



Completed Application: 2014 Wisconsin Family Business of the Year Award



State Collection Service, Inc.
2509 South Stoughton Road
Madison, WI 53716
(800) 477-7474
www.statecollectionservice.com



April 3, 2014

Wisconsin Family Business of the Year Award
Smith & Gesteland LLP
8383 Greenway Boulevard
Middleton, WI 53562



Dear Award Committee:

On behalf of all of the employees of State Collection Service, thank you for the opportunity to apply for the Wisconsin Family Business of the Year Award.

State Collection Service has been in business since 1949, when the company was founded by Hilding Haag, a Swedish immigrant. The company has remained headquartered in Madison ever since and now employs over 350 individuals. State Collection Service is currently owned by Tom Haag, Hilding's son. Tom's son-in-law plays a key role in the executive management staff while his own son, Tim Haag, is poised to take over the company's reins in the near future.

Our organization takes great pride in being a family-owned business. For many employees who have come from larger, publicly-owned corporations, the environment at State Collection Service is a refreshing change. A key component to our corporate culture is the feeling of family throughout the company – from the way employees treat each other to the way we treat our clients and their customers.

Just like the families we are each born into and keep for a lifetime, Tom's vision for this company has always been about forging partnerships that last a lifetime – with employees and clients alike. In fact, this idea is so embedded in the culture at State Collection Service that it is our corporate vision. Simply put, when we form a partnership – with an employee, a client, or a supplier – our goal is to do whatever we can to ensure that it lasts a lifetime.

Thank you again for this opportunity. We appreciate the chance to highlight our Wisconsin Family Business and hope that State Collection Service will be considered worthy of this prestigious award.

Sincerely,

Terry Armstrong, President
State Collection Service, Inc.





State Collection Service, Inc.
Application for 2014 Wisconsin Family Business Award



Section 1: Nominator Information

Contact name: Terry Armstrong, President

Relationship to nominee: Employee

Company name: State Collection Service, Inc.

Street address: 2509 South Stoughton Road

City/State/ZIP: Madison, WI 53716

Phone number: (800) 477-7474 x330 or (615) 330-9545

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Section 2: Nominee Information

Company name:	State Collection Service, Inc.
Highest ranking business member:	Thomas Haag
Title:	Chairman and Chief Executive Officer
Email:	<u>tomh@stcol.com</u>
Principal owners:	Thomas Haag
Year founded:	1949
Principal product/service:	Accounts receivable management services
Number of employees company-wide:	354 employees
Street address:	2509 South Stoughton Road
City/State/ZIP:	Madison, WI 53716
Phone/Fax:	Phone: (800) 477-7474; Fax: (608) 661-3001
Website:	<u>www.statecollectionservice.com</u>
Number of family members employed by the company (including board of directors):	3
Number of generations actively involved since the company was founded:	3
Number of generations currently involved in the company:	2
Generation currently running the company (1st, 2nd, 3rd...):	Second
Please list all locations:	Madison, Wisconsin; Beloit, Wisconsin; Milwaukee, Wisconsin; Geneva, Illinois
How did you hear about the Family Business of the Year Award?:	Applied previously

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Section 3: Tell Us Your Story

In 500 words or fewer, describe the qualities that make this family and family business so special.

In 1929, a 17-year old Hilding Haag left his native Sweden for the United States in pursuit of the American Dream. Initially settling in Minnesota, he began working in the collection industry. After a decade of increasing success in the industry, he moved to Madison in 1941 to run a collection agency. In 1949, with two decades of experience, he founded State Collection Service with his wife, Mabel. He and Mabel, along with his sister Margaret, worked hard in those early years to establish a successful business based on the foundation of ethical practices and the idea of treating clients and their customers like family. Hilding's proudest moment came in 1964, was when his son, Tom, joined the business at the age of 20.

