



# Caine & Weiner

— Excellence in Global Receivable Solutions —

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1930 - 2015 Anniversary

**Professional Service, Prompt Attention — Proven Results!**

**Spending Time Chasing Your Money?**  
*Time is money... Let us help you use it wisely*

**Caine & Weiner ~ Since 1930, providers of world-class accounts receivable management solutions to the global business community**

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**Everything You Ever Wanted  
to Know About  
Collections But Were Afraid To Ask**



For nearly nine decades Caine & Weiner has collected delinquent account balances for many of the world's leading companies. As such, we have contacted hundreds of thousands of debtors in virtually every industry. Our experience has allowed us to find out, first hand, which collection techniques and procedures are the most effective.

***"Everything you ever wanted to know about collections but were afraid to ask"*** is a compilation of our years of collecting delinquent accounts. As such the information can be used immediately in your collection endeavors.

We hope the content will be helpful to you.

Thank you.



Greg A. Cohen  
President & CEO  
Caine & Weiner

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## Why Have a Collection Plan?

Accounts receivable are often the largest asset carried by a company. As a credit/collection professional, your job is to convert this asset to cash. Unfortunately debtors will often delay payment, using "your money" as interest-free working capital.

As shown in the table, if your profit is 5%, in order to offset a \$5,000 loss you must sell, ship, bill and collect \$100,000.

Your customers must know what your terms are and that payment is expected in accordance with them. If payment is withheld intentionally or through circumstances beyond their control, having a collection plan in place increases the chances of debt recovery.

And your net profit is:						
If Your Loss Is:	2%	3%	4%	5%	6%	7%
\$50	2,500	1,667	1,250	1,000	834	714
100	5,000	3,334	2,500	2,000	1,668	1,428
200	10,000	6,668	5,000	4,000	3,336	2,856
300	15,000	10,000	7,500	6,000	5,000	4,284
400	20,000	13,336	10,000	8,000	6,672	5,712
500	25,000	16,670	12,500	10,000	8,340	7,140
750	37,500	25,000	18,750	15,000	12,500	10,710
1,000	50,000	33,340	25,000	20,000	16,680	14,280
2,000	100,000	66,668	50,000	40,000	33,333	28,571
5,000	250,000	166,333	125,000	100,000	83,333	71,428
10,000	500,000	333,333	250,000	200,000	166,666	142,857
20,000	1,000,000	666,666	500,000	400,000	333,333	285,714

  
**Sales Volume required to offset each lost dollar**

### Getting Started

#### Goal Setting

A goal has been described as "a dream with a time limit on it". Steven Covey, author of the Seven Habits of Highly Effective People, advises when setting goals to begin with the end in mind. Start with a clear understanding of your destination so that your actions each day bring you closer to your goal.

Try these steps:

#### Write them down

They help clarify what you want to accomplish and increases your commitment.

#### Set ones that are realistic

"I want to increase debtor contacts this month by 20%" is more realistic than stating "I want to increase debtor contacts."

#### Create a plan

Answer how and describe what must be done. For each goal, list each step necessary to achieve it.

### **Begin immediately**

- Start with the first step
- Spend time each day working on your goal
- Address each problem as you encounter it
- Review on a daily basis

### **Visualize your goals**

Think about the end result. Visualize the rewards of your success. Once your subconscious accepts your visualized goal, you will work more effectively to achieve it.

### **Record your progress**

Chart your efforts on a daily basis. Weight-loss centers place great emphasis on charting results and its positive impact.

**Collect more dollars:** Strive each month to improve on the prior month's collection performance.

### **Improve Recovery percentage:**

For every debtor who pays, many do not. Moreover, the percentage varies, depending on the type and age of the account, state of the economy, and other variables. Establish goals to increase your recovery percentage. If you are collecting one account out of every five contacts (20%) your goal may be to collect one out of every four (25%).

# PIF's # Contacts

The more calls you make and your skill in motivating the debtor influences your percentage of success.

Reward yourself

Rewards built into your action provide an incentive and help overcome procrastination.

Review your goals periodically

As time passes, some goals will be met and some will not. Failure to meet them can be used as an opportunity to improve your goal setting techniques and later success.

Time Management

Set up your schedule the night before:

By planning your calling schedule and agenda the prior evening, during off peak time, allows you to use the advantage of prime time for telephone activity. With your morning schedule prepared the night before, you can "hit the ground running", mentally prepared and knowing where to begin. You have unconsciously prepared yourself for the task that awaits you.

