

Debt Collection Checklist

By John F. Smith

☐ Prevention

- ☐ Think about the possible steps which may be taken to minimise the possibility of bad debts.
- ☐ Decide who will operate your policy: a lawyer, agency or your own staff.
- ☐ Ensure to have systems which detect arrears and potential bad debts early
- ☐ Make sure there is a good communication and understanding between different departments.
- ☐ Make sure to have staff with procedural knowledge and good interpersonal skills
- ☐ Make sure to regular review the policies, procedures and criteria for granting or extending credit
- ☐ Have regular training or refreshers in interpersonal skills, procedural and attitudinal practices.

☐ Debts

- ☐ Pursue the big debts first.
- ☐ For a large debt a phone call before it falls due may be appropriate.
- ☐ For a small debt the process may start with a letter one month after payment is due.

☐ Letters

- ☐ Make sure your letters are courteous, clear, specific and addressed to a named executive
- ☐ Be firm, concise and unwavering.
- ☐ Do not include an apology.
- ☐ Do not suggest compromise or refer to the possibility of part-payment.
- ☐ Ensure that your letters appear to have been individually prepared.
- ☐ Give the debtor a better reason for paying than for not paying.
- ☐ Point out the advantages of continuing to trade together.
- ☐ Express the hope that legal action can be avoided.

☐ Follow Up

- ☐ Use the telephone if appropriate and necessary.
- ☐ Before calling have available all files, copies of invoices.

- ☐ Contact the right person and give your name.
- ☐ Try to personalise the discussion.
- ☐ Find out reasons for the delay.
- ☐ If you are told "a cheque is in the post", press for details.
- ☐ Consider the fax as a variant to a letter.
- ☐ Consider visiting the debtor.
- ☐ Consider appointing a debt collection agency.