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NRA Poised for the Future

By Paul J. Gough
Dynamic Business

HARRISBURG — Given its incredible growth and success in a traditionally tough industry sector, there's no wonder that local and national accolades are being showered on the National Recovery Agency.

National Recovery Agency has recently logged its fourth year in a row in residence on the prestigious INC 5000 list, which tracks strong revenue growth among the nation's small businesses. [It's one of five SMC members on the 2010 list.] National Recovery Agency was named one of the 50 fastest-growing women-owned/led companies in North America by the Women President's Organization. Earlier this year NRA was named one of the fastest-growing companies in central Pennsylvania.

It's been quite a journey for NRA, which came together in its current form in 2005 and is owned by the husband-and-wife team of Jill and Steven Kusic. The revenue-recovery firm specializes in some of the toughest collections, the kinds of debts that haven't been paid. It can be a cruel business and only the successful, who are able to recover a percentage of their clients' most intractable debts, survive. Debt collectors are only paid by their clients, the corporations, hospitals and publicly-owned utilities who are owed the debts, if they are successful.

NRA has not only survived but thrived despite a difficult economy. It has recovered more than \$165 million for clients in five years and, as a result, has kept all but a handful of its clients.

"We've grown substantially in the past five and half years," Steven Kusic, the company's CEO, said in a recent interview in his Harrisburg office. Jill Kusic, a lawyer, is president. Shell Sharma, who came to NRA from an extensive background in hospital administration, is NRA's COO.

Revenue in 2009 topped \$47 million and is on track to reach \$70 million in 2010. NRA has two offices in and around Harrisburg. It recently expanded overseas with the purchase of an existing call



Photograph by Stuart Leask/Corporate Paparazzi

center in the Central American country of Panama. The call center is being integrated into NRA's operations, bringing the company's total employee count to 270. There were only 41 employees five years ago, when NRA was formed from the merger of the 34-year-old NRA (which had been owned by Steven Kusic's father) and an older firm, Credit Plus Solutions Group, which began in 1922. Steve Kusic said that it's likely that NRA will have 300 employees by the end of the year.

Those nearly 300 employees work six days a week, until midnight Mondays through Thursdays to help serve the West Coast plus all day Fridays and Saturday mornings.

No one relishes a call from a bill collector, especially these days when money's tight and a lot of people are out of work. The companies that are owed money, whether from an unpaid medical bill or a utility charge, also don't like the fact they've got to make calls. But debts are debts, and there's an obligation to pay. Companies like NRA also serve the common good, adhering to responsible business practices while working with debtors to pay off their obligations. The more recovery companies like NRA receive, the less likely it is for companies from hospitals to public utilities to online retailers will have to raise prices because of lost revenue.

NRA's client base includes hospitals and healthcare organizations, government agencies, financial companies, direct marketers and companies that have

purchased debt. They do not work in the mortgage field, however. NRA places an average of 450,000 calls a day, with each teed up by a computer system and providing all the available information on the debt and debtor on the screen. Many of the calls are short, either because the debtor isn't available or doesn't want to talk. A lot of the calls concern small-balance consumer debt.

To Steve Kusic, an accountant by training who began making collection calls as a teenager in his father's business, there's a psychology at work for successful revenue recovery.

"The secret to success is understanding the person you're collecting from," Kusic said. "How did they get into debt. No one wants to get a call from a collection agency. If they had money, then they'd pay."

NRA is given guidelines from their clients as to how much they're willing to accept to settle the debt. The NRA employees on the other end of the line of a collections call use demographic data, a sophisticated computer program and a lot of training to determine how much they'll get. Even verbal clues, what the debtors tell NRA employees over the telephone, are fed into the computer system to help predict the success of the call and determine how much will be paid.

"You have to understand the customer," Kusic said. The longer the call lasts, the more likely the collection agency will be able to collect and the more they will collect on behalf of their client.

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Demographics help not only in hard data like an individual's financial records, which help determine the ability to pay, but also something as simple as where the debtor lives.

"Knowing what side of the street someone lives on tells you a lot," Kusic said.

So too does who initiated the call.

"People who are concerned about their credit likely call us first before we call them," Kusic said.

How much overall revenue that a company like NRA will recover depends upon the client, the debtor and even the state or region where the client lives. NRA's data systems, which are complex and deeply secure, rank a number of variables on likelihood to pay. That helps NRA determine how successful a call will be. Why waste time on a debtor who has no intention of paying?

"It comes down to morals, ethics and available funds," Kusic said. "And at the end of the day, there is no magic sauce [to collecting]. There is just persistence."

You don't find success in revenue recovery by accident and without an efficient organization. Kusic and Sharma

pride themselves on NRA's strong commitment to efficiency, security, high quality standards and 100% client satisfaction.

Kusic is almost always in motion, learning from all levels of the company how it is working and anticipating challenges. He's talking to employees, experiencing how the business runs, and consulting with the management team that has been together a long time. He credits that ability — which also works well in a manufacturing setting, for instance — as a key to his success as CEO and NRA's success in general.

