



Debt Collection by Telephone Training Course

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1 - Introduction

In an ideal world invoices would be paid on receipt, if not in advance. If there was any problem, things would be dealt with in an efficient straight forward way and when someone said that the cheque was in the post, this would be exactly where the cheque could be found!

Unfortunately we do not live in an ideal world and realistically speaking the seemingly easy task of collecting money from someone who owes it is a difficult, time consuming exercise.

Every company needs cash.

Cash flow is vital and one of the main contributing factors to a good cash flow is the speedy collection of money owed. No matter how fast the orders are coming in and how many thousands are invested in assets, the survival of any company is under threat without a healthy amount of **cash**. That is why a Credit Controller plays one of the most important roles within a company, however big or small.

Debt Collection is an art form which must be learned and practised. To be successful, communication skills must be finely tuned and motivation levels at a peak. The money owed is **rightfully yours** and therefore when overdue is just like a free loan to a customer. And why would any customer pay quickly if you are easily put off collecting it?

They don't! So it's up to you to remind them.....



2 - Getting Prepared

Being prepared allows less opportunity for being caught off guard! Before you make any contact with a debtor, there is a series of steps that you should follow so that you will be fully prepared for the majority of likely objections and anything else that would normally throw you off track.

These steps are:

- A Check the Debtors history**
- B Review the agreed terms**
- C Set call objectives**
- D Prepare for likely objections**
- E Prepare your frame of mind**

A Check The Debtor's History

- Become familiar with all their previous account details. How long do they usually take to pay? Has there ever been a problem before? Who is the best person to speak to? (The person who signs the cheque is not necessarily the one who authorises it beforehand)
- If this is the first time dealing with a particular customer try and get all the above information on the first call. At least if the money is not immediately forthcoming, their file will be updated for the next time!
- Knowing the right time to call is also important. This should be judged on knowing the debtor and their type of business. the main thing to remember here is to choose a time when the decision maker is available and more likely to be free from interruptions.



B Review the agreed terms

- Before making any call, ensure that you know exactly what payment terms have been agreed between the debtor and your company's sales person.
- Asking for payment of an invoice which is perhaps not outstanding gives a very unprofessional impression of the company. It would also offer the debtor an ideal opportunity to mislead you on exactly what was agreed upon, and to delay payment.

C - Organise Yourself and Your Objectives

- Have all the relevant information regarding each debtor to hand. Confidence can be reduced if you have to fumble about looking for information, or put the debtor on hold while you search for important details, such as Purchase Order numbers, or invoice numbers.
- Set out clearly defined objectives for each call you make. By doing this it will help you to focus on what you wish to achieve during the call. If you become side tracked for whatever reason, it will not be as difficult to regain control of the conversation and obtain your desired outcome.
- Naturally the overall objective is to obtain payment for overdue invoices but how do you achieve this? Define more short term objectives such as getting the decision makers name and title. The overall objective will be achieved - slowly and surely.

D - Prepare for likely objections

- There are hundreds of different excuses given by customers for non payment. However original these may sound, they are rarely unique . Most require standard responses which will put the collector back in control.
- The important thing here is to expect objection and be prepared, rather than falter and have to postpone the conversation until a later date.
- Avoid having to say "I'll look into it and get back to you". In order to increase the prospects of success, we should try to succeed in the first call.



E - Prepare your frame of mind

- A collector's job can be a very frustrating one. Asking people for money is rarely as easy as it sounds, even when the money is owed, and is therefore the rightfully yours.
- It can be a very daunting and debilitating task but a positive attitude helps to keep the collector going and also to maintain good relations between companies.
- Remain positive throughout every call. If the debtor offers a negative response to a question, try and turn it into a positive. If they don't have the cheque today, that's OK, it **will** be ready for collection for tomorrow, won't it?
- Try and keep calls upbeat - and never give in.
- Be polite. And remember - the debtor is not your enemy!

