

COLLECTING IN TODAY'S ECONOMIC TIMES

By Alicia Leary, Credit Manager

Are you having trouble collecting from your customers? Do they say their customers aren't paying them and they can't pay you? It's a vicious cycle I know. I know it's a tough time and you have probably heard every excuse in the book, but I am here to tell you, don't give up. You may not get paid as quickly as you'd like but you can get paid. The best thing you can do right now is WORK with your customers. They will remember that you did and when this bad economy is over, who do you think they will remember helped them out during their rough time? YOU! That's right.

Here are some strategies that have worked for Polek & Polek that I would like to share with you as they may be helpful:

1. Make calling your customers your TOP priority.

Cash is the most important asset of your business. Go through your Aging report at least once a week. If you need it, request help with your other duties so you can get on the phone. Your customers are most likely going to pay those vendors who call them first as opposed to those who don't call at all. You will be at the top of the list.

2. Be nice and courteous.

Don't call with a bad attitude because no one likes that, and you will only hurt yourself in the process. The nicer you are the further you will get.

3. Constantly Calling?

If you are constantly calling a customer who doesn't return your phone calls, try sending them a letter or an email.

4. For those customers that you have had for years and who normally pay you well, but have gotten into a little financial trouble, work with them.

Offer a solution and a helping hand. For example, suggest a weekly payment plan; \$50, \$100, \$500 a week until they catch up. In the meantime, keep selling to them, but do it on a COD or credit card basis. This way, you are getting paid for your product/services and they can continue doing business as well. They will be very happy you helped them through their difficult financial period and they will remember in the future.

*Some studies show the following statistics: You have a 90% chance of collection within the first 60 days. After that, this drops to 50% after an account gets to 90 days and 20% on accounts over 180 days.

5. If customers are very past due, and you have exhausted every possible avenue in collecting money, then send them a collections letter.

Once an account is over 60 days your probability of collecting your money gets less and less. The longer you wait the worse chance you will have of collecting what is owed you. I suggest you send a collections letter if you have exhausted every possible avenue and the customer has not responded. When you send this letter, include a deadline for payment or to set up a weekly payment plan, and a date that you will put them in collections if this deadline is not met. In my experience this letter, gets the customer to contact you before the deadline 90% of the time. If you do not hear from them, put them in collections on the date you said you would. Once this letter is sent out, you MUST follow through on your end.

Since 1992, Alicia Leary has been the Credit Manager at Polek & Polek, a family owned wholesale distributor of parts and supplies for copiers, faxes, and printers in business since 1974. To learn more visit www.polek.com.

*information provided by www.crfonline.org



www.polek.com

Polek & Polek
INCREASING YOUR PROFITS SINCE 1974!