

# **ACCOUNTS RECEIVABLE**

**8 Keys to Collect from a Client That Owes You a Penny**

**AccountsReceivable.com | 321-710-3530**

## Know what you're getting into

Too many times we have clients contact us about a new case.

When we start our investigation we see that the debtor has a terrible history of not paying their vendors.

It's obvious actually...

There will be blogs, rip-off report warnings, BBB complaints and all kinds of warning signs from simply doing a Google search of the company.

If you have never done business with someone before and you want to dig a little deeper you can also go to the secretary of state in their state and search to see how long they have been in business, did they say they have been in business 10 years but the state says 6 months? ... **RED FLAG**

Another way to protect your business is by having prospective new customers complete a credit application and having a background search conducted.

If doing these Google searches are not suffice. You can contact us and request our sample credit application for use for new customers. Accounts Receivable can conduct background searches to determine who you are really dealing with.



## **30 days means 30 days**

A lot of our clients find themselves in a predicament because they do not stand by their own credit terms.

When a company has net 30 terms with you then that means the payment should be there by day 30.

If by day 31 you do not have a payment you should have your staff make a courtesy call to find out what the status of the payment is.

If you have the ability to process payments over the phone you can have your accounting staff call using the following “talk off”

**“Hello, This is (Your Staff) with (Your company), I was making a courtesy call to speak with Accounts Payable regarding our invoice (Invoice Number). Our invoice was dated (Date of Invoice) and our terms are net 30, we have not received payment on this invoice, are we able to process the payment over the phone, for your convenience we take (cards that you take).”**

They do not need to be pushy necessarily but it will let your customer know that you take your credit terms serious.

It will also make them less likely to be late in the future.

## **Don't Let Up**

After you have made the initial call, we suggest making another phone call 5 days after the first call if you did not take the payment over the phone.

This gives the customer time to mail the payment once they received the message from your first call.

The second call should be more forceful yet still in a customer service capacity.

A sample script below can be followed.

**Hello, this is (Your Staff) with (Your company), I called last week to find out the status of the invoice that was dated (date of Invoice). I need to know if a check has been sent for this invoice. I am going to be meeting with our credit manager regarding all items that are past due, I am sure this has been an oversight, for your convenience we take (cards that you take) I can process the payment right over the phone.**

Many people do not like to make this second call because we generally shy away from confrontation however failing to do this will lead to more confrontation.

## Send, Call, Repeat

Prior to making your first and second calls to your customer we always recommend emailing and faxing over the invoice.

One of the most common lies or excuses customers make to avoid or delay paying a bill is “I didn’t get the invoice”.

By emailing and faxing the invoice 10 minutes before your phone call, you will eliminate this stall tactic and save time in having to “resend the bill”.

Now I know emails are convenient but fax is a vital tool. Emails have taken over many phases of business but faxes are still used for the most important business transactions.

Sending a fax relays a different message to the recipient than an email. Most emails can also be deleted without ever being viewed.

Nowadays many faxes do convert to emails but a majority of faxes are still printed and handed to the intended recipient.

Once the fax is printed it becomes something tangible in the customer’s hands that they have a psychological need to address. It makes the invoice real in a sense.