Frequently Used objections and Suggested Responses:

1 - Cheque in the post, or payment has already been made

Thank you, to be sure that it has not gone astray, could you tell me the date that it was sent, the amount, or the cheque number.

2 - Our payment conditions do not match yours

I understand, but surely we can come to some arrangement that suits both the companies.

3 - The papers are with the accountant

Good. Can I have a quick word with them so that they will realise how urgent this is.

4 - We are going into liquidation

A difficult time I appreciate and you must have a lot of strains on your financial resources. We are anxious to settle our account as soon as possible, so can we go through the account and work out how our needs can be met.



5 - We are waiting for our customers to pay us

So you know exactly how frustrating this all is. I'm sure you understand how we feel, so when should we expect payment

6 - We need some extra documentation

What exactly do you need and I will fax it over immediately.

7 - The person who is responsible for payment is away

How long for. Who is dealing with their work during that time. Are any invoices being passed.

The situation still remains and the outstanding balance needs to be cleared - when can we expect payment



3 - During the Call

There are 4 main points to be considered when making any call:

- 1• **Presenting a Professional Image**
- 2• **Using Effective Communication Skills**
- 3• **The Importance of reaching the decision maker**
- 4• **Getting Commitment**

1- Presenting a Professional Image

Now that you have all the relevant information, and you know exactly what you want to say, and are in an extremely positive frame of mind, it is time to make the call.

And while making that call, you must at all times present a professional image. This is necessary to ensure that the debtor will respect your needs and wishes.

First impressions will set the scene and show by the tone of voice, the firmness and dedication to gain commitment of the overdue debt.

Maintaining this impression, through the correct use of projection, tone and emphasis will reflect the companies image and attitude towards the debt.

Sounding too harsh can alienate the debtor and make them create, rather than distort barriers regarding payment.



2 - Using Effective Communication Skills

The image that is projected by the collector can influence the way people think about an entire company. Telephone manners should be a company asset - not a liability.

There are certain elements which will effect the ease with which you communicate and also the understanding of the message you're trying to get across.

The objective is to be clearly and easily understood. And the most important tool to ensure this? **The Voice.**

Using the voice to create the right impression involves several considerations. These are:

A - Speed

Speaking too fast automatically creates barriers. It is better to slow down and get one idea across than to try and cram three or four ideas into the same time scale, and miss out on all of them. You have prepared this call and know what it is all about. The debtor was probably not expecting the call and almost certainly involved in something completely unrelated at the time. Slow down. Give each idea and suggestion time to sink in. And only then move on to the next one.

B - Clarity

Avoid mumbling. Speak clearly and distinctly but avoid compensating for this by shouting. While debtors may claim not to be able to hear you, this does not necessarily mean that there is anything wrong with their hearing!

C - Tone

Speed and Clarity may be fine but this means nothing without a positive tone. No matter how bad your mood is, don't let it show in your voice. Sound friendly and cheerful, even if it is killing you!

Avoid short responses such as Yes, No or Why. These make you sound abrupt and disinterested. Don't be abrupt - just keep it brief and to the point.



3 - The importance of reaching the decision maker

Be sure that you are in contact with the right person - there is no point in rambling on and getting every thing that you want to say said, and then realising that the person who you are speaking with has absolutely no idea what you are talking about and even worse - they have no control over payments!

Timing the call is also important - early morning is usually a good time to catch the debtor at their most unprepared!

An early morning call also shows how serious the situation is taken and gives the customer all day to send in the cheque or see to the problem which has caused the delay in payment.

4 - Getting the Commitment

The best way to ensure commitment from a debtor is to encourage them to enter in to a dialogue through which all the points are laid directly " On the Line" . And of course, the collector maintains control.

Mention the exact amount of the debt at the start of the dialogue and again during the call. Then again at the end of the call, when confirming the amount promised.

