

Business Credit News

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**MARCH 2015 Chairman: Terry Ludzenski
Holt Cat**

“EFFECTIVE COLLECTING”

By: David Balovich

Technology has had a significant impact on the credit & collection profession. Customers that once submitted purchase orders by mail, telephone or fax now do so through public or proprietary portals, EDI. Creditors who used to mail their invoices now send them electronically to their customers who then upload them into their accounts payable systems without any human involvement.

Creditors today are using deduction management software to better manage this continuing common problem. It is interesting that no matter how advanced our billing technology, the “payment deduction”, not unlike the cockroach, is still uncontrollable and cannot be eliminated.

Credit managers are utilizing decision support software to make faster and more consistent credit decisions but unfortunately no better decision, in most cases, than our predecessors. Creditors have more options for communicating with their past due customers than previously, including instant messages, letters, faxes, e-mail, automated dunning notices, along with the old standby, the telephone. Yet, none of this “new technology” has proved effective in improving the collection call if one is to believe the comments overheard at any gathering of credit professionals where the topic of collecting is discussed.

In 2015 we work in an environment and profession where the more things have changed, the more they remain the same.

How does one improve their collections then? The simple answer is if you want to be more effective in your collection efforts, you need to reach out to certain past due accounts with a personal visit.

We cannot and should not rely on any technology or any form of written correspondence to get the job done.

Why? Because in spite of the advances in technology, the most effective way to collect involves a two way dialogue with the customer (debtor). Any form of one- way communication such as an email, fax, instant message, voice mail message, or a dunning notice is more likely to be deleted or ignored than acted upon.

Ask yourself, why do salespeople make personal visits to their accounts when they can just as easily mail, email, fax, or provide the information on the telephone? The answer is that personal visits establish relationships that cannot be achieved through technology. Here’s an interesting example of a non-credit statistic that may be relevant to this topic. The percentage of failed marriages over the past twenty years in the United States is over 60%. And one of the reasons cited is the number of marriages that have resulted from relationships established through social media over the same period of time. Internet dating is becoming the norm.

As a former business owner, I can attest that if you want your collection efforts to be taken seriously, you not only need to call your past due accounts for payment status but you need to, like your sales department, establish a relationship with that customer by calling on them, customer visit. In doing so keep in mind that accounts payable is not always the right person to visit. It may be the purchaser, someone in operations, or even an executive or the owner.

One way communication will never be as effective as a discussion with the customer in which collection issues and how the customer operates their business is discussed, and consensus is reached.

Don't misunderstand! Collection correspondence is successful, but it is more likely to be successful with financially sound customers that inadvertently overlooked paying an invoice.

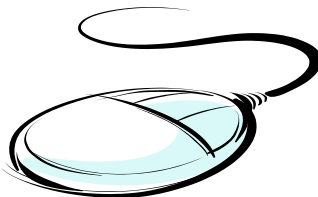
Correspondence and technology is less likely to work with customers intent on holding on to your money for as long as possible, and is even less likely to be an effective collection tool when debtors are experiencing serious financial problems.

David Balovich is an accomplished author and public speaker. He is presently the North Region credit manager for Holt Cat.

***** **MARCH 2015** *****

Day	Date	Group	Location	Time
Tues	3	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin TX	11:30
Tues	10	Coastal Bend Group	Holt Cat, 1325 South Padre Island Dr, Corpus Christi TX	11:30
Wed	11	Rio Grande Group	*****WILL MEET NEXT MONTH DUE TO SPRING BREAK*****	
Thurs	12	SW Food Credit Group	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:00
Tues	17	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin, TX	11:30
Wed	18	Victoria Credit Group	Sky Restaurant, 236 Foster Field, Victoria TX	11:30
Thurs	19	Austin Ad Media	Phone Conference Meeting 1-800-791-2345	2:00
Thurs	19	Fuel & Lube/Heavy Eq.	Phone Conference Meeting 1-800-791-2345	2:30
Thurs	19	HVAC Credit Group	Texas Air Products, 11122 Gordon Rd, San Antonio TX	11:30
Fri	20	SW Electrical Group	Onion Creek Country Club, 2510 Onion Creek Pkwy, Austin TX	11:30
Tues	24	SA Construction	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:30
Wed	25	Laredo Credit Group	Phone Conference Meeting 1-800-791-2345	2:00

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- *IMPARTIAL Credit Rating*
- *Accurate and Reliable information*
- *Staying on top of accounts*
- *Notifying members of information changes*
- *Giving members more time to effectively manage their accounts*

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