**Remember, the early bird gets the worm!**

### **Set Aside Time to Collect:**

Often, collecting is just one of several tasks you must handle. Because it requires concentration arrange to set aside a period during the day when you will be uninterrupted. During collection time, other tasks should not be allowed to interrupt this activity—no employee conversations, no non-productive tasks—just collecting.

### **The Professional Gets Started Early In the Day.**

If you are unable to reach the debtor, try later in the day. Prevent it from carrying over to the next day.

### **Know What Your Goal Is:**

To use your time effectively, establish goals. When goals are too vague or too ambiguous time moves slower. Specific goals provide a yardstick to measure your progress.

### **Keep Accurate Records:**

Categorize your paperwork in an effective manner. Discard junk mail immediately. File your records where you can easily retrieve them.

### **Overcome Negative Traits:**

Don't try to be absolutely perfect. Do the best you can. Don't try to make the debtor agree to pay in full when you know they can't or won't.

### **Don't Waste Time Thinking About Failure:**

Learn from your mistakes, but don't spend excessive time dwelling on a blown collection call.

### **Discipline Yourself:**

The professional collector knows that preparation and planning is as important as having outstanding telephone skills. Discipline allows you to master organization and preparation skills. A disciplined collector is more confident and effective than the novice who flies by the seat of their pants. The debtor can tell the difference.

### **Organization:**

Use the STAR system to quickly process papers that cross your desk.

- S** Save it if you will later need it
- T** Trash it if it is not needed
- A** Act on it if a response is required
- R** Refer it to someone else

Unorganized workspaces prevent the location of files. Create a simple filing system that makes sense to you. Clear your desk at the end of each day. Keep necessary work items in a handy place or near your desk.

Take 5-10 minutes at days end to plan for the next day. Your PC, desk planners or calendars are useful tools.

Don't delay starting projects. Divide projects into smaller and more easily accomplished steps. Begin with the tasks you dislike the most.

Build in a reward system.

Plan a monthly "Do-it Day" for projects or phone calls you have been putting off.

## **Know Your Debtor**

Before making a call, salespeople gather information about their prospect. Collectors must do the same thing—after all, collecting is sales! The more information you have, the more effective you will be.

As a collector, you should know the debtors business—the products and/or services they provide. If you are able to explain the nature of the past due account you can better anticipate disputes and stalls. Your knowledge of their business will overcome their excuses.

Your pre-call investigation depends on the amount owed by the debtor. Obviously, less time should be spent researching smaller balance accounts. Some collectors use a debtor check list which may include:

- Name, address, email and telephone number of the debtor
- Credit information such as credit application, credit reports, financial statement and sales agreement
- Debtor correspondence will provide insight into how to get paid of if the debt is disputed
- Invoice and statements detailing the amount owed and date of last payment
- Client information-website information, press clippings, sales rep notes, etc. Escalation levels are effective in the collection process:
- Persistent follow-up
- Canceling the customer's credit privileges
- Threat of collection agency involvement
- Placing the debtor with the agency for collection

- Collection agency follow-up
- Threat of legal action
- Referral to the attorney
- Threat of litigation
- Litigation

## The Collection Call

The beginning of your telephone call with the debtor sets the tone for the rest of the conversation. The reason you are calling is to collect a debt. Be firm but polite, friendly, but not overly so.

State the reason why you are calling. Keep the message simple. Make sure the debtor is listening by using their name, asking questions and asking for agreement—"Isn't that so, Mr. Debtor?"

... and remember, keep the call short and to the point. Time is money. Extended conversations favor the debtor. The longer you stay on the line, the more vulnerable you become to confrontation, disputes and allowing the debtor to detect any weaknesses on your behalf. Be mindful you are probably just one of several collectors in contact with the debtor – all competing for their limited financial resources. The collector who is the most compelling will be the successful one.

**Identify the debtor:** Make sure you have the correct party. Verify their name & address.

**Identify yourself:** Give your name and company, state the purpose of your call. Recite the mini-Miranda disclosure: "This is an attempt to collect a debt, any information I obtain will be used for that purpose."

**Ask for payment in full:** State specific date and amount.

**Use the psychological pause:** Ask question – then wait. Listen carefully to the response.

**Determine the problem:** Ask questions.

**Find the solution:** Remain positive, identify source of money, make payment arrangements, and maintain control of the call.