Always use open ended questions to ensure and gain facts. Open ended questions are questions starting with Who, What, Why, When, Where or How. By using these the person responding is forced to answer with more than a one word response.

Do not answer your own questions. Use silence at the end of each question to add strength to your point and make the debtor feel as though they *must* talk.



And now that you have all the information you need, a technique that has been proven successful in gaining a commitment from the debtor is the "**Yes Step Questions**" method. The technique leads the debtor logically to the point where he will find it difficult to refuse to settle the overdue account.

An Example of the "**Yes Step Questions**" Method:

Collector Can I confirm that you have received goods from us during August?

Debtor Yes

Collector And I believe my colleague sent you the necessary copy of the invoices as was requested?

Debtor Yes

Collector Do you agree that there is an outstanding balance of £X now due for settlement?

Debtor Yes.

During the dialogue the use of well timed and planned questions is essential. It implies strength, confirms actions, builds good customer rapport and draws out problems and queries that need prompt attention to prevent further payment delays.

Remember customers rely on put-off excuses and non payment objections to delay settlement and the professional collector must be ready to handle these with confidence.

At the end of the call have the debtor repeat the amount and promised postal date.

Confirm that further telephone conversations will be made if the payment does not arrive.



4 - After the Call

Now that the call has been made, you should ask yourself two questions:

Did you get what you want?

What is needed to do now?

The first question is fairly simple to answer, the second requires some thought.

Make a record of what was said and agreed upon during the call.

Consider the following questions:

- Was your preparation adequate?
- How did you handle complaints?
- How did you handle aggression?
- Did you probe the objections offered?
- What would you change about the negotiation techniques?
- Did you get an agreement or commitment to pay?
- What was your close?
- Have you retained good will?
- Have you clear notes on the conversation?
- What follow up action should be taken?

Use the answers to these questions to prepare you for the next call. It might seem like a longwinded approach, but preparation helps you to succeed.



5 - Written Back Up

If after several attempts to collect money the debtor still refuses to pay, some form of written communication may be necessary. This can also be used if you continually fail to contact the decision maker.

Calls can be blocked, but letters or faxes must be delivered and will confirm your companies determination to be paid. Letters must be personalised so that they will be taken seriously, read and hopefully replied to.

Avoid standard type or photocopied letters, so that the customer can feel personally involved. State clearly the name of the person it is directed to, not just "to the accounts department"

It should avoid a formal tone. Use the customer's name and give details relevant to them. It should mention the amount owed and when it was due.

Here are 2 examples:

Example One

Dear X,

Our last statement showed us in detail the amount of €XXX which is overdue for payment to us.

The amount of €XXX refers to Invoice No XXXX, Order No XXXXX and was due for payment on the 0/00/00. Will you please arrange for immediate payment or alternatively let me know your reason for non-payment.

I look forward to hearing from you,

Yours sincerely,

Credit Control Department



Example Two

Dear X,

Re: Final demand: €XXX on Invoice No XXXX

We regret to note that you have not responded to our previous reminder regarding the above debt.

We are not aware of any dispute on the debt and have received no reply to the payment request sent to your accounts payable department. Our next step is a third party collection action without further referral to yourselves.

Your immediate payment of €XXX will prevent this action which may involve extra costs for your account.

Yours sincerely,

Credit Control Department



6 - Conclusion

It is not easy trying to get money out of people but collectors learn by their mistakes and improve on their methods of collecting money, then it soon becomes an easier one.

Nine tips for success:

Be prepared

Plan your call carefully

Be persistent

Regardless of what the debtor says, return to asking for payment

Be prompt

Call at the start of the working day

Be urgent

Make the debtor feel that they must pay today

Be courteous

If the debtor feels comfortable, it will increase the chances of payment

Be tactful

Acknowledge comments and be polite

Be business like

Keep to the point

Be co operative

Work things out in a satisfactory manner to both parties

Be repetitive

Keep mentioning the sum required

