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# Business Credit News

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## OCTOBER 2018

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### “COLLECTION SOLUTIONS”

*By: David Balovich*

Ask any credit consultant what is the most requested topic or question they receive and the answer will invariably be collection related. *What can we do to improve the A/R? How can we make our collectors more productive? How can we improve our cash flow?*

The answers to these and similar questions come in a variety of answers depending on the organization whose seeking the answers; *training, total employee immersion, prompt and timely follow up, improved systems*. There is no *one size fits all* solution. Every organization operates differently and thus a collection problem in one organization can be acceptable behavior in another.

As long as there is credit, and there is no indication credit will be going away anytime soon, collections and its causes will continue. The importance of any deficiency is to be able to recognize what is it; why it exists; and what, if anything, can be done to correct and/or eliminate its cause. It is vital to recognize that some causes leading to collection problems cannot be resolved. This is because of company and/or region culture, the nature of the industry, systems and/or management.

The following are a variety of solutions that may result in improving collection efforts and the account receivable portfolio. As previously stated there is no one solution and one should look at incorporating several solutions to create as close to perfect a collection effort as one can.

**The Right People:** Not everyone can collect. A good collector is one who possesses patience, empathy and the ability to look at a situation from everyone's perspective. Too often we have the wrong people in this position and generally that is due to the fact that few recognize that collecting is an art. When interviewing for this position, look for an individual who is; outgoing, people oriented, inquisitive, friendly with good common sense and judgment, and who listens and can adapt easily to change.

**Training:** When organizations call to inquire about training they often are looking for a program to teach their collectors to ask for money. When they have hired correctly this is un-necessary. The right people will succeed at whatever task they are assigned. Most employees fail, at any task, because they are not trained in the important stuff. Every organization has its own culture, policies and procedures. Sadly, these three areas are generally not covered in any formal training setting. The employee is expected to learn these through osmosis. The end result is few excel and the majority fail or get by on the coat tails of others. To be competent at any skill one must first understand how that skill is to be utilized in the environment they are operating in. A good training program begins with organizational culture, policies and procedures. Once employees understand these three basics then skills' training becomes most effective.

**Goals & Objectives:** The measure of good performance is based on what has been accomplished. Short-term goals and objectives (no more than 90 days) should not only be established for every employee but

reviewed and then established again for the next short-term period. It is easier to determine what is causing an employee to be non-productive when specific measurable goals and objectives have been established and reviewed timely.

**Communication:** The flow of communication should constantly be maintained from all channels. Informed employees are less inclined to spend time speculating among themselves as to what is happening within the organization and providing incorrect information to customers and vendors.

**Authority:** Too often employees are given responsibility without the authority to accomplish their tasks. When delegating or assigning responsibility it should be determined what authority is necessary for the task to be accomplished successfully and it should also be delegated or assigned with the task.

I wish you well.

\*\*\*\*\* **OCTOBER 2018** \*\*\*\*\*

Day	Date	Group	Location	Time
Tues	2	Austin Construction	Tres Amigos Restaurant, 7535 E Highway 290, Austin, TX	11:30
Tues	9	Corpus/Victoria/La/RI	Holt Cat, Corpus Christi TX & Conference Meeting	11:30
Thurs	11	SW Food Credit Group	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:00
Tues	16	Austin Construction	Tres Amigos Restaurant, 7535 E Highway 290, Austin, TX	11:30
Thurs	18	Fuel & Lube/Heavy Eq.	Phone Conference Meeting 1-800-791-2345	2:30
Thurs	18	HVAC Credit Group	Texas Air Products, San Antonio TX	11:30
Fri	19	SW Electrical Group	Onion Country Creek Club, Austin TX	11:30
Tues	23	SA Construction	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:30

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- **DENTON**
- **COLLIN**
- **HARRIS**
- **TARRANT**

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