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Chapter 1

Introduction

I have been in the credit and collections field since 1987. I never aspired to be a debt collector, I just kind of fell into it. I was living in RI and moved to NH and went out looking for an office job. I found a job at a company that makes cedar shoe trees, as an Accounts Receivable clerk. I then took over the Collections aspect of the job and found I liked it and did a great job at it. One of the things I like about collection work is that you can see your results. I also like making people happy and one of the things that make people happy is receiving money. So I make my collection calls and send my letters and money comes in and everyone is happy, except maybe the person who had to send the money.

I have been a Credit Manager at quite a few different companies and written credit and collection policies for many companies.

I have tried to give you an example of some of those policies in this book. Some of the information may not work with your specific line of business but there is something for everyone in this book. This can be used as a guide for your own credit policy. You can use parts of this policy or adjust any parts of it to fit your business.

I have included a procedure on what to do when you get a new customer, how to extend credit to them, how to read a credit report if you pull reports on new customers. What to do once you have credit approved customers and they don't pay, putting them on hold and procedures you can follow as well as collection call procedures and examples of conversations you might have. Credit card procedures for automatic charge accounts, information on COD payments received from shippers, what to do with all the small balance accounts you may have, what to do when you get an NSF check, Dunning letters procedures and examples of many letters you might be able to use. Information on payment plans, placing accounts with a collection agency and how to place them. How to write off bad debt, what you need to have on your credit applications, and examples of credit applications.

A large portion of this book includes the laws you must be familiar with. Also included are Federal credit laws you must follow. Information on doing business online, electronic contracts and electronic signatures. I have also included information on state laws regarding adding interest and/or late fees.

Many businesses do not have a credit and collections policy. The reasons for this could be that the business owner is afraid that asking for the money that is owed to

them will make their customer mad and he will go somewhere else with his business. If they are not paying you, is this a bad thing? Why waste your time chasing money when you can have good paying customers. There will always be a few customers who are payment problems but the fewer the better and you have some control over that.

Also, many business owners do not know how to get the customer to pay or don't know what they can legally do to obtain payment. This book will help you get paid on time and therefore save you money and help you to make more money.

The longer you don't do anything about getting paid, the chances you will get paid are much less. This book is to help you, the business owner to keep your customers, and get paid. Having a credit and collections policy sets a positive credit tone for your business. It also lets potential customers know that you mean business!

Don't let your slow paying customers control you, it's up to you to take the wheel and drive.