

Stevens & Ricci, Inc.

BUSINESS CREDIT SOLUTIONS



2017 CASH FLOW STRATEGY GUIDE

STEP 2: MAKING BETTER COLLECTION CALLS

Contents

- ✓ Instructions
- ✓ Script Sheet
- ✓ Call Calendar 2016-2017

Copyright© 2017 Stevens & Ricci, Inc.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or any other means electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the publisher.

MAKING COLLECTION CALLS

When it comes to collecting, a phone call is ten times more effective than a written communication in the early stages. That's 1,000 percent better! Pretty good odds. To maintain cash flow, you need to get on the phone early and often. The phone is the most cost effective investment for keeping payments in line and retaining customers. On the other hand, because a phone call is a two-way communication, some debtor responses are hostile, abusive, or stressful, which leads many collectors to find an excuse to just send another collection letter or email instead of using the phone as they should.

This tutorial will discuss how to get off the phone when things start going wrong, pre-call basics, call basics, negotiations, how NOT to ask for money, how to ask for money, how to Nail Down the Promise, and what to do if the check doesn't arrive. Page six of this Guide "Script Sheet" lists common debtor excuses followed by suggested responses.

How to Get *Off* the Phone

Before discussing phone techniques and how to respond, I want to discuss how to get *off* the phone. There will be times you'll find yourself on the phone talking with a debtor who says something you don't know how to respond to. This can lead to phone stress and a reluctance to get back on the phone again. There are two ways you can handle this situation:

1. Thank the debtor for the information they have given you, and tell them you'll discuss it with the boss or manager and that either they or you will get back to them.

2. Say to the debtor:

"Excuse me, but I have another call coming in, so let me put you on hold for a moment. I'll get right back to you."

MAKING COLLECTION CALLS

While you have the debtor on hold, figure out what to say (since the pressure is off) and pick up the phone and say it. If you can't think of what to say, pick up the phone and use the tactic described in option 1 on previous page.

PRE-CALL BASICS

- 1. Be prepared.** Before calling have all account information at your fingertips: invoice number, date, amount, their PO#, date goods or services were provided.
- 2. Be calm and confident.** Don't be arrogant, hostile or emotional.
- 3. Listen carefully.** Learn to distinguish between excuses and legitimate reasons for delays of payment.
- 4. Be flexible.** Negotiate – if debtor can't send the full amount, insist on a partial payment or set up a payment plan.

CALL BASICS

- 1. Introduce yourself.** Name and company, etc.
- 2. Ask for the right person.** Owner, Accounts Payable Dept, etc.
- 3. Inquiry** – state purpose of call.
 - I have an accounts payable matter or question.
 - I'd like to coordinate our records with you.
 - When can we expect payment for our (date) invoice?

4. Their Response

Payment Promise

Stall Tactics

(wait for next email in the Collection Strategy Guide series)

Cash Flow Issues

Dispute

Your Response

Nail Down The Promise (see below)

Sell or Waive Finance Charges

Sell Payment Plan

Document, investigate, follow-up

MAKING COLLECTION CALLS

Negotiate

- Be quick to listen, slow to talk.
- Let the other side mention the first number.
- Don't accept the first offer.
- First ask WHEN and HOW it will be paid, THEN determine the dollars.
- Ask for more than you expect.

How NOT to Ask for Money

Now that you know how to professionally get off the phone, let's prepare how to get on the phone and ask for money. First, let's look at three ways of asking for money on the phone that aren't very good. In fact, you will lose credibility and be worse off.

Wrong Way 1 – “Hello, this is Joe Doe from ABC Company. How are the kids [or the weather, or the sports team, etc.]?”

Don't do this, get right to the point. You could be in for a fifteen minute discussion about each or any of these topics. The exception of course is if your debtor is a long-standing customer who you've known quite well.

Wrong Way 2 – “Hi, this is Sue Smith from ABC Company. I'm calling about the \$2,500 balance on your account which is now in the 60 day column. We haven't heard from you on this. Would you please send us something on the account?”

Never ask for a payment or something on the account because, if you do, anything you get is something on the account. Suppose you receive a \$100 payment on the \$2,500 balance. You got exactly what you asked for, because anything is something. Make sure you don't invite a vague response by the way you ask for payment.

Wrong Way 3 – “Hello, this is Joe Doe from ABC Company and I'm calling about the \$4,300 balance on your account which is now almost 65 days on our aging. I'm sure there's some good reason we haven't heard from you.”

MAKING COLLECTION CALLS

Never ask for a reason or what the problem is. Everyone has problems. Do you want to hear my problems? How much time do you have? When you invite a reason or problem, chances are good that you're going to hear one. Even if you ask for the payment much more directly, you are still likely to hear about a problem you have to deal with. But you will have fewer if you don't invite them.

How to Ask for Money

Experienced collectors can tell you there are plenty of debtors who will promise you anything you ask for, just to get you off the phone. To reduce the chances of this happening, use the technique known as Nailing Down the Promise. All it requires is a phone and a calendar. The way it works is this – when you get a promise to pay, say something along these lines:

“That’s great, Mr. Debtor. Let’s see now, today is the 15th and mail delivery takes about 3 to 4 days, so if you send it today, I should have your check by the 19th. I’ll post a follow-up for that date to confirm payment. Thank you.”

