



GALR News

October 2023 Newsletter by
Georgia Association of Licensed Repossessors

Finding Your Bottom

It's Easier and More Important Than You Think

One of the more common thoughts regarding industry pricing involves "standard" rates. The only way to legally establish these rates is through legislation, and we could write an entire article about why that's a bad idea.

You can never go wrong by improving your business skills and gaining a better understanding of your own business. Capitalism will naturally handle the ebbs and flows of profit when we become more responsible business owners.

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National Efforts – “If they can’t find a profit in it, they aren’t going to allow us to bill for it.”

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Quarterly Meet and Greet – “That’s where the people actually running their businesses .. share the best information.”

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Annual Conference – Who, What, When and Why

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Finding Your Bottom Continued

Association Board Members Meet with National Forwarder

One key piece of information stuck with me when I heard the summary of the conversation our national leaders had with one of the National Forwarders; If they cannot realize a profit from it, they are not going to allow it to be billed.

Apparently, the discussion centered around the decline in ancillary fees and most specifically storage fees and “free days” and at some point, the representative finally said it aloud. It could have been any forwarder, and it should be every business owner as well.

If you cannot realize a profit from the service/action, why are you managing it?

You do not get to and stay at the top of these multi-million “brokerage” firms making poor business decisions, so we should pay close attention!

“If they can’t find a profit in it..” they aren’t spending money managing it, should you?

MBSI Executives Meet with GALR Board

The Georgia Association of License Repossessors (GALR) board recently met with MBSI. GALR engaged with MBSI's new CEO, Ray Peloso, and Senior Account Manager, Megan Keen, to discuss ongoing projects and improve user experiences for their flagship product, Recovery Connect. The conversation provided insights into MBSI's upcoming projects and allowed GALR to provide feedback on the Recovery Connect platform. The meeting focused on addressing data flow issues and streamlining processes for agencies using the platform.

All In One Billing – Bad Business

It’s been said by many for years and it’s true. Anytime you attempt to bundle multiple services into a single line item you drive the value of the included services to zero.

Once the pain point of seeing the line item disappears, the associated psychological value also disappears, and the actual service becomes absorbed by the billed item. It becomes expected as part of the core service if the trend continues to long and to pluck this service back out or associate cost to it becomes nearly impossible.

Try It! Start calculating storage on day 1 and apply a discount to every invoice for the number of obligated free days before billing your client.

Two things will happen, you will start feeling the pain of how much you’re “giving” away to support their annual bonuses and the client will understand you are paying attention to it. They will complain and want you to stop the practice.

Bigger picture, it shows what the consumer is being charged for and you’re not being paid for. Do you allow consumers to get copies of your invoices? Why not?



GALR Spotlight

Quick Recovery Services is in Loganville, GA. Chuck and Emily own and operate Quick Recovery Services and have a few decades of combined experience in the industry. Both are active with GALR with Emily serving on the Board.

Need assistance east of Atlanta, give them a shout.
(770) 554 – 6474

Submit your nomination for GALR’s spotlight by visiting GALR.org

Important Date To Remember



October 18, 2023 GALR Monthly Call



November 6-9, 2023 Used Car Week



November 12-15, 2023 AFA Midyear Meeting



November 17-18, 2023 GALR Annual Convention



April 10-11, 2024 ARA Annual Convention
(NARS immediately following)

Meet and Greet Gaining Steam

GALR’s Quarterly Meet and Greet was held Sept 30th in Atlanta, GA. There was plenty of Top Golf, food, and comradery to go around.

Terry with Georgia Carolina Recovery Services in Augusta, GA was surprised at the amount of cooperation among members. “It’s nice to sit and have open conversations where people are willing to share” as opposed to the days of the past where everyone is afraid to help their competitor.

Jearmie who owns Georgia Carolina Recovery Services stated “I will be back to every one of these” as talking shop with others can help generate valuable business ideas.

Clayton with Artis Recovery once said regarding conventions, “I get more at the end of the day setting and talking with others than from anything else going on the entire week.”

GALR will continue to host quarterly Meet and Greet events. They continue to RSVP for planning purposes, but it’s a pay your own way event. Drive and spend the evening or stay the night locally with other out of town attendees, either way your sure to make some connections, impart and gain some knowledge.

