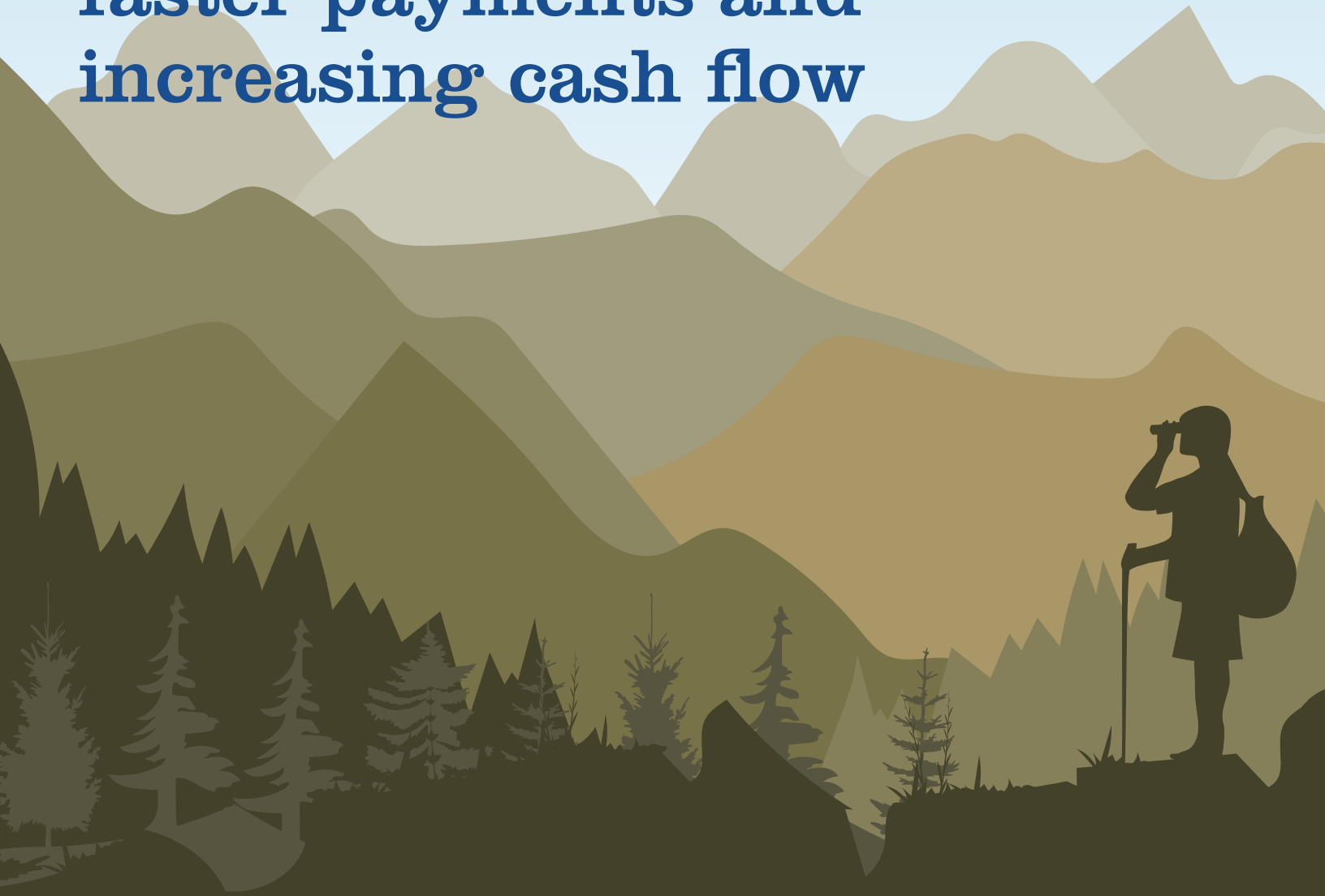




A handy trail guide to faster payments and increasing cash flow



Be prepared! ---

There's an old saying about scouts. A good scout is never taken by surprise; they know what to do when the unexpected happens.

