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August 20, 2009



The New Breed of Debt Collection Professionals ...

Issue 15

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The Great Recession By The Numbers

It turns out the current recession, which looks to finally be ending, really is one for the record books. According to the Bureau of Economic Analysis, this recession contains the sharpest GDP decline of any downturn since World War II.

Sharpest Fall

From Q2 2008 to Q2 2009, the U.S. economy shrank by 3.9%, the largest year-over-year decline since World War II and worst of any modern recession. The economy has now shrunk for four consecutive quarters--the only time that's happened since World War II. Previously, the sharpest contraction of the economy was a short but severe recession in 1958, when the economy shrank

3.7% from the fourth quarter of 1957 to the second quarter of 1958. The other bad recessions in recent memory are those of 1973-75 and 1981-82. In the 1973 recession, the economy shrank 3.1%, and in 1981 it shrank 2.7%

Longest

The current recession is also the longest since the Depression. Previously that distinction was held by the 1973 and 1981 recessions, both of which lasted for 16 months, according to the dating committee of the National Bureau of Economic Research. It will probably be a long time before the NBER says exactly when this recession ended, but if they determine it ended now, it will have been a 20 month recession--the longest since the Great Depression.

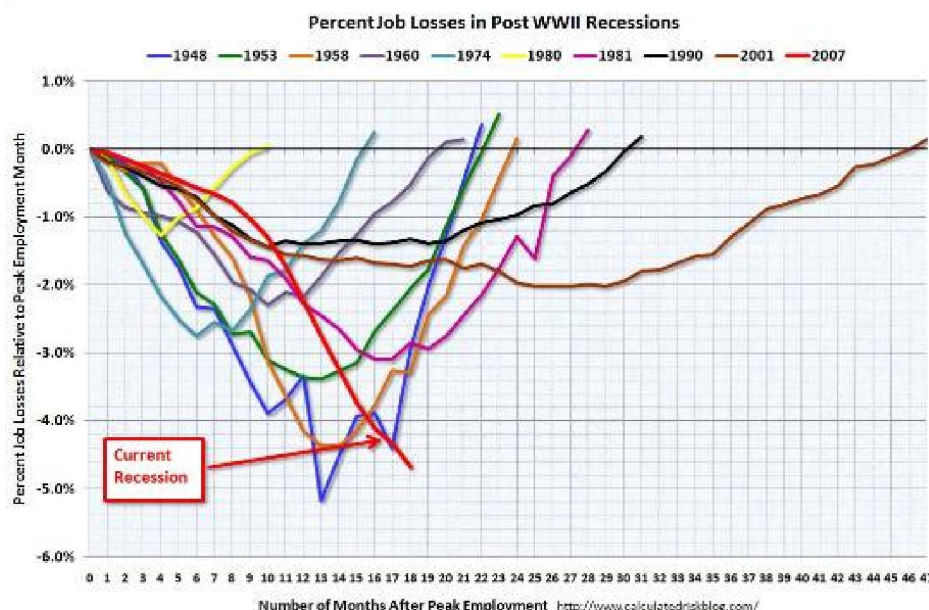
Jobs

The recession has also been the worst by many measures for workers. The 6.5 million jobs lost during this recession is by far the most, but there are many more jobs overall. In December 2007, when the recession began, unemployment was 4.9%. It's since climbed to 9.5% and is likely to climb higher. That's a 4.6% climb. In 1982, the unemployment rate ultimately peaked at 10.8%, but it was 6.3% at the start of recession. In the 1973 recession unemployment climbed to 9% from 4.8%. (SEE CHART BELOW)

Some Perspective

But is it a depression? Not even close. An informal definition of depression is a 10% fall in GDP (there's no commonly accepted formal definition). The current recession is unlikely to make it even half way to depression. And the Great Depression? Unemployment reached 25%, GDP shrank by around 27% and the recession lasted for 43 months. The economy did not return to its previous levels until 1940 or 1941.

Source: Forbes



Worldwide Bankruptcies Forecast to Increase

A recent report published by D&B Deutschland, the German subsidiary of Dun & Bradstreet, says the United States and Europe will be hit with a “flood of filings” in the second half of 2009. The report says that U.S. bankruptcy filings will increase 60% while business failures in Europe will increase 43% in Spain, 35% in the U.K. and 28% in France. In Germany, the increase in bankruptcies is not expected to exceed 18% similar to the 17% predicted for Japan. The report goes on to say the automotive and retail industries will suffer the most.



Meanwhile, in the U.S., Equifax is reporting that 2009 small business bankruptcy filings, in the U.S., have increased 120% over 2008 filings during the same filing period. The transportation industry suffered the greatest loss with 2.5% of all small business filings followed by construction with 2.2% and manufacturing with 2.1% of all businesses that filed for bankruptcy.

In a related article, the American judiciary is finding it difficult to handle the number of increasing business bankruptcy filings and the U.S. House Judiciary Subcommittee on Commercial and Administrative Law has been holding hearings on increasing the number of bankruptcy judgeships to handle the backlog of pending cases. A judgeship is generally defined as the jurisdiction of a judge.

Source: CreditWorthy.com

Ironside's Helpful Hints ...

CONTACT THE PEOPLE WHO CARE - TO GET PAID NOW



When it comes time to collect money from an invoice, most companies contact the accounts payable department. While this is a good starting point, the accounts payable department typically doesn't have a vested interest in your product or service. Processing invoices and paying bills is a never-ending job and one collection call follows another - only the vendor name and dollar amount changes. To speed up the payment process, it is crucial to identify an alternate contact(s). This would be someone who cares and/or has an equity interest in you and your company. This person could be the CFO, a member of the sales department, a social acquaintance, a neighbor or even a former co-worker. These key individuals will want to ensure that your product/service remains a part of their business and will go the extra mile to maintain a good working relationship.

Get the Law Firm Advantage with Saldutti, LLC:

- Game Changers: **Contingency Collections**
- Information Warfare: Cutting-Edge Forensic Investigations
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