Social Media – A Slack Channel for Agents

We have seen this before – private Facebook channels, Twitter Fees, etc., what can go wrong?

If you do not have a social media policy against your team members discussing their employment activities online, you are probably not alone, but should be.

Group engagement can be very stimulating and motivating, but the wrong influence can also lead to extra liability. Imagine an attorney who subpoenas one of these platforms and gets a list of conversations your employee was engaged in. It’s a wrongful repossession lawsuit where the customer is alleging abusive behavior on part of your company.

Policies will help protect you from liability when they exist and are enforced. How can poor outside influence negatively impact your business?

GALR's Inaugural Convention Is Set

On November 17th and 18th, Lanier Islands in Georgia will play host to the inaugural GALR convention, promising a delightful blend of camaraderie, scenic vistas, culinary delights, and insightful discussions. As with any maiden voyage, we anticipate some challenges in the preparation phase, and valuable lessons will undoubtedly be learned along the way. The itinerary, for instance, is a work in progress, but its details are of minor consequence compared to the larger purpose.

Our agenda will encompass a variety of important topics, including reports from our dedicated board members, democratic elections, and potential revisions to our bylaws. GALR is in the process of constructing a solid foundation, and there are numerous ways for each member to contribute. If you haven't yet joined our ranks, we encourage you to do so. For existing members who may not yet have dedicated a few minutes each month, we implore you to take part.

The management of GALR involves numerous moving parts, and, as John from Eagle Eye Recovery Services has wisely reminded us, many of us bear the responsibility of businesses and employees who depend on us. Get involved, whether it's in the planning of our convention, deliberating over bylaws, or assisting with our quarterly Meet and Greets. Your participation will undoubtedly enrich GALR, making it a more well-rounded and effective organization.

We extend our heartfelt appreciation to Harding Brooks Insurance Agency for their generous sponsorship of the event and their unwavering support of all our endeavors. If anyone else is interested in sponsoring our convention, please don't hesitate to reach out to Clayton. While our organization remains relatively small, even modest contributions can have a significant impact, given our lean operating budget. Your support will truly make a difference.

Clayton can be reached by calling 800-959-0306 or by email at clayton@artisrecovery.com.

There is a small block of rooms at Lake Lanier's Legacy Lodge for attendees, so book now.



**Thank You Harding Brooks Insurance Agency
for your sponsorship of our Inaugural
Convention and support of all our associations.**

Mike Peplenski and the team at Harding Brooks continue to step in support of companies providing field services in the repossession industry. They have become experts in assessing industry related risk and liability and continue to support our national and state associations as well as participate in and host numerous events promoting safety and education.

Have insurance needs or questions, reach out to Mike at Harding Brooks.

GALR @ Lake Lanier Inaugural Convention

November 17th and 18th 2023

PRESIDENT AND SECRETARY ELECTIONS

Plenty of time for talking shop, comradery, and sharing of ideas and knowledge.

Lodging is with Lanier Islands ~ 678-318-2050 ~ Tell them you are with GALR ~ Rooms \$189 per night.

Registration is \$25 per person attending.

DEADLINE 10 - 17 - 2023

[Click to Register](#)

November 17th afternoon arrival and check in with a Meet and Greet that evening.

November 18th GALR Meeting, elections, and guest speakers!



DRN



DRN | MVTRAC continue to express their support for our industry in helping to sponsor GALR's Inaugural Convention.

Finding Your Bottom Continued

There are two basic cost centers: "Fixed" and "Flex." Fixed costs are the expenses that do not change based on the number of recoveries, such as lot rent, phone bills, lights, truck payments, insurance, and more. Flex costs are associated with the number of recoveries or assignments, such as payroll and fuel. You can place the administrative staff's basic hourly rate in the fixed center if you prefer (although we place all payroll in our flex center, but we'll discuss that shortly).

Calculate your fixed cost by dividing it by the number of units (just use data from last month for now). Now, do the same with flex costs. Your flex cost will increase your gross expenses with every car you recover, while your fixed cost remains constant and is spread across all units. Your average fixed cost is easily influenced by missing or hitting goals. Because you included fuel and administrative payroll in the flex center, it will also fluctuate based on the number of recovered units, although not as significantly.

