



## Research Findings Report

Industry: Collection Professionals

2009

Geographic Region: United States

Goldline Research recently completed its evaluation of collection professionals of the United States. Our research study was conducted from November 2008 through early February 2009.

With economic uncertainty likely to continue throughout much of 2009, the collections industry appears poised to enjoy strong industry growth. Demand for third party collections and accounts receivable management services increases markedly during economic contractions as many businesses experience difficulty in collecting outstanding receivables. In fact, many of the firms that we interviewed during our evaluation process indicated that they are experiencing strong new client growth as well as an increase in the amount of receivables under management from existing clients. We believe that it is unlikely that this trend will slow down until the economic recovery begins.

Despite the aforementioned growth, the industry still faces challenges. Along with growth in the number of new clients and growth in receivables under management, the economic downturn has made collection more difficult. Both consumers and businesses are under increasing financial strain, which is causing collection recovery rates to decline, especially in consumer-oriented collections such as healthcare and credit card receivables. An uptick in recoveries in these categories is unlikely until we see a recovery in the overall economy, somewhat stunting the aforementioned growth dynamics.

During our research process, we identified more than 1,700 collections firms throughout the United States. Like many other professional services industries, the collection industry is constantly experiencing upheaval. We estimate that each year between 5% and 10% of the collection firms in the industry exit the business only to be replaced by new firms founded by people coming out of already established providers. Again, like other professional services industries, success in the collection industry is driven by both client service as well as market execution (both sales and marketing as well as recovery), making it very difficult for many of the new firms to gain a foothold in the industry and ultimately survive.

Our research lends credence to the aforementioned hypotheses. We found that the typical firm has nearly 20 years of industry experience, has almost 30 staff members and services approximately 300 clients. The typical firm has also recovered nearly \$30.0 million on behalf of its clients. Equally important, the typical firm has a client: staff ratio of approximately 10:1 and has recovered approximately \$66,000 per client and \$300,000 per staff member. Thus, it becomes very difficult to dislocate those firms that have established a strong market presence.

For more information about Goldline Research or this research findings report, please visit our website at [www.goldlineresearch.com](http://www.goldlineresearch.com).

### Key Research Findings<sup>1</sup>

Median Years of Experience: **19.0 years**

Median # of Clients: **300**

Median # of Total Staff: **28**

Median Amount of Total Recoveries: **\$29.5M**

Median Client/Total Staff Ratio: **10:1**

Median Total Recoveries/Staff: **\$300K**

Median Total Recoveries/Client: **\$66K**

<sup>1</sup>Source: Goldline Research