



CAPRICORN
...it's just easier!™

Other resources in step 8b:

- Debt collection process
- Phone call script 1 – 7 days
- Phone call script 2 – 14 days
- Phone call script 3 – 21 days
- Letter to client – 28 days
- Collection agency letter – 35 days
- Client reposition letter

Even collecting debts needs a good system

Creditors have better memories than debtors, said the brilliant Benjamin Franklin.

And don't auto workshops know this too well as they often struggle to gather the money owed to them by forgetful customers, so that they can pay their own debts or even their own staff.

Debt collection, if ignored or treated in a cavalier fashion, can bring a business to its knees.

Chasing debt is a business process often ignored by small workshop operators. Some feel it breaks down a bond between workshop and customer, others just like to avoid a possible confrontation, hoping that the debtor will walk in at any moment with cash in hand.

There's only one way a business can take the emotion out of this otherwise messy business of chasing money, and that is to adopt a debt collection process.

Such a process is really no different to having a business plan or a workshop procedure which aim to streamline the operation and ensure a consistency to all phases of the business.

So why not a debt collection process, a documented system which everyone in a business follows and which provides a clear policy for deciding how to determine if credit should be offered in the first place, to a follow-up process for chasing the debt.

The actual content of the communication to slow or non-payers will be found at www.tatbiz.net.au/capricorn, but the first process which every business should embrace is a six-step appraisal system:

A phone script – seven days after due date of payment

A second phone script – 14 days after due date

A third phone script – 21 days after due date

A letter to the customer – 28 days after due date

Collection agency letter – 35 days after due date

A client reposition letter – for all slow payers

There's already a consistency in this process. Don't let up. Don't go looking for money only when you really need it. Maintain the pressure.

There are some golden rules which all businesses must follow in debt management.

Some would seem obvious, but it is amazing how often the rules are broken for expediency, a mate, business pressure or competitive edge.

For a start, all terms are 30 days from invoice date and only those customers with an authorised account are offered credit.

Account customers, as well as the usual job card records for their vehicle, must also have a file called a debtor's log, where detailed notes are made of any conversations and promises regarding big jobs, dates and times of payments.

Follow up calls to debtors must be made at the same time every week, in a blocked out time frame where the person making the calls can expect no interruptions. This is serious business which requires a mind-set to carry it out successfully.

Always use the 'three Fs' – firm, fair and friendly. Stick to facts and avoid an emotional argument at all costs.

Consistency of contact is the key. The squeaky wheel gets the oil is as true with debtors as it is for the car on your hoist.

Keep reminding yourself that giving someone credit is not a favour or a means of retaining their custom. It is a legal contract. The customer has agreed, at the time of sale, to pay for your services on the terms you specified. If they don't pay, they have broken the contract.

Templates for all of these steps are available at www.tatbiz.net.au/capricorn

The place to start is www.tatbiz.net.au/capricorn.

Just go for it!