Now you have two numbers. The crucial one is the flex number. This represents roughly how much every car will cost to recover. If your number is \$150, when you pick up a car at \$275, you've already spent \$150, leaving you with \$125 to cover your gross fixed cost. Take your total fixed cost and divide it by this number (let's use \$10,000 as an example): $10,000 / 125 = 80$. At \$275, you need to pick up 80 units just to break even. If you pick up 100 units that month at \$275, you'll keep a substantial \$2,500 for your efforts. If you divide that by 40 hours a week, you're making roughly \$15 an hour (likely much less because owners typically work 70+ hours a week) for the risk, trouble, and aggravation of dealing with net 45 to net 60 payment terms.

I won't add to the depression by discussing damage claims, lawsuits, and other boring business management issues. Instead, let's figure out how to determine what you should be charging.

Remember, our flex cost remains constant unless you reduce pay or become more efficient in routing and recovery (reducing the number of assignments you manage is a great way to lower CSR costs, by the way). So, let's focus on the fixed aspect. Assuming your fixed cost is \$10,000 and your flex is \$150 per unit, you want to make \$10,000 per month for yourself and set aside 10% every month for contingencies/emergencies. Take your receivables for the same month (let's use \$22,000), and since we picked up 80 units before, divide 22,000 by 80: $22,000 / 80 = \$275$ (it won't be that clean, I promise).

We'll come back to those numbers in a moment. Now, add your \$10,000 salary to your monthly expenses of \$10,000 for a total of \$20,000 in fixed costs. You want the 10% to come off every unit's base price, so we aim to increase what we bill by 10% ($\$275 * 10\% = \27.50). Since you're only keeping \$125 per unit, let's divide 22,000 by 125 ($22,000 / 125 = 176$). Now, we can put the numbers together to find our bottom line: $\$150 + \$27.50 + \$176 = \353.50 .

Any gross receivable for any unit under this amount will make it harder for you to turn a profit since it's based on an average of recoveries at a \$275 rate. Voluntaries, impounds, unbilled items, denials, or uncollected payments all impact this and should be considered when evaluating this loss potential. We refer to these as "Loss Leaders" and send them to our competition.

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Here's the beautiful thing: you don't care how it's billed—whether it's mileage, keys, redemption fees, storage, or client aggravation fees. When dealing with brokers directly, steer the conversation towards, "You tell me what the opportunity is to reach my number (never disclose this number), and I'll bill it how you want it."

One more tip: when dealing with base recovery rates below this mark (\$275 in our example), ensure you have ample ancillary opportunities to make up the difference. For example, you may only work assignments for one lienholder for this client due to associated key contracts, etc.

The same math applies to individual clients; just take a couple months receivables and divide by the number of recoveries these receivables represent. This will get your average pay per recovery for the client. ~It's about what they are paying, you cannot operate on what you are promised.

How did you do, was your guess as good as your math? Are you being fed "Loss Leaders" by your competitors? How can you reverse this trend?

Your cost is going to closely resemble your competitor as will your bottom. When math is used instead of emotion or the latest number on the street, Capitalism will handle the profit issue for you and no rate standardization was needed.

~ Happy Hunting, Wes

BLACKBURN

TRUCK EQUIPMENT

770 - 921 - 6070

Blackburn Truck Equipment was one of the initial sponsors of GALR and continues to support our association today.

Give Dillon a call if you're looking for equipment to buy, sell or trade. A Miller Industries distributor and authorized to sell Century, Champion, Chevron, Hollmes, and Vulcan products, Dillon has access to your equipment needs.

If it's a part you need, reach out to his brother Ben in parts. Not only will he understand what you're looking for, chances are he will either have it or can get it at some of the most competitive rates there are.

GALR News

We aim to 'up the ante' with GALR News by bringing you all the latest happenings within GALR, highlights from national and state associations across the country, and other related content every month. It will require a lot of effort to maintain each year, and GALR wants your help. Join GALR and let us know how you'd like to contribute (e.g., news reporting, reviewing bylaws, technology, events, etc.) as GALR offers many opportunities to get involved.

If you wish to submit an article, please reach out to any board member. The board will review the content for accuracy and relevance. If you have an idea for a topic or any questions, email your idea, and we will assess if and how we can cover it.

Remember, the most valuable information often arises from face-to-face conversations, so consider joining us at the next Meet and Greet!

We hope you have enjoyed this edition and wish great things and safety for each of you in the month of October 2023.

~GALR