**Summarize the agreement:** Agree on payment method and date. Ask the debtor to repeat the arrangement.

**Update your files:** Include: date and time, person spoken to, results of call and payment arrangement.

## Trade Secrets

### Professional Techniques

- Speak firmly & clearly
- Avoid unnatural words and sentences
- Be businesslike, brief and to the point
- Whenever possible use yours and the debtor's last name
- Never assume the mail has slowed down
- Stress urgency: Your bill is the most important one owed by the debtor
- Follow-up exactly, not one day early or one day late
- Always project a positive image
- Never get off the phone having to do something for the debtor
- Never give the debtor the benefit of the doubt

### Handling the Challenging Debtor

One of our top collectors describes collecting as a verbal chess game. When calling he automatically assumes the offense, thereby avoiding any defensive position. This allows him to take charge of the conversation. This could include hand-holding as most businesses sincerely want to pay their bill. When the debtor makes a promise to pay, he has them repeat it and lets them know such a promise is not taken lightly. If the debtor promises to pay "next week", question it. "Why next week rather than tomorrow?" This sends a signal to the debtor that they are not dealing with a novice, but rather a professional who delivered the product or service they requested and expects payment in a timely manner.

#### **Listen:**

- Listen not only to what is said, but how it is said
- Listen with empathy

#### **Ask Questions:**

- Do not make the debtor wrong
- Restate the debtors remarks to clarify
- Sell yourself
- Sell your ideas
- Uncover their objection—and overcome it!

#### **Be Your Best:**

- It is easy to become angry with a rude debtor—don't do it!
- Use your best collection techniques
- Use diversity

#### **Know When to Quit:**

- Can the debt be collected?
- Should a team-member get involved?
- Should the sales department get involved?
- Does the debt meet the standard for legal action?



Without encumbering you with too much detail, Maslow's study revealed that everyone has needs which must be met. As illustrated in the pyramid, the most basic needs are physiological which consist of oxygen, water, protein, air, rest, etc. Following these vital needs is safety, which includes stability and protection. The higher levels encompass; belonging (love and status), esteem (fame) and self-actualization.

What does this have to do with collecting money?

The professional collector understands that debtors react differently and have inner needs which determine how they respond to external demands made upon them. The debtor who is suffering acute financial problems resulting from a medical emergency or job loss must be addressed differently than the business owner whose annual revenue exceeds \$50 million, and is withholding payment for a \$50,000 invoice because of a "purported \$150 pricing dispute". The professional collector approaches each debtor



differently, using his knowledge and resources to conclude the matter in a professional and expeditious manner.

### **Cool Tools**

As a professional collector, you have an abundance of resources and advantages which the debtor may not have. For example, when you contact them, you are prepared for action. You have a copy of the unpaid bill and relevant information – you are enthusiastic and prepared for discussion. Conversely, when the debtor answers the telephone, more than likely they are not prepared or mentally positioned to discuss the issue as passionately as you are. Some collectors use cue cards, not for the purpose of reciting a script, as some telemarketers do, but to keep their thinking process on track. One top collector keeps a card in front of him which lists frequent excuses and effective responses. The cue card can be a valuable tool for keeping you on track “during the heat of battle.” Moreover, the debtor is not aware you are using it.

### **Statements to Induce Action:**

- “Paying today is the honest thing to do”
- “Maintaining a positive image is important. Pay this bill today and your good image will be preserved!”
- “No one likes to worry about unpaid bills. Let’s take care of this bill today!”
- “Your account has been referred to me for final review...”
- “Help me understand why I need to make arrangements...”
- “By immediately forwarding your payment, it will not be necessary to report your account as past due to the credit bureau ... ”

### **Gauge debtors reaction:**

- “How does that sound to you?”

### **Probe deeper:**

- “Why do you say that?”
- “In what way?”

### **Ask Fact Finding Questions:**

Questions asked with the following words cannot be dismissed with a simple yes or no answer. Who? What? Where? When? Why?

### **Get the debtors opinion:**

- “Many people tell me it is a relief to pay their account. What is your opinion?”

### **Confirm understanding:**

- “Do we agree?”
- “Do I understand correctly?”

### **Lead to a close:**

- “Is there any reason we can’t clear this up today?”