## **\$hit Rolls Faster Downhill Not Uphill**

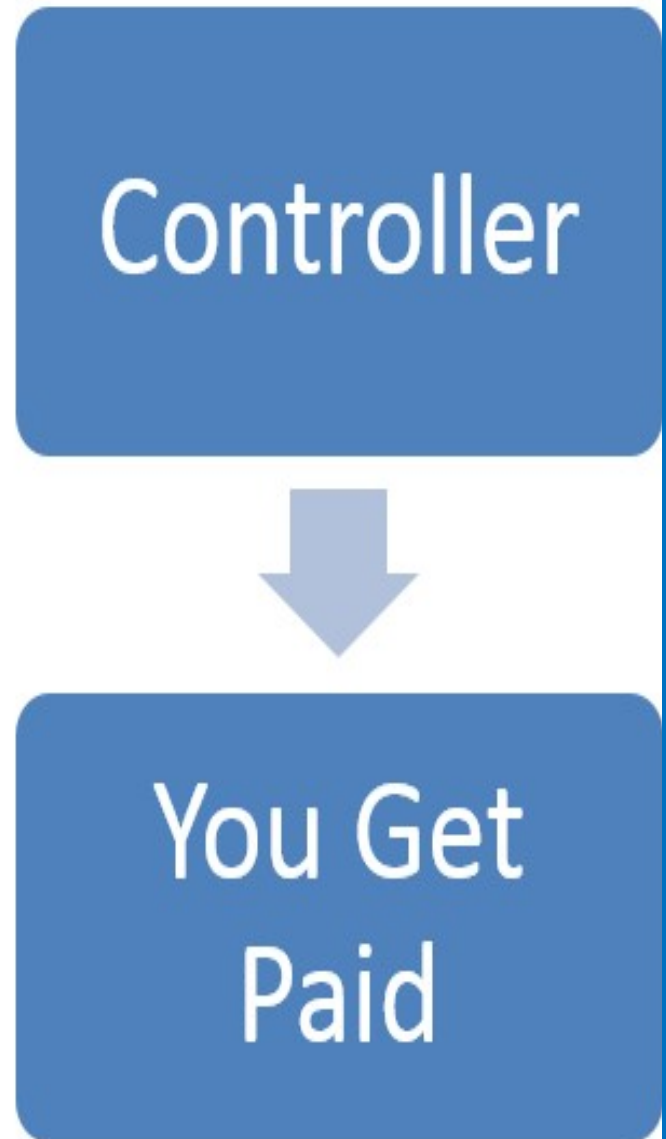
If you are not getting anywhere after your first 2 attempts you need to cut to a person of higher authority.

Depending on the size of the company, you should ask to speak to a controller or owner to discuss a past due invoice.

Working with the Accounts Payable Department will only lead you to working with an Accounts Payable Manager, then an Accounting Manager, then an Office Manager prior to reaching the owner or controller, the only person who can authorize releasing your payment.

Do not get caught in the delay of dealing with people who have no decision making ability.

**(View Past Due To Paid Flow Below)**



**If you attempt to contact the controller multiple times with no success, please be aware of their intent to resolve the situation at hand.**

# Get To The Root Of The Problem

If you are not being paid then there is a big problem.

The sooner you can determine the problem the sooner you can take action to head off the issue.

You want to keep lines of communication open so do not threaten or alienate your customer.

Try to determine if the issue is one of the following:

- 1. Lack of Cash Flow**
- 2. They Have Not Been Paid By A Customer**
- 3. An Issue With The Product Or Service**

If you do not hear from your customer or you seem to be getting the run around, it will almost 100% of the time be reason 1, lack of cash flow.

Knowing this, do not be afraid to give your debtor the chance to make 2 or 3 payments in short (weekly) increments to resolve the balance.

Do not get into long drawn out payment plans or monthly arrangements. This will almost always draw out into non-payment and no contact.

## **Never Pay for Collection Fee's**

When it comes to collecting on a claim that is out sourced to a collection firm or an attorney, your current contract or terms of service with your customers should keep you fully protected in the event they turn into a non-compliant debtor.

Using the clause below to update your agreements will insure that you will always get every penny you rightfully earned and insures your debtor will have to pay for any fee's you incur when collecting their past due balance.

**“In the event that (Your Company) must retain a collection agency or law firm to collect past due balances owed to (Your Company), you agree to pay any and all collection agency fees, court costs, attorney fees or incidental costs associated with collecting.”**

This simple clause in your agreement will make any cost associated with recovering the money you are owed completely irrelevant.

This is also a clause that will ensure a customer of yours will pay you promptly, so their bill does not raise a substantial amount if they become delinquent.

## **Take Action & Do It Quickly**

Debt becomes less collectible as it ages.

Once a receivable has exceeded its original terms by 30 days the collectability will drastically decrease with each passing day.

As a general rule of thumb if your customer has already exceeded this time frame it is time that you start collection activity against them.

Using a professional debt collector is important for two reasons.

First off, you will have an experienced tactician that has extensive experience collecting from your customers. As the clock is ticking the recovery rate is drastically higher using a professional as opposed to trying to do it yourself costing you time, resources and hurting your overall recovery.

Secondly, you do not have to be the bad guy.