This guide will take you from start to finish in how to build a great billing and collection strategy, so you can navigate those unexpected situations of non-payment. With the help of this expert guide, you'll have the tools to do just that.



Your trail guide checklist



CHART YOUR COURSE:
A checklist to a better financial policy3



**MAKE YOUR CUSTOMER LIST
AND CHECK IT TWICE:**
Maximize payments by gathering
consumer data4



SCALING THE PEAKS:
How to handle late payments5



WHY CHOOSE A COLLECTION AGENCY?
A collection agency is your most essential
field tool 6



**WHAT TO LOOK FOR IN
A COLLECTION AGENCY?.....7**

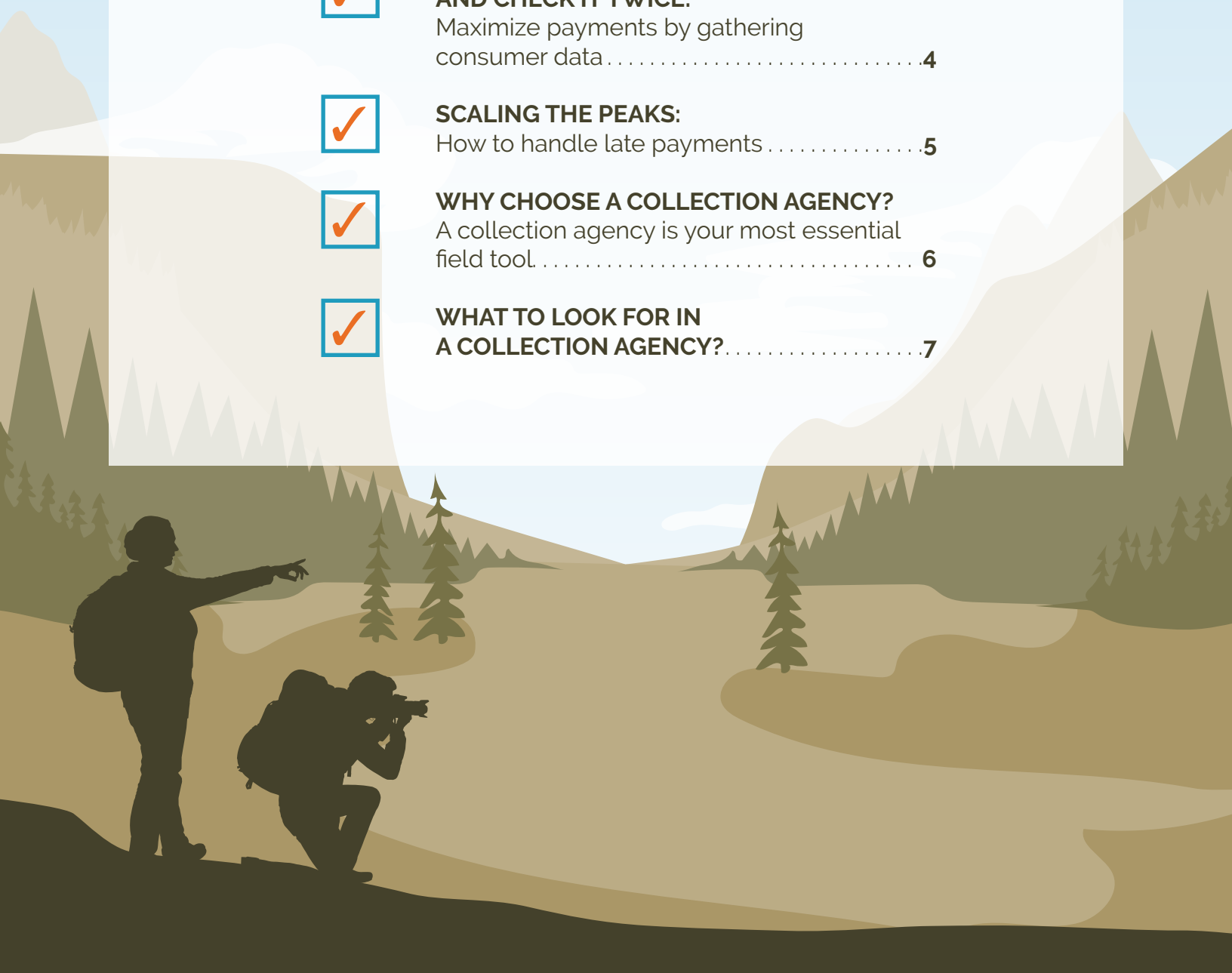


Chart your course

A financial policy lets customers know what to expect and gives you a plan of action.



Step 4:

COMMUNICATE: Have customers sign a copy, and make it available for ready reference by posting it in a waiting area or online.



Step 2:

REVIEW: Make sure the plan gets the all-clear from an attorney.



Step 1:

DRAFT your financial policy (see the checklist)



Step 5:

REVIEW AND ENFORCE:

Over time, you'll see results on your accounts receivable.




Step 3:

TRAIN:

Set up procedures to make sure the policy is operational and applied consistently.

CHECKLIST FOR YOUR FINANCIAL POLICY

- ✓ **Credit check**
- ✓ **Deposits:** How much do customers pay upfront?
- ✓ **Billing cycle:** When and how are bills sent, when is payment due, and how can customers pay?
- ✓ **Interest and fees:** When are these levied and how much?
- ✓ **Payment plans**
- ✓ **Late notification**
- ✓ **Collections,** including when a collection agency gets involved.



Make your customer list and check it twice

It's well worth the effort to take extra care with gathering your customers' correct information as well as maintaining it. In the end, having good records will make collections faster and more successful.



"RETURN TO SENDER!"

Some bills and invoices bounce right back. Here's a look at the core causes.



LOST CAMPERS

Your consumer has strayed. Either they gave a fake address and phone number, or they skipped town.



OFF-THE-TRACK