### **Useful transition phrases are:**

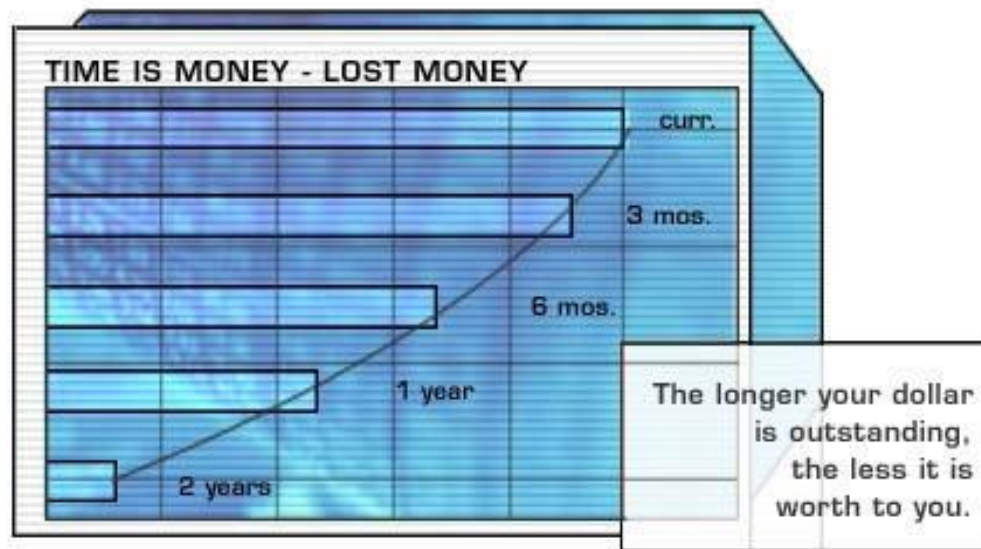
- “Well, I understand that, but ... ”
- “I can appreciate that, but ... ”
- “I know what you mean ... and ... ”
- “Yes, I agree with that, but ... ”
- “Yes, and ... ”
- “You raise an interesting point, however ... ”

**Listen carefully:** Be honest. Help the debtor trust you

**Focus on benefits:** Push positive benefits for them to pay their debt

**Prove to the debtor you are a professional: The abusive debtor:** When confronted with a rude debtor, the first thing to do is listening to them. Giving them sufficient time to talk helps you to identify the problem and discover ways of solving it. Try to identify their complaint. Once it is identified, much of the difficulty will go away. In those extreme cases when the debtor is screaming, tell them you will call them back after they have cooled down. In this case, it is important to say goodbye so they don't feel you are hanging up on them.

A final alternative would be to transfer the call to your supervisor. This may satisfy the debtor that their activity produced action and they may settle down and start communicating.



## Effective Communication

### Listening

Listening is our least utilized communication tool. Listening effectively helps you discover what the debtor is thinking and provides vital clues for you.

### Prepare Before You Call the Debtor.

Have a general idea of what you intend to say, what your objective is, then rephrase it to fit the debtor and circumstances.

### Ask Questions Based on What the Debtor is Saying.

Through proper listening and questioning techniques you can control the conversation and steer them in your direction.

### Limit the Amount of Talking.

You can't talk and listen at the same time. Confine your side of the conversation to short appropriate questions and comments that steer it toward your objectives

### Don't Interrupt.

Even if there is silence (remember the psychological pause?), the debtor may be thinking of what next to say and your interruption cuts into their train of thought. Many of us rush to fill a silence because it makes us feel uncomfortable, yet this may be when the most valuable pieces of information are supplied.

### Concentrate.

Focus your mind on the conversation. Tune out office distractions and extraneous thoughts.

### Take Brief Notes.

Be selective in what you write down and use abbreviations as much as possible. All you need are the

important points, not the entire conversation.

### **Listen for Ideas.**

Focus on ideas, not simply words. Often patterns will begin to develop.

### **Make an Occasional Response.**

This acknowledgement lets the debtor know you are listening to what they say.

### **React Only to the Responses Given by the Debtor, Not to the Debtor Himself.**

Don't take their comments personally. Terminate any conversation you feel is derogatory or demeaning to you.

### **Don't Jump to Conclusions.**

Listen to the entire explanation before making comments, asking questions or giving advice. Be careful, too, that you don't interrupt with unwanted assumptions.

### **Practice Listening.**

Practice with family, friends and co-workers. Your practice will pay off by enhancing your ability to hear what people are really saying, not just the words that are being spoken.

### **Your Voice**

Your voice is your main communication tool. Use it to its fullest advantage when convincing the debtor to remit payment. Listen carefully to your voice and its characteristics. Is it so shrill it grates on the nerves, or is it pitched so low that it rumbles and is hard to understand? Some people mumble and consistently mispronounce words. Others speak so rapidly that much of their message is lost. To get your message across, you must overcome poor speech habits.