Not many companies can say that they have continuously been in business for 65 years with the same family ownership – this is a fact everyone at State Collection Service is extremely proud of and one that makes our organization special. Strong leadership – first by founder, Hilding Haag; then by current CEO, Tom Haag; and soon by the third generation, Tim Haag – has directly influenced the growth trajectory and success of the company. The company has become a leader in the healthcare revenue cycle service industry, known throughout the United States. Following are a number of the qualities that make State Collection Service deserving of this award.

Integrity and best practices are at the core of our business. No other receivables organization in the nation has passed HFMA's Peer Review Process¹ (an industry-specific designation awarded based on very stringent criteria), won the Better Business Bureau's Torch Award², and been certified in the industry-standard PPMS Quality Assurance/Process Control System³.

We now serve organizations throughout Wisconsin and 22 other states including many well-known facilities such as University of Wisconsin Hospital and Clinics (30-year partnership), Meriter Hospital (since 1949), Wheaton Franciscan Healthcare, Aurora Healthcare, Froedtert Health (including Medical College of Wisconsin), Affinity Health System, Johns Hopkins Health System, University of Pittsburgh Medical Center, University of Washington Medicine, Rady Children's Hospital, Ohio Health, and Thomas Jefferson University Health System, among others.

Integrity is imbedded in all of our processes, practices, and interactions. We hire, train, and compensate our employees based on treating both our clients and our clients' customers with respect and dignity at all times. Our employees are held to a zero tolerance policy for complaints, and we employ stringent procedures for managing any complaints we do receive. From our hiring practices, to our training program, and continuing through our daily operational practices and customer service interaction, State Collection Service works to uphold our company vision – *Partnerships for a Lifetime*.

¹ <http://www.hfma.org/Content.aspx?id=1503>

² <http://wisconsin.bbb.org/torch/>

³ <http://www.acainternational.org/education-professional-practices-management-system-ppms-quality-assurance-10275.aspx>

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Section 4: Company Profile

In approximately 100 words per question, please answer the following inquiries.

1. Please provide a brief history of the company's business.

State Collection Service has grown tremendously since being founded in 1949. In addition to increasing our staff over this time, we have expanded our locations to Beloit, Wisconsin (2000); Geneva, Illinois (2010); and Milwaukee, Wisconsin (2013). In 2013 alone, we added 25 large clients and over 100 employees throughout our Wisconsin locations.

Starting out solely focused on the collection of bad debt, we expanded our offerings through our Extended Business Office division in 1997. This division provides a seamless transition for patients between a healthcare provider's own business office and our customer service call center, assisting to answer inquiries, follow up on insurance billings, and clear up outstanding account balances. It now makes up over 50% of revenue and over 75% of new sales.

We have developed a culture and value system based on ethical business practices, integrity, and hard work. Our foundation of ethics and integrity with employees, clients, and their customers was validated by the Wisconsin BBB as we were awarded their Torch Award for Business Ethics and Integrity.

2. How have you successfully linked your family with your business?

By maintaining family ownership since 1949, business and family are inextricably linked. Tom Haag has been with the company for 50 years. Tom's son-in-law, Jim Warner, joined the company in 2006 to strengthen our IT infrastructure. Tim Haag, who joined the company in 2009 at the age of 30 after gaining industry experience with another company, now leads our Client Services area. By ensuring he is fully trained and capable of continuing the company's growth while Tom steps away, State Collection Service is positioned to continue as a successful family-owned business.

Family is a strong part of our corporate culture. Employees are treated like "part of the family" and truly appreciate their access to all levels of staff through our open-door policies, monthly informational meetings, and regular employee events. We highly encourage the hiring of family members and today have a number of families working together including spouses, siblings, and children.

3. Describe the impact the company has had on the community.

State Collection Service is committed to stewardship; in fact, it is one of our core values. Not only do we make financial contributions to various organizations, our employees regularly commit their time and resources to charities in and around our offices. We have supported The Wounded Warriors Project, The Salvation Army, the Children's Service Society of Wisconsin, American Red Cross, Make-a-Wish Foundation,

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Second Harvest Foodbank, and March of Dimes among others. We have also made large financial contributions to Meriter Hospital and the American Family Children's Hospital in Madison.

