

THE CREDIT TIMES



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Collection Letters: The First Approach

Letters are a basic collection technique used by nearly all credit grantors to collect past-due accounts. They are usually the first approach to a debtor.

It is sometimes beneficial to bring the sales manager into this step of the collection program. Information concerning the delinquency can often be obtained from the sales manager.

The number of collection letters in a series should be kept to a minimum. Experienced commercial credit grantors have found that there is a point of diminishing returns that is generally reached after the first letter goes unanswered.

The reason for a limited series is that letters are one-way communication. Letters can only attempt to motivate a customer to pay the debt. A letter usually cannot uncover the customer's reason for nonpayment though it must subtly ask, "Why is this not paid?" while asking for payment in full.

Tips for Writing Collection Letters

When writing collection letters, these points should be considered:

- * Include all basic information. The letter should state how and when you expect payment. It should suggest why the account should be paid in full. It should motivate the debtor to actually do this now.
- * Use an effective style of writing. Most collection letters are written to appeal to the writer and not necessarily to the delinquent customer. Appeal to the debtor.
- * Use the "you" approach. Too many letters emphasize "we." Avoid such phrases as "we insist," "we remind" and "we want." It is much better to put the customer into the letter, saying such things as "you will appreciate" and "it is to your advantage." Remember that the debtor is not interested in your best interest, but in their own.
- * Don't say, "We will not write again." This assures the debtor of their success in evading payment, and a phrase such as "to keep your good credit rating" may be impractical in a situation that has reached a certain stage of collection.
- * Use motivating factors. If a customer has not paid, there is a reason for it. Although, a letter cannot discover the reason, it can give the customer a way in which they will benefit. For example, by paying now, they may continue to enjoy "open account" terms.
- * Appeal to pride, honesty and security. As a last resort, appeal to anxiety. These are factors that can be used to bring prompt payments.

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Congratulations to our iPad winner Geoff Powell from Boon Edam Inc.

Make sure to enter this month's drawing by using your Special Placement form. For every claim you place you will be entered for a chance to win a new iPad.

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* Address the letter to an individual. Direct it to the person who is authorized to initiate payments. Keep the letter short. Be as brief as possible, and cover only the most important points.

* Sign the letter personally. Do this even if it is a form letter.

Article provided by the IACC B2B

Are you certified?

Article by Robert Ingold, CEO

This question comes up more and more of late with the various certification groups springing up, sun setting or realigning in the commercial collection industry. Up until April 2014 there were two groups that provided this professional certification – The Commercial Law League of America (CLLA) and the International Association of Commercial Collectors (IACC). At the time CCC of NY was certified by both groups and believed the certification process only made us a stronger and reputable agency. In April 2014 the agency members left the Commercial Collection Agency Association of the CLLA putting its approximately 90 members in limbo. A new organization, CCA of A was formed while CLLA and IACC continued to offer agency certification. Suddenly there were 3 bodies of certification for approximately 150 agencies, not a good number. The IACC, which had entered the certification arena approximately 10 years ago, decided to sun set their program and align with the CLLA, which is the oldest and most accepted certification program in the U.S. Over the past year CLLA approved, IACC endorsed has grown to approximately 35 agencies and continues to grow their membership. The CCA of A has approximately 40 agencies. Recently, Wanda Borges wrote an article for Credit Today comparing the two organization's programs. Each has:

1. Engaged primarily in commercial debt
2. In business for at least 4 years
3. Meet educational standards
4. Maintain audited trust accounts
5. Maintain surety bond
6. On site visits

The differences were negligible as Borges pointed out in the article. So, the answer is yes we are certified. Be sure to ask for our CLLA certificate. CCC believes every national credit grantor should work only with a certified agency and be able to prove it. If you have your doubts, ask us.



Believe It or Not

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