This is also called “deadlining” and you’ve just nailed down the promise and increased your collections by a significant percentage. If you don’t use this technique, the debtor knows he or she **can get rid of you with an empty promise**. If you’re having trouble or resistance in getting them to commit to a check mailing date, you can say it’s not that you don’t trust them; it’s just that you have many payments coming in each day and want to make sure their payment is received and posted on time.

NAIL DOWN THE PROMISE

(after customer promises payment)

- 1. Determine receipt date.** Figure out when check should arrive in your office based on their stated send date (i.e., - the 15th)
- 2. Script:** “I’ll go ahead and pencil that in for the (15th). If I don’t receive it by then, I’ll give you a call on the 16th (or next business day). (You just doubled your chances of getting paid as promised.)
- 3. Follow-up.** Post your A/R software to contact this customer on the next work day after expected receipt date if not received.

MAKING COLLECTION CALLS

What To Do If The Check Doesn't Arrive

First, don't procrastinate. If the check was expected by the 19th, call on the 19th, not the 20th, the 21st, etc. Second, don't send a letter yet. A letter will cost you several more days, and if a letter or invoice had worked, you wouldn't have needed the phone call in the first place.

The correct response is to say:

“Hi, this is Sue Smith from ABC Company. I'm calling about the \$1,500 payment you said was mailed on the 15th. Today is the 19th, and we didn't receive it.”

Stay silent until the debtor responds. The ball is now in their court. If the stalls continue, either prepare and send a final demand letter or you could try one more phone call such as this:

“Hi this is Joe Doe with ABC Company. You know that check you said you'd send us a second time? Well, we didn't get that one either. I must tell you that if we don't have it by <date>, the account will be turned over to our collection attorneys on the <date>. We much prefer to work with our customers ourselves, so I hope we receive your check by the <date>. Thank you.”

.

Call Calendar

If you use collection software, you may have an integrated “pop-up” calendar to work with already. If not, you can use our “Collection Call Calendar” which is print ready at the end of this tutorial for the years 2016/2017. This will allow you to set your call back follow-up date while on the phone with your customer. Some find it easier to use a manual calendar, depending on your software.

SCRIPT SHEET

You should read these scripts ahead of time, don't refer to them while on the phone with your debtor. When you collect on the phone, there's no way of knowing in advance what a debtor will say. It's impossible to be prepared for every one of the million responses they could come up with. Study these examples and come up with your own words naturally.

Plus if you're busy looking through scripts for the right response, you won't be able to hear what they're saying. You can't listen to the other person when you're ready to give a response to what they said thirty seconds ago.

These are a list of classic debtor excuses followed by effective responses. The responses are initial responses, because you have no idea what hidden agenda may be on or where the conversation will end up.

DEBTOR - I never got your invoice.

COLLECTOR – What is your current address? (If the address they give is different from the one you have, take down the new address and respond) – I'll have it sent right out to your new address. Are you going to handle payment by check or credit card?" (If the address is the same, respond with) – That's the address we used. I'll send another invoice today. Do you plan to take care of it when you receive it? (Your responses are closing off debtor escape routes)

DEBTOR – I have other invoices to pay.

COLLECTOR – This is one of your invoices and must be paid in full today. What we need to do is discuss how you plan to do this.

DEBTOR – We can pay you when our customers pay us.

COLLECTOR – I don't mind carrying this invoice for you as long as we can cover our costs. We pay interest to finance our receivables through our revolving line of credit, so we need to pass through this incurred cost. I'm sure you can understand this. Mr. Debtor, when can we expect payment of \$_____. (Make sure to give your sum total of the invoice amount plus interest. You must have it pre-calculated before making the call)

DEBTOR – I need an extension on this.

COLLECTOR: - If you need a little more time to pay this, maybe we can work out a payment plan. If you can send me half right away (or a third, etc.), we can stretch the balance out over _____ months with \$___ payments every ___ (month, two weeks, etc.).

DEBTOR – I'll send you something on this soon.

COLLECTOR – I appreciate that, and what I need to know is exactly what you plan to send and when. (then nail down the promise as discussed earlier)

Stevens & Ricci, Inc.

BUSINESS CREDIT SOLUTIONS

Toll Free: (888) 722-1611

2016

2017

JANUARY

S	M	T	W	T	F	S
31					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

JULY

S	M	T	W	T	F	S
31					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

JANUARY

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

JULY

S	M	T	W	T	F	S
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

FEBRUARY

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

AUGUST

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

FEBRUARY

S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

AUGUST

S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

MARCH

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

SEPTEMBER

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MARCH

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

SEPTEMBER

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

APRIL

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

OCTOBER

S	M	T	W	T	F	S
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

APRIL

S	M	T	W	T	F	S
30						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

OCTOBER

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

MAY

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER

S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

MAY

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

NOVEMBER

S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

JUNE

S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

DECEMBER

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE

S	M	T	W	T	F	S
			1	2	3	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

DECEMBER

S	M	T	W	T	F	S
31						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						