



## Collectors keeping hostility off the table

*Family-owned agency takes a friendlier approach to debt recovery*

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By [Martin C. Daks](#)

A Gibbsboro family-owned business-to-business collections agency has found success using a soft touch, instead of an aggressive approach, according to **Bob Leib**, the company's CEO.



Taking a friendlier approach to collecting from debtors, Leib Solutions CEO Bob Leib says, will give a company more success than a firm that employs an aggressive tone.

"We've got to achieve two things at once," said Leib, of Leib Solutions Inc. "We're collecting money on behalf of our client, and we're trying to do it in a way that won't disrupt the relationship between our corporate client and its debtor customer."

Leib's 32-person company handled \$110 million of delinquent accounts in 2010, more than twice the \$46 million the firm handled in 2009. The privately held business, which operates on a contingency-fee basis, does not disclose financial results, but Leib said gross revenue rose 16.3 percent in 2010.

"Collection agencies, especially ones that handle retail accounts, tend to have an aggressive image," he said. "But we find that it's better not to hammer debtors. When you're friendly to people, they're more likely to move your invoice from the bottom of the pile to the top."

That can be a good approach, said **Jason J. Dahling**, an assistant professor of psychology at The College of New Jersey, in Ewing. Besides building customer loyalty, a softer touch may improve collections, he said. Aggression tends to be reciprocal, so a bill collector who leads off a phone call with a hostile manner is likely to spur the debtor to respond with hostility.

Less aggression can also lead to a more stable office environment, he said. Research indicates that many bill collectors struggle when they have to act in a hostile manner, he said. When they can act more naturally, there's likely to be less burnout, and turnover rates at the collection agency may be reduced. Before launching his own company in 1986, Leib spent more than a decade in commercial collections at Dun & Bradstreet Inc., where he started out as a collector and eventually rose to a management position.

We're careful about the collectors we hire, he said. Many of them are college educated with 15 or more years of experience, and they share our low noise approach to collections. We also have frequent meetings with our collectors, where we ask for their thoughts about the business and what trends or other observations they've noticed.

Leib, 63, said he's also careful about the industries his agency targets. We do a lot of work with property and casualty insurance, health and life insurance, financial services, and professional services firms, he said. We also work in other segments, but there's a lot of activity in these industries and we work on behalf of some very large, global companies.

But he won't touch consumer collections. For one thing, commercial collections are our core competency, and we've already got many long-term relationships with our clients, he said. Another reason is that there are a lot more legal and other restrictions when you move into the consumer segment. Succeeding in the commercial collections business means researching your clients as well as their debtors, he added. The average recovery rate in the industry is about 19 percent, he said. But we average about 29 percent. Part of the reason is that we understand what our clients and their customers are going through in this rough economy.

Referrals and the slow economy has helped drive business to Leib's firm, but he also plans to grow more during the next few years by opening offices across the United States, and partnering with other collection agencies, perhaps in Europe and elsewhere. We've established a business model that works, he said. We look forward to continuing to service clients and to growing.

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