Clarity or diction is one of the most important voice characteristics. Those accustomed to your speech pattern and mannerisms have little difficulty understanding you. When talking to strangers, however, sloppy speech habits inhibit the communication process. Be careful not to cut off or swallow the ends of your words, dropping the voice before the sentence ends, or omitting syllables. Clear pronunciation allows the debtor to concentrate on the content of the message rather than trying to decipher the words. Be familiar with the words used and correctly pronounce them. When calling debtors in all parts of the country, clarity and rate of speech is especially important.

Little inflection, giving the impression of a "canned" speech, will leave the debtor confused and unsure of what he just heard. Most people who have problems with their rate of speech talk too fast. If you are afraid you might be one of them, tape your end of several collection calls. You may be in for a surprise. If you find your speech is too rapid, consciously try to slow it down.

Volume and pitch are what makes your voice interesting to the listener and can be used to effectively command the listener's attention. Volume relates to whether the voice is loud or soft and pitch relates to whether it is high or low. If you increase the volume during the conversation, the debtor may increase theirs. If you then increase yours even more, trying to talk over him, they will do the same. The end result is that neither of you will be heard. Conversely, avoid meekness and lack of conviction—an image that no collector wants to leave.

A voice too shrill will grate on the listener's nerves. One that is pitched too low rumbles and is hard to understand. Try for a calm, moderately-pitched voice—one that will induce the debtor to listen more closely, which is what you want.

One way to discover if you are suffering from sloppy speech habits is to tape-record practice collection calls, using a co-worker or friend as a stand-in for the debtor. When you play back the tape, listen to yourself for any speech habits that need to be changed. Poor habits will quickly become evident. Once you are aware of these you will find that improvement comes rapidly.

Jargon	Simple Terms
Is in arrears	Is past due
We want to expunge this debt	We would like to erase this debt
Heretofore	Up to now
Remittance schedule	Payment schedule
To be indebted	Owed
Credit grantor/vendor	ABC company
Arrears	Behind
Aforementioned	What I said before
Fiscal obligation	Debt
Discharge of debt	Payment
Implied credit agreement	Credit
Your failure to remit	You didn't pay
We expect compliance with the contract	We expect you to keep your promise to pay

### Words

As a professional collector, your goal is to recover payment in full during the first call. You will not accomplish this if the debtor doesn't understand you.

Be aware of the words and terms you use when conversing with the debtor. Adjust your vocabulary to their level. If they are articulate and well-spoken, use more complex terms with confidence that they will understand. If their speech seems to indicate less education, keep your words and explanations simple and understandable.

Feedback occurs when the other person repeats in their own words what you said. It is a way to check on their understanding of the conversation. Following an arrangement, ask the debtor to tell you when they will be sending their payment. "Now Mr. Debtor, just to be sure I understand everything, when will you be sending your payment?" Mr. Debtor's response is the feedback.

Jargon is the tendency to use terms and phrases that are common to the industry and collectors are no different from anyone else. Following are some examples of jargon, and some simpler terms that debtors are more likely to understand:

## Negotiating Payment Arrangements

Allowing the debtor to make payments, rather than remitting payment in full, should be resorted to only as a last ditch effort. Never begin asking how much they can afford to pay.

After determining if a payment arrangement is prudent, have the debtor agree to a firm timetable. Never agree to a vague arrangement whereby they agree to pay "in a couple weeks". Pin them down to a specific amount and date expected. Be sensible. If the debtor clearly cannot afford to make a \$1000

monthly payment, adjust it to a realistic amount.

Ask the debtor to write down the agreed upon arrangement and have them repeat it back to you. Repetition is one of the best ways to get your message across. They should also be instructed that the plan is a courtesy being extended to them and that they are expected to live up to it so that action does not escalate to the next level.

If the agreement involves installment payments, make sure the debtor is aware of the due dates and amounts expected. Often in such cases, it's useful to have them agree to remit a particular day each week or month. Ask them to include their confirmation of the arrangement in a written note accompanying their If the debtor falls behind on the agreed arrangement:

- Do not reduce the amount of the monthly payment
- Refuse to extend the period of time between payments
- If possible, shorten the time between payments

Advise them that accepting a payment schedule is a one-time arrangement and not to be construed as a precedent for future business dealings.

## Cash Sources

When they say they cannot pay, but you think they are able, it is up to you to show them how. Ask, "Are you a reputable company?", or "You're an honest person aren't you? If I can show you how to pay the debt in full, will you pay me?" You can then suggest sources of money available to them:

**Banks:** Many individuals and companies can obtain a bank loan. Existing loans can often be refinanced.

**Credit Card:** Credit card holders can obtain cash advances.

**Checking & Savings accounts:** Banks offer overdraft checking. This allows the debtor to write themselves a loan from their bank through their checking account. If they don't have overdraft checking, they may be able to obtain it.

