WHY NICE PEOPLE COLLECT BAD DEBT

Be nice, and take control.

Unfortunate though it may be, most business offices must make a collection call from time to time. Approaching these calls with the right tone and manner (be nice, be understanding, yet be firm) can make all the difference. This helpful guide will teach you how to prepare for collection calls, what to say, how to say it, and how to deal with nonpayers in a way that will deliver results. We’ll also show you when it’s appropriate to send a customer to a collection agency.
Let’s be honest.

If you’re like most people, collecting past due accounts doesn’t measure high on your Fun Meter. It’s an unfortunate part of your job that probably makes you feel awkward or uncomfortable. Nevertheless, it’s also a required function of most business offices.

Doing it right.

Doing it wrong could ruin your customer relationships, and possibly lead to your bad debt inventory lingering on the books. Doing it right, however, can preserve your important customer relationships and increase your office’s revenue from past-due inventory.

Adjust your attitude.

Making collection calls may not be fun stuff, but the consumer doesn’t need to know how you feel about it based on your tone. Approach the task with a POSITIVE attitude. Remember that you’re calling to resolve a past due account first, and collect money second. If done correctly, your customer will remember you for how well you worked with them. A collection call can be a constructive experience for everyone.
Gather facts.
Before making any collection call, know why you are calling. Know how much the customer owes, for what service they owe, and have a thorough history of the account and customer interactions on-hand.

Decide in advance.
Sometimes it takes a special deal to convince a customer to make a payment. Plan in advance and decide whether you will accept a settlement or a payment plan.

What time is the right time?
Make collection calls between 4pm to 8pm, Monday through Friday. On Saturdays, 8am to 11am. In our experience, these are the best times to reach customers.
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When calling...

Use this basic call structure as a checklist.

☐ Confirm you are speaking with the CORRECT PARTY.

☐ DO NOT share the purpose of the call with a third party.

☐ Identify yourself by NAME, TITLE, and COMPANY.

Identify the REASON for the call. “Your account is seriously past due.”

☐ Ask for the BALANCE IN FULL. Use the word “Today”.

☐ PAUSE. Wait for a response. And LISTEN.

☐ Ask QUESTIONS and find a SOLUTION.

☐ CLOSE the deal.

Sounds easy, right? WRONG!

Use this basic call structure as a checklist. But don’t expect every call to be so orderly. Every individual is different, and sometimes you will have to adjust your approach or innovate to meet the demands of the conversation, particularly when you’re listening and asking questions.
A rebuttal isn’t a “Gotcha!”

If you make enough collection calls, you will eventually talk to a customer who makes an unbelievable excuse or even tells a fib about why they cannot pay. The best way to deal with this is to work around it. Don’t argue. Don’t try to corner them with a “Gotcha!” And don’t try to bring them down for it. Customers lie because it helps them hide the truth, and whatever their truth may be, it embarrasses them. There’s no need to make a collection call any worse by calling out a lie. Preserving a customer’s self-esteem is important to building a rapport. Remember, resolving an account is more important than collecting money.

In other cases, if a customer continues to lie, and that prevents their past due account from being resolved, it may be time for them to be sent to collection.

Work Together

Use empathy. Say things like “I understand why you would feel that way” or “that situation sounds tough”. Other great phrases to get the conversation moving forward are “What is preventing you from paying?” or “What has to happen to get this bill paid?” Once you’re on the same side, you can negotiate terms much easier.
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Cause and effect.
Every customer reacts differently to receiving a collection call. No one approach will work 100% of the time.

Like dominos, every response of nonpayment from a customer should have a reaction. When your collection call doesn’t work, have procedures in place to help you reinforce your office’s nonpayment policy.

Consider these nonpayment policies:
- Interest charges
- No future services
- Forward account to a collection agency
- Credit reporting

The right time for a collection agency.
For customers who make a long series of excuses, disregard your demands for payment, and ignore your attempts to reach them, it may be time to submit them to a collection agency.
A resolution to move forward.

At IC System, our job is to resolve accounts for our clients. Each past due account is treated like a case file; and after an account is collected, the case is closed, and the file returned to our client to continue service. Customers who resolve their past due accounts are still good customers; after all, they’ve shown they care by paying their debt. Moving forward with these customers in your business will help you maintain a consistent customer inventory and reduce attrition.

In other cases, customers who cannot afford to pay due to extenuating circumstances sometimes need their accounts forgiven.

But when you run into accounts that still require collection services after following the tips in this guide, contact the collection professionals at IC System.

LEARN MORE ABOUT HOW IC SYSTEM CAN HELP RESOLVE YOUR PAST DUE ACCOUNTS

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