8 Tips for Collecting Your Cash
i. Gather as much information as you can about your past due customer(s) and their debt. You will want to know:

- Who are you speaking to?
- What are you trying to collect (cash, tangible property, etc.)?
- When was the invoice due?
- Is the customer refusing to pay due to a broken commitment?
- How am I going to contact the past due customer?

ii. Set a goal! It is important to determine what you want to accomplish when attempting to collect a debt.

Example: Prior to making a debt collection call, here are some goals you may want to set:

- Obtain commitment and timeline for payment from the customer
- Reaffirm the payment terms and the corresponding consequences for breaking those payment terms.
- Ask for payment in full at the onset of the call.

iii. Formulate a clear and precise collection plan.

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<th>Lay out a defined set of actions, and use them consistently across your organization.</th>
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<td>Clearly define deadlines and payment expectations.</td>
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Consider Your Method of Contact and Customer Demographic

i. You will want to consider the time, date, and method of contact for your past due customers based on the demographic of each.

**For example:** If the past due customer you are trying to reach is constantly on the go, sending a letter via email, fax, or post may produce better results than a phone call.

If you establish contact with past due customers you have had difficulty reaching, always be sure to re-verify contact information and determine the customer’s preferred means of contact. Doing so gives you the best chance of connecting and collecting in the future.

ii. Be mindful of the time zone and when it is appropriate to contact each delinquent customer. Also consider the day of the week and whether you are collecting from a business or consumer.

“It is important to determine what you want to accomplish when attempting to collect a debt.”

Be Professional

i. Although a customer may be delinquent, everyone still deserves to be treated with respect (especially if it is a repeat customer who has paid in the past). As difficult as it may be, remaining professional and positive will give you the best chance of collecting debts.

ii. Remember, you are representing your organization, products, and/or services. Your tone and demeanor will set the stage for your conversation. Here are some useful tips to use if you are collecting via the telephone:

   - Be confident and always remain calm.
   - Remember to enunciate, and keep an even tone.
   - Use an authoritative voice, and pause more often than normal.
   - Never eat, drink, or chew gum during a collection call.
   - Lighten the mood. Customers are more likely to pay a positive and promising professional and less likely to pay a dull and depressed debt collector.
One of the most important things to remember is every customer is different. Effective collection techniques for one customer may be ineffective for the next customer. Understand you will need to be flexible in your approach. If you manage a customer base where repeat business is frequent, consider your business relationship before “bringing down the hammer” (see tip #8).

If the customer is a repeat offender, a more forward collection approach may be appropriate. If a customer is in a situation out of their control, it may be worthwhile to be flexible on payment terms and/or reprieves. Consider each past due customer carefully before executing your action.

**Be Persistent**

i. When reaching out to customers via fax or mail, keep a consistent and active schedule of contact.

ii. If you are engaging a customer in conversation, maintain control and do your best not to allow the customer to provide a generic answer. Your goal is to get a specific commitment and action date. Do not end the conversation before you have met this goal.

**Example:** If a past due customer informs you the check is in the mail, ask for a check number and date it was mailed. Be sure to ask in a tone of verification, not one of disbelief. Summarize the conversation with the customer and send a follow up email to maintain an open communication channel with the customer.
Avoid Threats, Consider Tone and Demeanor

i. There can be a fine line between threatening a customer and simply outlining their terms and conditions. Keep in mind, a customer is likely to respond negatively to a threat. Think before you communicate with your customer. A threatening statement can often be reworded to sound less intimidating and more customer service driven.

**Example:** If you are trying to collect from a customer for an annual service package, consider the contrast in these two statements:

**Threat:** “If you don’t pay to renew your contract, we will terminate your service plan and customer support will be repudiated.”

**Alternative:** “I want to make sure you do not forego our valuable customer support or the other great benefits provided under your service plan. Is there anything we can do to help you get this renewed?”

ii. Outlining the consequences of a lapsed or past due payment ahead of time may also make collections more attainable. This way, your customer will not be surprised by penalties, frozen accounts, or halted service.

Keep Good Records

Customer-specific data collection is imperative.

It is important to document everything, including customer feedback, date and time of contact, and the outcome/promised action. This will be crucial if follow up is needed. If you have no record of a promise to pay, the customer may feel no obligation to pay you.
An exceptional relationship with your customer base is pivotal for the longevity of your business. Whether you are a company that strictly sells B2B or are a B2C organization, repeat customers may be a large part of your business. It is important to consider any future business you may have with a customer before developing an approach for collecting from that customer. Here are a few important things to consider before shaping your collection approach:

- Is the amount owed by the customer material enough to justify collecting if there is a good chance it may jeopardize future business with that customer? Example: Collecting a $5 debt from a million dollar customer

- Has the customer been delinquent previously?

- Has the customer been profitable for you in other areas of your business? Example: A customer may have lapsed on payment for a yearly service plan, but they continue to consistently buy new products from your company.
Enabling *High Performance* Workplaces

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