidewalk.

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