**Stocks & Bonds:** Often overlooked, stocks and bonds are a cash source.

**Tax Refunds:** This cash source is particularly good in the early months of the year. Property tax refunds come later in the year (not in all states).

**Credit Unions:** Many debtors are members of credit unions, a source of loans generally at rates lower than what banks offer. **Finance Company:** Since these institutions charge higher rates of interest, they take greater risks.

**House Refinancing:** Home owners have the option of re-financing their home loans for a source of capital for debt repayment. **Insurance Policies:** Many insurance policies have cash value that can be borrowed on at a low rate of interest.

**Relatives & Friends:** This may or may not be a good source, but nevertheless is an option on a short term basis. Depending on the strength of the relationship it may or may not include interest.

**Sale of Personal Property:** Companies accumulate property they can sell.

# Business Types

**Proprietorship:** An individual ownership or sole proprietorship is a business operated by one person who is individually responsible for all debts.

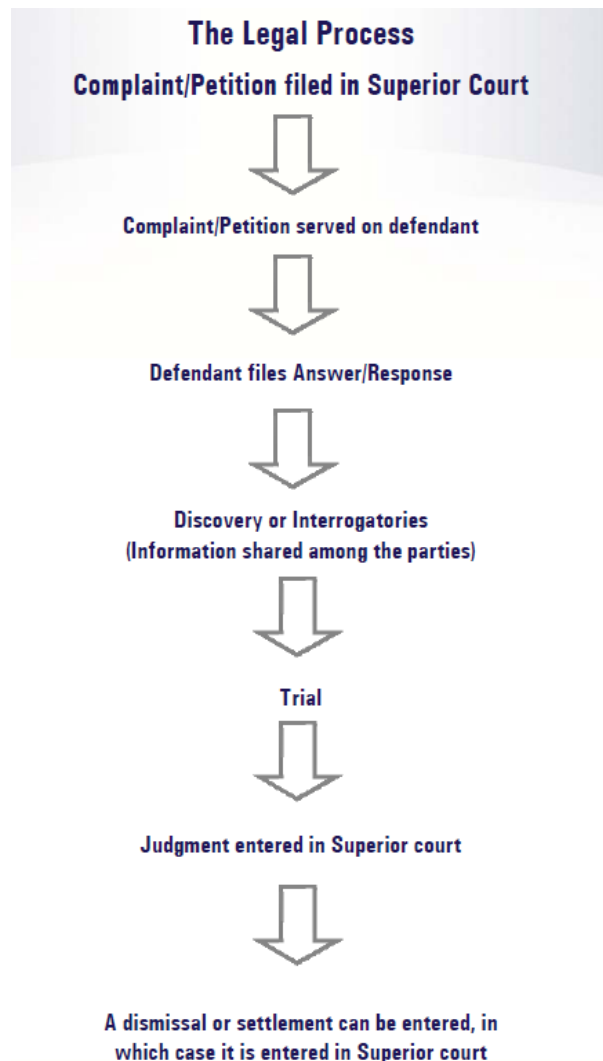
**Partnership:** Two or more persons engaged in a for-profit business, both sharing in the control, losses and profits.

**General Partnership:** Each partner is responsible for the business acts of all, as well as the personal assets of each partner. **Limited Partnership:** A limited partner is liable only for the amount they have agreed to invest in the business.

**Corporation:** An artificial entity existing only in the eyes of the law. A stockholder or officer cannot be held personally responsible for corporate debts.

**LLC (Limited Liability Company):** This is an unincorporated entity that provides its owners with the tax advantages of a partnership and protects them against personal liability similar to a corporation.

**LLP (Limited Liability Partnership):** A general partnership whereby the partner is not liable for a wrongful act of the other. For example if the LLP is a law firm and one attorney.



# Bankruptcy

The objective of filing bankruptcy is the collection and distribution of a debtors assets and the discharge of the debtor from obligations. A bankruptcy filing does not release debtors from the following:

- Tax
- Tax penalty
- Custom duty
- Student loans (unless it was due five years before the bankruptcy filing)
- Loans obtained by the use of false financial information
- Liability for fraud
- Liability for alimony or child support
- Liability for malicious injury
- Judgments against a debtor for driving while intoxicated

## **Chapter 7: (Liquidation)**

The debtor's assets are liquidated and the proceeds are distributed to the creditors.