Let's face it, if you wanted to collect debt, you would be in collections. Your customers purchased a product or service from you and that is the experience they need to associate with you.



By becoming aggressive and attempting to collect from your customer, they will never associate you with your products or service, only the manner in which they dealt with you when trying to collect.

Collection agencies do not need to worry about this as their primary function is recovering money, even if it means “being the bad guy”. Leaving you as the good guy.

## HOW IT WORKS

# ACCOUNTS RECEIVABLE

ETHICS, INTEGRITY, RESULTS

To make utilizing a collection agency a profitable and proficient solution for our clients, Accounts Receivable seeks to streamline the process from beginning to end. Becoming a client and submitting claims to Accounts Receivable is very simple. Prospective clients may elect to simply return the agreement and account placement forms provided in this packet or submit claims through our online express sign up link:

<http://accountsreceivable.com/place-claim.html>

Once received you will become a client of Accounts Receivable and our agents will immediately begin working to recover your money.

## STAYING IN THE LOOP

We understand that your time is valuable and that your focus should be on clients that are paying you and developing new business relationships. We are here to serve as an extension of your accounting team which will enable you to focus on other pressing matters. As time is the most valuable resource of our clients, we offer an industry leading, cutting edge client portal where clients can log in and view the accounts placed. Within the client dashboard, you can view the current status of your accounts, specific collection efforts being made as well as payments received. Clients may also request litigation consultation, notify Accounts Receivable of direct payments made, provide supporting information about files and submit new collection claims. Access to this portal is free and is given to all Accounts Receivable clients and is available 24/7 365 days a year. While this is offered to our clients for convenience, clients may also contact our customer service team as well for clarification or updates at any time.



## REMITTANCE AND GETTING PAID

Accounts Receivable takes pride in our industry leading remittance process. Remittance is the process of getting paid for collections successfully made by Accounts Receivable.

Our remit policy is as follows:

All payments collected between the 1st and 15th of a month are processed between the 1st\* through the 5th of the following month.

All payments collected between the 16th\* and 31st of a month are processed between the 16th and the 20th of the following month.

\*not including weekends or holidays

Where most collection agencies remit monthly or quarterly, Accounts Receivable is leading the debt collection industry with our bi-monthly remittance policy. Getting your money back in your hands now!

# WHO NEEDS A COLLECTION AGENCY

## ACCOUNTS RECEIVABLE

ETHICS, INTEGRITY, RESULTS

### WHO NEEDS A COLLECTION AGENCY

The answer is any company that is in business and looking to be successful. The sad truth is that in today's day and age the gentlemen's agreement and business integrity are often icons of another time. Commercial and Consumer debt is a constant battle that all companies will eventually have to deal with. One customer that does not pay a debt will often wipe out the profit margin earned from up to ten paying customers. Having a reputable and efficient collection agency is necessary to protect your revenue and your business.

### THE CLOCK IS TICKING

Any business owner, bookkeeper or office manager knows that when a customer does not pay, the odds of receiving a payment substantially decrease the longer an account ages. The length of time an account is delinquent drastically reduces the collectability. Statistics have shown that after just 3 months, the likelihood is that you'll collect only about 70 cents of each dollar owed. After six months, that figure drops to 50 cents, and after a year it shrinks to 23 cents. This proves that time is money. Money earned today is more valuable because it is available sooner to be invested. As time is of the essence it is important to have a control mechanism in place so you can take immediate action if a customer does not pay you. While it is understandable to want to maximize the amount of money you recover from a past due customer, it is detrimental to hold on to delinquent accounts, especially if they are exhibiting one or more of the following behaviors:

- Refuses to take phone calls.
- Claims to always be traveling.
- Waiting on another customer to pay.
- Claims they are waiting on checks to clear.
- Claims to have sent payment but it has not arrived.
- Claims they are waiting on approval to issue a payment.

These are all classic red flags and are important indicators that it is time to put a debtor into collections.



## HOW WE WORK

# ACCOUNTS RECEIVABLE

ETHICS, INTEGRITY, RESULTS

At Accounts Receivable we understand that each case is different and we treat each claim as such. We handle each and every case as an isolated circumstance which increases the collectability of each claim. All files received are researched to insure we have the most current and up-to-date contact information available and then are advanced through our 3 phase collection process.



