Are We ***Still*** "Staying the Course"?

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The expression, "Stay the Course" has, throughout history, changed. In his early 17th century work, Doctor Faustus, playwright Christopher Marlow used the word "stay" as in "stop" as the character "stayed his course, and so returned home."

Similarly, the word "stay" is used in legal documents, for example, as in "stay of execution" or as in bankruptcy proceedings "lift the stay."

Since Marlowe's time, however, the phrase's meaning has been used in another context. Winston Churchill's use of the phrase came at the end of WWII when he referred to America's strength and ability to lead the world out of the calamities of war. He questioned whether our great nation would "stay the course."

Additionally, in 1939, the United Kingdom produced posters with another catch phrase: "Keep Calm and Carry On", which was designed to reassure the safety of the British people as WWII strengthened.

Attend a sporting event, such as horseracing or rowing competitions, and you will hear the announcer advise that the athlete should "stay the course", imparting the idea of not giving up, not lapsing in strength in an effort to achieve victory. The phrase has even made its way into modern pop culture via movies, songs and television comedy skits, and of course those cheeky variations of the UK poster in t-shirts that have their own twist on "Keep Calm and ....choose your ending."

The modern interpretation is to "see it through," a sort of battle cry not to acquiesce. As the Brits proclaimed, "Persist in the face of challenge!" in order to see it through, persist, don't give up and achieve your goal. In order to do so, one should:

- ✔ Take the pulse of the current landscape
- ✔ Re-adjust if necessary and
- ✔ Proceed accordingly to a successful conclusion.

It may sound simple, but not necessarily in the context of the economic landscape since 2009. Since some time has passed from the onset of the economic downturn, we wanted to re-examine if and how, given current conditions, companies were "staying the course" (using the modern interpretation, of course).

In 2013 we looked to William Strauss, Senior Economist and Economic Advisor at the Federal Reserve Bank of Chicago for a barometer on current conditions and a few key indicators that affect the collection industry, in particular. Consider the following:

Given: Between December 2007 and February 2010, employment fell by over 8.7 million jobs.

By 2013, just over 6.8 million jobs were added, and during the twelve months between the fall of 2012 and the fall of 2013, just over 2.2 million jobs were added.

In the twelve months between the fall of 2016 and 2017, approximately 1.8 million jobs have been added.

Given: After peaking in October 2009, the unemployment rate had fallen to between 7% and 8% in 2013. Currently, the unemployment rate is at 4.2%.

Given: In 2013, Strauss had reported the stock market had improved since March 2009, and had exceeded its previous peak. Well, of course, we all know in 2017, we are seeing new highs.

Perhaps the most interesting measure and most pertinent to the collection industry is manufacturing:

Given: Industrial output in manufacturing fell quite sharply during the recession, but rose strongly by 2013, averaging 4.7%.

However, since then it has decreased dramatically and only now has output started to increase after being unchanged for the past few years. This is particularly concerning to the collection industry, as history has exhibited that if productivity rates decrease, a decrease in placements with outside agencies will follow.

During the recession, companies were forced to check their course. Course adjustments were made. Large and small companies employed varied strategies to survive. Managers carried out cost-saving initiatives and enacted programs that were never before tried.

Now more than ever, it is important to implement procedures to place delinquent accounts on a timely basis with your collection resource. Today's economy, especially in light of the manufacturing levels, requires that companies maintain a healthy cash flow and prevent aged accounts from wreaking havoc on a company's liquidity.

Consider the impact that a delay in placing a delinquent account for collection has on commercial debt as revealed in a study by the Commercial Collection Agencies of America:

Some analysts subscribe to the theory that with changes implemented, the economy is inching its way back. In 2013 we stated that, "Now more than ever, company policies should reflect the modern interpretation of 'stay the course'." Those analysts preached "don't revert back to the pre-2009 measures." "Don't use the glimmer of the light at the end of the tunnel as a passport to spend." "Don't ease guidelines that were put into effect to protect against losses."

In 2017, the tools to "stay the course" still hold true: Consistently take the pulse of the current landscape, then employ adjustments to operations that lead to a successful conclusion.

Current accounts yield 100 cents on the dollar.

At 30 days past due, you can expect to recover .89 cents on the dollar.

Don't do anything until the 90 day past due mark and you can expect to collect approximately .69 on the dollar.

At 180 days past due, the amount you can expect to collect drops to .51 on the dollar.

Wait a year to place an account and the historical, statistical data states you will average a recovery of .21 on the dollar.

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