## **Chapter 9: (Adjustment of debts of a municipality)**

Confined to municipalities only.

## **Chapter 11: (Reorganization)**

The firm remains in business under the supervision of a court-appointed trustee, to whom they provide a plan or reorganization. The reorganization plan is approved by a management committee made up of the old owners and creditors. Such plans can take years before the debts are settled. Creditors may receive just a few cents on the dollar.

## **Chapter 12: (Reorganization of debt of a family farmer with annual income.)**

Created in 1986, this form was created to protect the assets of farmers from creditors while the trustee determines if they are capable of recovery.

## **Chapter 13: (Adjustment of debts of an individual with regular income)**

This is a less expensive alternative than Chapter 11 available to an individual or small business allowing them to pay a portion of their debt and receive extra time or both, It must be approved by the creditors and the court.

# Prevention—The Best Cure!

## **Don't assume that your customer knows your credit policy.**

Although there are established trade practices in every industry, it is sometimes the difference that makes a customer choose one supplier over another. That is why it is important that your customer understands your credit policy, eliminating misunderstandings. Emphasizing the policy may be necessary if delinquency becomes an issue. Never be reluctant to ask for payment when it is due.

## **Know your customers—individually**

At the beginning of each business relationship, it is prudent to build a credit file on your customer. Credit should never be extended without ascertaining liability. In the event that the customer begins taking extra time to pay their balance, it is advisable to keep them under close scrutiny. If the customer is a valued one of long standing, they demand extra consideration.

## **Keep your credit records current**

The affairs of companies are constantly changing: Such changes in markets and management directions can abruptly alter the course of a company's health and conduct. It is wise to keep abreast of trade reports pertaining to specific companies so that a calamitous credit situation doesn't catch you by surprise.

## **In uncertain periods tighten your collection procedures**

If business conditions are uncertain, it is time to review your collection procedures and tighten them up. You can't guard against unforeseen events but you are minimizing your company's risk by rigidly adhering to your policies. Start by revising your collection letters making them more action-compelling.

### **Try to discourage extended payment terms**

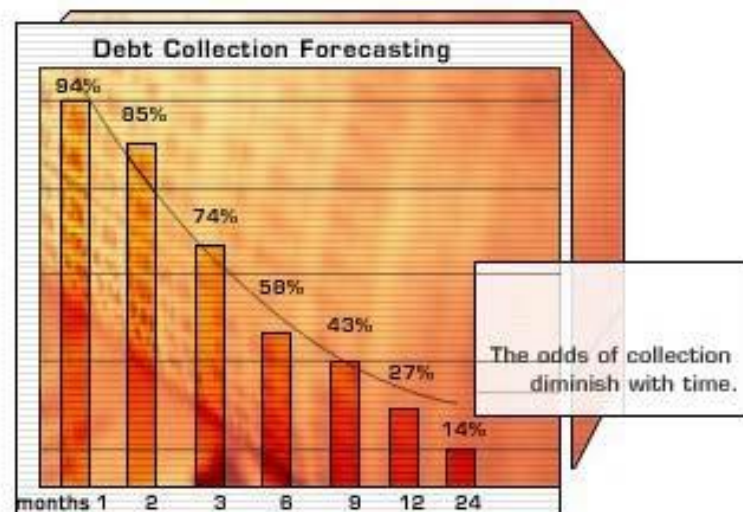
Review requests for extended payment terms carefully and ask your sales department to discourage such requests. Too many can endanger your company's cash flow position and lead to undesirable account relationships.

### **Pursue partial payments with requests for the balance**

Debtors assume that by making partial payments it will get the "heat off them". While such payments show good faith, and part is better than none, it should not slow your effort to collect the total amount due. The best practice is to acknowledge partial payments and promptly follow-up for payment of the remainder.

### **Shorten your collection schedule**

Cut the time lag after an account's due date by shortening the period from that date for continued extension of credit privileges. This "shock treatment" transmitted to a principal can sometimes exert needed leverage on accounts, particularly those who rely heavily on the supplies or services your company provides.



### **Keep your lines of communication open**

Make sure you are getting through to the right person, the decision maker. Phone them and offer to visit them to discuss the delinquent debt and establish a payment schedule.

### **Try to resolve disputed matters quickly:**

If the reason for non-payment is a dispute over quality of merchandise, service, price or delivery, a mutually agreeable settlement should be arrived at promptly. The customer may use a minor dispute to withhold a substantial payment. Insist that the undisputed portion be paid immediately, indicating that the balance will be negotiated.

