

Collection Call Tips

In most small businesses the person who is responsible for making collection calls is not a full-time professional collector but is someone with significant other responsibilities – a bookkeeper, salesperson or even the business owner. Here are some tips for making effective collection calls while maintaining good customer relationships.

Preparation. In order for any call to be effective you need to have relevant supporting information readily available, including:

- The invoice(s) you are calling about plus any supporting documentation (proof of delivery, purchase order, etc.)
- Notes from prior contacts regarding this invoice (if any)
- Customer account status: other open invoices and past payment history
- Customer contact: who to call and their phone number

You will want to set an **objective** regarding the call. Generally you will be looking for specific information or a commitment for a specific follow-up action to be performed by the customer or yourself.

The initial call. This is your first contact with a customer regarding a past due invoice. You will have already sent the invoice and possibly a past-due reminder by mail or email. The objective of this call is to determine the status of the payment and identify any issues that may be delaying that payment. In your own words introduce yourself and cover the following points:

1. I'm calling from XYZ Company regarding our invoice number 1234 for \$999 that was due on March 15. Have you sent payment for this yet?
2. If so, ask for the check number and date it was mailed.
3. If not, confirm they have the invoice and ask when it is scheduled for payment.
4. If any issues or problems are mentioned get as much information as possible so you can follow up as appropriate. Tracking and managing disputes is a complex issue and will be the subject of a future article. Stay tuned.
5. Get the name and title of the person you spoke with.

Record notes of the key points of the call: time and date as well as any promises made by the customer. Mark your calendar to follow up these promises. Since most accounting systems have limited capabilities for entering notes or activities you might consider using collection management software for this purpose so that this information can be shared among all individuals within your company that need to know what's happening with a customer.

Voice Mail. Frequently you will call a company and get the voice mail of the person you need to speak with. When that happens leave a brief message:

1. I'm calling from XYZ Company regarding our invoice number 1234 for \$999 that was due on March 15.
2. Could you please call me back and let me know when this is scheduled for payment?
3. Leave your name and phone number. Be sure to state the call back number clearly.

If you have the email address or a fax number for the person (or department) you are calling send a note stating that you have just left them a message, restate the above points and attach a copy of the invoice in question. Make a note of the call and the email or fax you sent. Mark your calendar for a follow up call in 2-3 days.

Demand Calls. If your voice messages and emails are ignored and your customer's promises are not kept it's time to get more forceful and ask for payment of the invoice. You need to be firm yet courteous and sell your customer that they need to make a payment. This is a three-step process:

1. Ask why you have not been paid. Show understanding and sympathize with the customer. This may catch them off guard and is particularly effective when the customer is experiencing financial stress in their business. Aren't we all?
2. Convince them that they have an obligation to pay you. Reiterate that the invoice for \$999 was due on March 15 and remind them of any prior promises to pay that they made. Unless they push back with an objection or complaint, here is where you get implied agreement that they owe you the money.
3. Propose a specific payment action on their part that is realistic given what you have learned. Can you send me a check for the \$999 on May 1? Can you pay \$500 today and the balance in 30 days? Do not ask them how much they can pay and when -- that gives up control of the conversation and opens it up for unrealistic or unreasonable suggestions. If you have the ability to accept credit card or electronic check (echeck) payments over the phone you should present that option. Some collectors are authorized to offer small discounts (usually 10-20%, but sometimes more) if the customer can make immediate electronic payment in full. Establish in advance company policy and guidelines regarding discounts and settlements.

As always, **take careful notes and document the conversation and all commitments made by both parties.** If you must leave a message I recommend not providing extensive details about the reason for the call (they know why you're calling) – just ask for a call back.