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8 Strategies To Boost Collections Improve Your Cash Flow Today!

Today's business environment is tough and you have to battle for every sale. However, until you have received your payment, the sale is not complete. Furthermore, if payment has not been made that "sale" has now become an expense, both in time and money. The question is: how do you get your customers to pay you quicker and drastically reduce your bad debts without chasing your customers to your competition?

The following are eight proven tips to assist you in developing some time-tested collection strategies that your credit and collection department can implement—helping you recover hundreds of past due bills. Your company's cash flow will improve while the cost and frustration of collecting the money that you are entitled to is significantly reduced. Some of the credit and collection tips will actually help you keep your customer base by improving customer goodwill, which can pay off in additional sales for years to come.

1. Use The Telephone As Your Main Collection Tool.

The telephone just gets better and faster results than written correspondence. It allows for two-way communication and it's harder to tell someone no or ignore the situation if you are talking with them on the phone.

2. Hold Orders Before Your Customer Gets Too Far Out.

Many creditors are too afraid of losing customers to hold orders. However, holding orders may be necessary to get your payment. But do not surprise your customer with this. Give your customer a date and a dollar amount needed. Explain to your customer why you cannot continue to sell

without receiving payment first. You will get better cooperation and your customer is less likely to take his business to your competition. If you let him go too far, he may not have the capacity to repay the debt.

3. Persistence Pays Off.

Many debts are paid slowly because no one routinely is asking for payment and following up on commitments. Determine ahead of time when and how frequently you will contact your customer when payment is not received. Avoid leaving many messages for your calls to be returned. Instead, ask when your contact is expected to be in and call back at that time.

4. Use The Post Office To Help You Collect Your Money.

Lose track of your customer? Send all of your invoices and correspondence with the statement "Address Service Requested" under your return address at the top left corner. If the post office has a forwarding address, they will return the mail to you with the updated information.

Also sending a collection notice by certified mail is an inexpensive way of impressing upon your customer that you are indeed concerned about their account. Their situation is out of the ordinary course of business and they need to address the situation.

5. Visit Your Debtor's Place Of Business.

When your debtor is avoiding you, breaks his pay commitments, or makes a commitment to pay a seriously past due bill, go to his office to pick up the check. It's hard to be avoided or be told that they are not going to pay. You will rarely leave empty-handed.

6. Reduce Bad Checks By Using A Check Guarantee Service.

Checks received on over-the-counter sales and COD orders can be guaranteed by a third party for less than it cost you to accept a credit card for payment. If a check is returned for insufficient funds, you turn it in to the check guarantying company and they pay you the face value of the bad check. The check guarantying company becomes responsible to collect the bad check and it is their loss if they do not collect.

7. Use The Small Claims Court To Collect Your Money.

Rather than spending money for an attorney to file suit on a small balance, for a small fee you can sue the debtor yourself in Small Claims Court. Many debtors will settle with you prior to the court date. If they don't, you may be awarded a judgment, which is an order from the court for the debtor to pay you the amount of the judgment. If they still do not pay you, the court may allow you to legally attach your customer's nonexempt assets to enforce payment.

8. Don't Wait Too Long Before Using A Collection Agency.

If you are not making progress and are feeling uncomfortable about your situation after your customer is 30-60 days past terms, you should consider using a third party for collections. Serious delinquencies are a symptom of a struggling business. A third party is effective because your customer knows the situation is serious and wants to protect his credit standing.

These tips were excerpted from a Beacon Recovery Systems booklet, "18 Proven Tips and Strategies to Boost Collections and Increase Your Cash Flow." For a free copy of the booklet, email info@beaconrecovery.com.