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Asset Acceptance Capital Corp. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) We'll take our first question from Mark Hughes from SunTrust.

Mark Hughes – SunTrust

Thank you very much. Any comment you can make regarding collections through the quarter?

Mark Redman

You are asking how collections may have come in month-by-month during the quarter, Mark?

Mark Hughes – SunTrust

Yes, exactly. Thank you.

Mark Redman

(inaudible) top of my head. Yes, we are talking amongst ourselves here obviously, Mark.

Rion Needs

Yes. What we have in front of me, Mark – this is Rion. I just don't recall out of top of my head how each of the months came in.

Mark Hughes – SunTrust

No, it sounds like no notable trend.

Rion Needs

No. I could tell you, we have been tracking economic factors and we can tell you that it definitely has been getting more difficult out there as we look at things like average payment balance versus the total number of payments that we are taking. When we look at the return on investment for our letters, our outbound dialing calls, we are making all the same number and in fact elevated connections. But we're seeing actually slight deterioration in some of those metrics because of the economy. So I'd tell you that overall the feeling that I have is that it's getting tougher as we move through the quarter, but it hasn't been material in our collection effort.

Mark Hughes – SunTrust

Right. You had suggested that 90% of collections came from forward flow. Was that year-to-date or the quarter? And then how did that compare with last year?

Mark Redman

Net –

Mark Hughes – SunTrust

I'm sorry, 90% of purchases, I'm sorry.

Mark Redman

Correct, correct. 90% of purchases did come from forward flows. That is up pretty significantly to historical trends for us. If I look at second quarter of this year, it was 30.3%. First quarter, which was a very small purchasing quarter, it was 49.3%. All of 2007, it was 14.4%. The highest quarter in 2007 was 18.6%.

Mark Hughes – SunTrust

Right. And then the pace you think for hiring those additional reps you talked about 500 reps, what are you thinking about that? I know you'll do it depending on market conditions, but do you have any thoughts right now, what we might expect?

Rion Needs

We really haven't laid out a specific timeline as far as the hiring of each of those reps, but we have undertaken a complete strategy around our inventory management. The real estate associated with it, the human capital associated with it, our network of external providers, as we mentioned before, we have some offshore collections already occurring and we're looking at that as an expansion opportunity. So we're looking at it holistically and blending in between them – between all of those. Obviously, as unemployment increases, we think that that will increase the pool of talented people for us. And we see that as a positive in this tough economic period. But we haven't specifically kind of lined that out as to what that growth will be. It's really about being sure that we're improving our retention rates, increasing our training skills, and making sure that we get the right people onboard.

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