



WHITE PAPER

“60” IS THE NEW “90”

DON'T LET YOUR MEMBER ACCOUNTS CONTINUE TO AGE PAST 60 DAYS

For years the health & fitness industry has allowed receivables to age for 90 days before sending accounts into collections, but times have changed and the more sophisticated operators are starting to move accounts into collections at day 60 or sooner.



When referring to someone's health and well-being, we always hear the old saying "40 is the new 30" or "50 is the new 40", because as times change we all adjust our thinking and perception of age. Plus, I'd like to believe we are all much healthier here in 2015, and living more active lives than the generations that came before us.

But, while thinking about age, and adjusting our perception of what we always believed to be true, I quickly try to figure out why the health & fitness industry has maintained a **90-day threshold** as **"THE AGE"** to refer past-due members to collection agencies. It just does not make much sense anymore! Of course you want to give EVERYONE ample opportunity to update their payment method if they are in fact a "soft decline" and did not **purposely** fail to pay. But, members who truly care about their membership should only take at most 30-45 days to contact and help repair their payment method. In fact, most of the "paying" members offer new payment information within the first 15 days of their initial decline.

So, why do we still keep spinning our wheels and wasting time, money, and resources for the entire 90 days? My only guess, is that most gym operators are afraid to send someone to collections earlier than 90 days because they want to give every member plenty of time to pay and retain their membership, RIGHT?

Did you know that Collection Agencies well versed in the Health & Fitness Market have built MEMBER RETENTION into the collection process? In reality, a large percentage of the members that are contacted by a collection agency express

real interest in retaining their membership, and a good agency will help facilitate the relationship and help get that member back for you. Agencies are re-engaging members who purposely walked away from the gym with no plans of returning until the account was properly handled by a reputable collection agency partner. So, don't be afraid to use a collection agency..., we know how to handle every member properly, and we actually work as a true MEMBER RETENTION tool. Just make sure you do your due-diligence and select an agency that fully understands YOUR business and understands the value of your members.



It is your collection Agency's responsibility to protect your members!

There are collection agencies out there that don't know what they are doing when it comes to collecting health & fitness member accounts, but the agencies that do have a lot of experience are trusted and valued business partners to the gym owner.

Almost all member accounts are fully resolved within the first 0-45 days, so from day 46-90 members just sit there becoming less collectable and the members become much less likely to return or reconsider their membership. The sooner accounts are sent to a collection agency the better. Look, if a member does not pay after you or your first party billing company contacts them, then they are just avoiding you until you move on to the next level and allow a 3rd party collector to step in and inform the

member that you are serious about resolving the matter.

It does not seem fair at times, but consumers will continue to completely ignore the original creditor forever. But, once a 3rd Party Collection Agency steps in, a consumer quickly realizes that the debt is not going to just disappear, and they are much more willing to resolve the account and pay what is owed.

In summary, I think it is important to review your current A/R and analyze exactly what your return is from day 60-90, and if there is not a lot of activity (which is what you should anticipate) make a change, and start sending accounts to collections earlier. Sending accounts into collections on day 60 is the trend we are seeing from many gym owners, and it certainly makes a lot of sense.



About First Credit Services, Inc. (FCS)

Established in 1993, First Credit has been the Health & Fitness Industry leader in Collections. We have always maintained a position as the Agency dedicated to staying ahead of the curve and delivering the most effective and compliant collection service the industry has ever seen.

Although times have changed, and the federal regulations have become so much more stringent, we have stayed way ahead of the game and developed standards which have allowed us to maintain a high level of service and trust within the industry that our partners and clients deserve.

By: Bill Jackson



To learn more about First Credit Services
Contact: Bill Jackson – Vice President
wjackson@fcsbpo.com
371 Hoes Lane
Piscataway, NJ 08854
Office: 1-800-606-7066. Fxt 2019 - Cell: 757-