## PHASE 1

All claims received by Accounts Receivable will go through this initial phase. Phase 1 of our process consists of in house collectors making personalized attempts to contact the debtor through all means possible. This includes but is not limited to phone calls, emails, letters and faxes. Our agents will diligently attempt to reach your debtor to secure payment. When necessary collectors will negotiate payment plans and settle disputes to ensure maximum recovery. Accounts Receivable's agents will not settle a case for a lower amount without your authority.



## PHASE 2

If a claim is not collected during Phase 1 and it is determined that the case warrants further action, Accounts Receivable will assign the claim to one of our affiliated attorneys. This attorney will be located in your debtor's jurisdiction. The attorney will make additional attempts to contact your debtor to resolve the balance. Additionally, they will evaluate the necessity of litigation or judgment enforcement actions if the balance remains unsatisfied.



## PHASE 3

This phase includes filing suit against your debtor and/or filing post judgment enforcement actions. Accounts Receivable covers the affiliated attorney's fees from the contingency fee we earn. The only costs you will be responsible for are the out of pocket expenses incurred, such as filing fees, service costs, motion fees, etc. Phase 3 will only be recommended on claims where it appears there is a high likelihood of recovery in the event a judgment is entered or post judgment actions are filed.

## WHO WE ARE

# ACCOUNTS RECEIVABLE

ETHICS, INTEGRITY, RESULTS

Accounts Receivable, is an industry leader in standards and professionalism. We provide a constantly trained staff to maximize the results for our clients.

## CUSTOMER SERVICE

We ensure that our clients as well as the customers they place for collections are treated with respect by way of excellent customer service. We realize our clients will from time to time have unique situations that our FAQs don't address or may have problems come up and need additional help to resolve the issue. We offer an entire Customer Service Department including a dedicated email address for support issues to ensure you receive an immediate response to any of your questions.

## NO RECOVERY NO FEE

At Accounts Receivable, we are confident in our ability to collect and do not charge our clients upfront fees for our collection service. Our office makes a fee contingent upon our ability to successfully collect from a debtor. If we do not collect you do not owe us anything! We pride ourselves in our results and are assured that our capable collectors are going to get the job done for you.

## THE ACCOUNTS RECEIVABLE DIFFERENCE

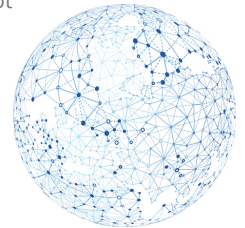
Our clients have come to appreciate the many advantages of working with Accounts Receivable, as opposed to your typical collection agency.

1. Ability to file a lawsuit: We don't always have to file suit against debtors, but simply having the option to file suit gives us more leverage and our clients more options than your typical collection agency.
2. Knowledge of the Law: As a result of our vast experience in the debt recovery industry our clients are provided the information they need to make an educated decision regarding their financial recovery.
3. We are held to a higher standard: We are bonded, insured and licensed by the Florida Department of Banking and Finance. This holds our firm accountable for our conduct when engaging in debt collections.
4. In addition all of our cases are taken on a contingency fee basis.



## CUTTING EDGE TECHNOLOGY

Accounts Receivable provides the latest technology in both data security as well as communications. We deploy a number of communication strategies to recover the money owed to you. Accounts Receivable takes a comprehensive approach to collections, from understanding the impact of social media in locating individuals and their assets to utilizing private databases that provide personal and financial information not easily available to the general public. Our unique combination of collection veterans and information technology professionals ensure we deliver outstanding results well above the industry average.



## OUR MOTTO

### ETHICS

Accounts Receivable adheres to the strictest interpretation of collection law. Accounts Receivable does not use deceitful, unlawful or immoral techniques when dealing with clients or debtors.

### INTEGRITY

Accounts Receivable believes in the practice of honest business. We will not charge a fee that is not agreed to and we do not use under the table business tactics to gain an unfair advantage.

### RESULTS

As a contingency based agency, our success is dependent on our ability to collect. Accounts Receivable uses highly trained agents, not phone representatives. We never outsource and strive to successfully collect for our clients.