"You can't ever take your eye off the ball," Kusic said. "You can't be an absentee manager. How do you grow your business if you're not around?"

NRA devotes enormous resources to creating a secure environment at its three locations. Data is backed up with an intricate system. There are hundreds of phone lines that go in and out of its offices and an up-to-the-minute data system. Data is in a closed loop, which locks out attempts to transfer the sensitive data out of the building. There's a strict limit on the size of any computer file. No one can bring even so much as a flash drive to the office and transfer files. Kusic said NRA treats the data it has on tens of millions of people as top-secret.

That security extends to NRA's employees, who are extensively screened before they are hired. The hiring standards are the same for an NRA employee as they would be for a utility contractor you'd welcome into your home to do work. There are strict guidelines backed up by a criminal background check. There are random drug tests. It's not easy to get to become an NRA call-center employee, and not easy to remain one. NRA employs three full-time trainers and they're always in training mode.

NRA's commitment includes a strong emphasis on employees' welfare. Kusic said the employees are crucial to the success of NRA and its clients. NRA, with SMC Insurance Agency and Capitol Blue Cross & Blue Shield, has recently begun corporate wellness programs. Kusic said that the program began because he believed the employees weren't aware of all the options for health and well-being that the insurance program offered or of the benefits of regular physician checkups. Kusic said that the wellness program is already beginning to see dividends.

NRA also takes pains to connect itself

with the central Pennsylvania community where it's located. Kusic is a member of the Pinnacle Health & Hospital Systems Board of Directors. Jill Kusic is a member of the board of Harrisburg Academy and other organizations. Sharma volunteers on the committee of the Harrisburg Regional Chamber of Commerce Awards Committee. NRA encourages its rank-and-file employees to get involved in the community as well, especially in a leadership position. The company pays employees for some of their community service work, such as time spent at a blood drive. It also contributes employee time and/or financial donations to a number of organizations such as Adopt-A-Highway, the Central PA Blood Bank, the Central PA Food Bank, Volunteers of America Toy Drive, Big Brothers Big Sisters of Central Pennsylvania, the March of Dimes and the American Family Coalition's Parents Day. NRA employees recently raised \$2,700 for breast-cancer research.

It's builds teamwork among employees and it's good business, Kusic said.

"We want to have a positive business reputation. We want employees to buy into our mission too," Kusic said. "And at the end of the day, it's the right thing to do."

Up next for the company is a relaunch of its websites, which are separately aimed at the consumer as well as NRA's clients. NRA has a large amount of data about consumer behavior and credit scores — 25 million accounts — which it is using to build a database that will, sometime next year, allow consumers to settle their debt over the Web without talking to a collections agent. That will be a big leap forward and one that will be beneficial for everyone, he said.

"In today's world, people don't want to talk to an agent," Kusic said. "This website will be interactive for consumers so they will be able to understand what the bill is for and be able to get the situation resolved." A later version of the website will actually have the individual clients' terms programmed in, allowing the consumer to negotiate with the computer. It will mean lower costs for NRA and give the debtor more control over resolving the situation while increasing the success rate.

"We do well [as a traditional collections agency] but we haven't been adding science" to our efforts, Kusic said. "Now we'll be adding that science to it."

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Kusic said that he's focused on concentrating on the right kind of growth for NRA, which will be profitable for its clients and the company itself. There's the integration of the Panama call-center into NRA's operations, which Kusic said will not affect operations in central Pennsylvania. The new call center is not meant to replace its domestic operations but instead will only appeal to a segment of the clients. Each of the Panama employees who occupy the 150 call-center seats there are bilingual, expanding NRA's capabilities.

"It gives us lower-cost solutions for some of our clients' needs but certainly not all," Kusic said. Yet Panama is only a five-hour flight from Pennsylvania, and its time zone is compatible with the United States. That's an advantage over call centers in countries like India, where the employees work overnight to match the US business hours.

One of the key reasons for NRA's phenomenal growth is the company's VISION 2012 and SMART Corporate plan – integrating analytics, techniques and technology, and measuring and managing the business – focusing on high levels of competency from management to create the pathway to exceptional outcomes, said Sharma. ▼

FastTrac Training Coming Soon to SMC

A FastTrac training programs developed by the Kauffman Foundation will be available at SMC Business Councils beginning early next year.

SMC's Education Committee approved two programs for members, a half-day program on entrepreneurship that will start in mid-January and then a 10-week training program that begins in February 2011.

The FastTrac program teaches entrepreneurs the skills they need to build their business. During each session, entrepreneurs will learn from their peers, the facilitators and business coaches, and guest speakers. Each session lasts three-and-a-half hours.

The course will be taught by SMC member Bill Ringle of The Callidus Group.

For more information, contact Eileen Petrone at eileenpetrone@smc.org or (412) 342-1605. Look for more information on this exciting program by visiting our web site: www.smc.org or by calling us 800-553-3260. ▼



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