

What Wikipedia Can't Tell You About Collections

Wikipedia isn't the most reliable resource for information (not like the ol' trusty, 50 lb., Encyclopedia Britannica – don't laugh, I have an entire set collecting dust on my bookshelf).

Unfortunately, credit professionals still use Wikipedia to determine mechanic's lien/bond claim deadlines, the steps for filing UCCs and even for best practices on collecting past due receivables.

You can learn a lot from Wikipedia. For example, the term "collections" could mean cash collection, artwork, abstract data, various books/novels and even horses!

Wikipedia can also tell you that debt collection began in the summer of 3000 BC (really?!)

But there is one thing Wikipedia can't tell you...

HOW!

Wikipedia can tell you the "what," meaning it can provide general definitions and the origins of words/topics, but it can't tell you "how."

Here are Some How's

Monitor Open Invoices

Routinely review open invoices & as soon as an invoice is past due, contact your customer and inquire on the invoice.

Phone calls, emails, demand letters etc. & make sure you keep track of your communications - good record keeping is important!

Try Multiple Mediums

Pay Attention to Cues

Social cues & non-verbal cues are frequently early warning signs that an invoice (or customer) is going to be an issue. When people stop communicating they are sending a clear signal.

Note changes with your customer's business, such as a disconnected phone #, undeliverable mail & email, and changes in their corporate status with the Secretary of State.

Check Status

Review Credit

Credit reports can provide a wealth of information, especially for payment history, DBT changes, recent collection placements or judgments.

Cut Them Off

If you have invoices that a customer isn't paying, stop extending them additional credit.

Debt is like a beast and if you continue to feed it, it will gobble up every last bit and give you nothing in return.

Know When to Let it Go

And by "let it go" I don't mean toss the invoice into the bad-debt-write-off-pile. "Let it go" from your desk and move it to the desk of a specialized collection agency.

Collection agencies are trained and experienced, not to mention, a third party is sometimes more effective simply because they are a third party – removed from the situation.

Don't Wait

Whatever steps you take, make sure you don't let that receivable age for too long.

It is a well-known fact, and long studied trend, that the longer an account remains past due the harder it becomes to collect.

"...the probability of full collection on a delinquent account drops dramatically with the length of delinquency... even after only three months, the probability of collecting a delinquent account drops to 68.6%. After six months, collectability drops to 52.1%. And after one year, the probability of ever collecting a delinquent account drops to 9.3%." - Commercial Law League of America

NCS can help with your past-due accounts!

NCS CREDIT
From Protection to Collection

SecureYourTomorrow@NCSCredit.com | www.NCSCredit.com
800-826-5256