In 2013, the company and its employees contributed over \$25,000 and hundreds of hours to many charities. In February, Tim Haag led a group of 20 employees in support of the Special Olympics' Polar Plunge fundraiser. Our Beloit office also "adopts" several families each holiday season, raising funds throughout the year to help them.

4. Has your family developed innovative business practices that have helped the family business succeed from one generation to the next?

Nearly 15 years ago, the company implemented a comprehensive management system called PPMS that provides a framework to assist in continuous improvement and tracking of all client and internal activities. By integrating the system companywide, we are assured of a consistent process for improvement and change. This process ensures that company will follow standard practices from one generation to the next.

We consistently position ourselves at the forefront of innovation and change, leading the industry by example and reputation. Our company is often viewed as the benchmark for innovation, quality assurance, technological investment, training, and customer service initiatives that provide benefits to our client base. Tom Haag and other members of our executive management team are influential in various industry organizations such as ACA International⁴ and HFMA⁵. Our commitment to leadership, quality assurance and education within the credit and collection industry has helped raise the bar for collection agencies across the nation.

5. How do the family's values influence the business?

Hilding Haag often said, "You catch more bees with honey than with vinegar." The fundamental values with which he started this company – honesty, integrity, ethical behavior, fairness, and community – continue to the basis of our business today. Everyone who works for State Collection Service understands our values and is expected to follow a Code of Conduct that further outlines the importance of our core values. Our corporate vision – *Partnerships for a Lifetime* – is a reflection of the values we hold so dear. The fact that we continue to serve our very first customer and have over 60 other clients who have been with State Collection Service for over 15 years, is a testament to this commitment.

⁴ ACA International is the largest and most reputable receivables management association in our industry (www.acainternational.org).

⁵ HFMA is the leading association of healthcare professionals serving over 55,000 members worldwide (www.hfma.org).

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6. Describe your growth in sales, employees, profits, locations, etc., since the company's beginnings.

We have experienced our largest growth, more than doubling revenue, in the past five years. Growing from a "mom and pop shop" established in 1949, to a nationally-recognized and respected company employing over 350 individuals across four locations (including the opening our Milwaukee office in 2013).

The company has been profitable every year since its inception. Our revenues have increased substantially, averaging over 12% annual growth year-over-year for the past decade, and continue to grow; in fact, we expect a growth rate over 45% in 2014. In the past 12 months alone, we have implemented over 25 large clients and currently serve over 180 hospitals and 80 physicians groups, as well other healthcare providers around the country.

Most importantly, while State Collection Service has a strong desire to grow, our commitment to maintaining a family atmosphere is even greater.

7. Is it the family's intention to pass on the business to future generations? If so, how are major management decisions made, and what succession planning steps have been taken?

Yes, it has always been the family's intention to pass the business on to future generations. Currently, management decisions are made within our Executive Management team with key input from the current owner, Thomas Haag, and his son, Tim Haag. In addition to being a part of all major organizational decisions, Tim is supported by a strong group of management team members, all of whom have come to the company with a long history of experience within large corporations.

In 2011, State Collection Service hired Terry Armstrong to run the company's day-to-day operations. Terry's connection to State Collection Service runs deep – he began his own career in 1973 at the company's longest-standing client, working closely with Hilding and Tom Haag at that time – and his understanding of and commitment to the company's values is strong. Terry's own experience managing large corporations is extremely important in his role of mentoring Tim Haag, preparing him for future success as the company's owner.



Section 5: Additional Information

In order to create a complete picture of the company, please provide brochures, sales materials, catalogs, copies of articles on the company or family, photos of family members and staff, business location, and historical photos. **Please send an electronic file of your company logo (300 DPI in JPG or TIFF format) to info@sgcpa.com. Electronic photos will also be accepted as part of the nomination.**

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