DO’S AND DON’TS OF COLLECTION CALLS
Real World Perspectives

Over the years, I have learned often by trial and error what usually works well and what does not seem to work well when making collection calls. Here are some of the rules I have learned from others or developed myself over the years:

• Do be assertive in your collection calls.

• Don’t become aggressive. Aggressiveness is unprofessional.

• Don’t apologize for “bothering” a delinquent customer by calling for payment status. Instead, begin your call by asking when their check paying the past due balance was mailed.

• Do call as soon as possible once an account becomes past due.

• Do create or allow collectors to establish so-called grace periods before calling delinquent customers. The worst thing that is likely to happen if you call a delinquent account sooner rather than later is that you will get paid sooner rather than later.

• Do ask for the status of payment of the entire past due balance.

• Don’t only ask about the status of invoices over a certain number of days or weeks past due. Doing so means you have made a concession to the customer without even being asked to do so.

• Do keep the promised you make to customers.

• Don’t bluff; say what you mean and mean what you say in your interactions with delinquent accounts.

• Do keep your sales department informed about collection problems.
• Don’t keep credit holds a secret. Tell your sales department and the customer as soon as the decision is made. Better yet, provide an advanced warning that if payment is not received by a specific date that you will have no alternative but to place the account on hold.

• Do use the telephone as your primary collection tool.

• Don’t rely on written reminders, dunning notices, faxes, emails or instant messages. Written reminders work well only with customers that have inadvertently overlooked a past due invoice.

• Do keep careful notes about payment commitments received from customers.

• Don’t forget to find a way to follow up systematically to make certain that the payment commitments you receive are kept.

• Do expect to receive payment in full each for the entire past due balance.

• Don’t give the customer an excuse not to pay past due invoices. For example, don’t start the conversation by asking if the customer has or needs a copy of an open invoice. Doing so means that you have provided the customer with an excuse for their failure to pay the past due balance. What customers don’t need is more excuses.

• Do consider offering cash discounts as a way to accelerate cash inflows.

• Don’t permit customers to pay invoices beyond the discount due date and take unearned cash discounts. Doing so is an invitation to that customer to continue to take unearned discounts, or to pay even slower while continuing to take discounts.
• Do take the time to document payment commitments in the form of a letter, fax or an email if are working with a customer that has made and broken one or more payment commitments to you in the past.

• Don’t reinvent the wheel every time you send out one of these payment confirmations. Instead, create a template or form letter to shorten the time needed to complete this important but routine task.

• Do ask for the full name and title of the person you speak with at the debtor company and do keep that information on file in case you need to follow up about a broken commitment for payment.

• Don’t leave voice mail messages for your customers except as a last resort. Chances are good that the call will not be returned. If your call is not returned, as a business courtesy you will probably wait—or waste—at least the remainder of that business day and part of the next before making a follow up call. A better option would be to find out when the person you need to speak with will be available and call back at that time.

• Do prioritize your outbound collection calls. Do consider scheduling or prioritizing outbound calls in declining dollar value with the largest past due account being called first.

• Don’t forget to allocate time to addressing and resolving smaller older balances. Most credit professionals are aware that the collection success rate drops dramatically once account balances become more than 120 days old.

No collection tool works every time, but these ideas work most of the time.

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