### **What to do when all else failed:**

Your judgment will tell you when you have exhausted all the means at your disposal to negotiate payment from your customer. At this point you can take positive action by referring the account to a Collection Agency, one that is a member of the Commercial Collection Agency Association.

### **When to employ a collection agency:**

- When indebtedness is 90-120 days delinquent.
- When inquiry discloses customer financial reverses, falling sales or other creditor collection action.



- When costs of your own personnel's efforts do not justify further time investment.
- When customer demonstrates bad faith and loses creditability.

## **Why use a Collection Agency?**

If the debtor has ignored repeated requests or has made broken promises to pay, continued efforts are sometimes not worth the additional time. The referral of accounts for collection should be made in accordance with your company policy or when special problems arise.

### **Third Party Leverage**

An agency's involvement utilizes special procedures and third party leverage which commands attention from a delinquent debtor. It provides efficient and immediate collection contact and is persistent and aggressive in obtaining prompt action for its clients. Using an agency has a strong psychological advantage. The debtor is no longer dealing with the original provider of product or services. It is dealing with a third party whose sole function is to collect the debt. The debtor knows this and is aware that all legal means of collection will be utilized.

### **Time Will be Saved by Letting the Agency Handle the Collection Problem**

Allowing the agency to address your past due accounts gives you more time to use more productively. It is possible for 5% of delinquent accounts to take as much as 20% of your time. This time is consumed by letters, phone calls, follow-up notes, meetings, etc. By using a Collection Agency, more time can be devoted to tightening internal credit controls, and customer service, and in the long run, allowing fewer accounts to reach severe problem status.

### **Before selecting an agency, certain criteria should be considered:**

- Investigate their financial responsibility and position in the industry.
- Check on their bonding, licensing and insurance
- Is the agency aware of collection laws and do they adhere to ethical business practices?
- Learn their geographic or industry strength
- How does it recommend forwarding accounts for legal action?

Pick an agency that is familiar with your business.

Avoid using an agency whose overly-aggressive collection attempts will tarnish the reputation of your company and could lead to liability on your behalf.

Develop an understanding of fees; how are they charged? Are they contingent? What is their remittance policy of money collected? What reports do they provide?

A well-chosen collection agency is valuable by providing additional resources which may result in the collection of past-due accounts that have resisted your collection efforts. In some instances the collection agency will be unable to collect the debt and may require the filing of a lawsuit. In such cases the agency can provide valuable background information that may be critical to the decision-making process.

## **Who is Caine & Weiner?**

Caine & Weiner is an International accounts receivable management company that provides exceptional commercial and retail collection performance with unmatched client service to the global business community.

Established in 1930 by Sidney Caine and Charles Weiner, our firm has offices strategically located throughout the country. We service over 2,500 clients and handle the needs of many of the Fortune 500 Companies. Through our international partnerships, we can address the worldwide needs of our clients.

Client satisfaction is our highest priority. To accomplish this, we've assembled the industry's top team of

Account Resolution Specialists, acquired the latest collection technology, developed effective file-handling procedures—including the PIF process and established strategic business alliances.

We are known in the industry for our innovative methods, commitment to excellence, and outstanding customer service. Some of our clients have continuously used our services for over 40 years.

We take great pride in our management team, which collectively has in excess of 350 years of experience in the field of commercial and retail accounts receivable management. We emphasize flexibility, customized programs and finding effective solutions to meet the needs of our clients.

We pride ourselves on the close working relationship we maintain with our valued clients. Their receivables are handled in a manner that does not jeopardize their image in the marketplace.

[www.caine-weiner.com](http://www.caine-weiner.com)

Los Angeles, Chicago, Louisville, Buffalo, Dallas

## **Source Directory**

### **The American Bankruptcy Institute**

[www.abiworld.org](http://www.abiworld.org)

### **The Association of Credit and Collections Professionals**

[www.acainternational.org](http://www.acainternational.org)

### **Commercial Collection Agency Association**

[www.ccaacollect.com](http://www.ccaacollect.com)

### **Federal Trade Commission**

[www.ftc.gov](http://www.ftc.gov)

### **Information on Publicly Held Companies**

[www.edgar-online.com](http://www.edgar-online.com)

### **National Association of Credit Management**

[www.nacm.org](http://www.nacm.org)

### **Security Exchange Commission**

[www.sec.gov](http://www.sec.gov)

### **Credit Management Information & Support**

[www.creditworthy.com](http://www.creditworthy.com)