

BUSINESS CREDIT MANAGEMENT ASSOCIATION

15755 West Rogers Drive, Suite 200, P.O. Box 510157 * New Berlin WI 53151-0157

(262) 827-2880 * FAX (262) 827-2899

www.wcacredit.org

Make the Time

Following a recent webinar program, one of the attendees asked this question: I am looking for a quick way to increase cash collected and at the same time reduce credit risk. Any suggestions? My response was this: By reducing delinquencies, you automatically reduce credit risk.

Here is one quick, easy, and very effective way of reducing delinquency and improving your collectors' performance. Always, Always, Always take the time to confirm customer commitments in writing.

If you receive a promise from a customer that they will pay you on Friday, take a minute to send them an email confirmation. If the customer tells you that they won't have an update on the status of payment until Friday, send an email confirming the discussion and their "commitment" that payment status will be available when you call on Friday. If Accounts Payable tells you they will be forwarding documentation you sent in connection with an outstanding deduction to their Buyer for review, take a minute or two to confirm that statement/commitment in writing.

More broadly, each and every time a customer commits to anything, take the time to send an email confirmation back to them. Doing so has several benefits, including these:

- It makes it more likely that the customer will keep their commitment.
- Creating a task from that email is an easy way for you to follow up for payment.
- If you must take negative actions based on a broken promise, the fact that you took the time to document their commitment makes it easier to "sell" your decision.
- Confirming a promise made in writing makes it difficult or impossible for them to argue that you misunderstood them.
- Documenting customer commitments demonstrate your diligence, drive, focus and your professionalism.
- Sending confirmations helps distinguish your company from 90% [or more] of creditors that don't take the time to confirm statements made by the debtor and who are just dialing for dollars.

Michael is a frequent Webinar presenter for WCA, and the author of the Encyclopedia of Credit, a fast, free, searchable online resource for credit professionals: <http://www.encyclopediaofcredit.com/>. All Rights Reserved.