Because of a typing error, an incorrect address is on file.



ABANDONED CAMPSITE

An established customer moved, but you have an old address on file.

Tools to help reduce bounced bills

- Eliminate paper forms and have customers enter their information digitally.
- Collect additional information: Request driver's license number, permanent address, additional phone numbers and email addresses.
- Verify billing information with established customers.

Two cash flow shortcuts

Today's customers use modern tools to pay bills and communicate.

- Monitor email and social media accounts so customers who can't call during business hours can reach you.
- Paper checks are on their way out. Set up an online payment widget.

Scaling the peaks: How to handle late payments

Calling someone and asking for money is a delicate process and can be terrifying, but with these tools and techniques, you'll have what you need to scale these tricky spots with skill.

- **DON'T PROCRASTINATE.** Schedule time to make phone calls and mail notices.
- **DO PRIORITIZE YOUR WORK EFFORT.** High-balance accounts, credit risks and new accounts take top priority.
- **DO PROTECT PRIVACY** and verify you're speaking to the correct person.
- **DO SPEAK WITH A SMILE.** The late payment may not be the customer's fault.
- **DO GET COMMITMENT** for next steps. Be helpful and text a link to your payment portal.



HIDDEN HAZARD: STICKER SHOCK

PROBLEM:

Why aren't customers paying? A higher-than-expected invoice makes customers frustrated or confused, and they're less likely to pay on time.

SOLUTION:

From day one, be upfront about costs and charges. Make sure invoices are clear and easy to understand.

Don't let the sun set on your accounts receivable

After 60-90 days, it's time to try another approach with non-paying customers.

WHY? Cash flow is your lifeblood, and accounts receivable is the fuel that keeps your business going. Waiting too long for customers to pay diminishes the original value of these accounts.



After 90 days, past-due accounts are worth **87 percent** of original value.



After 120 days, past-due accounts are worth **33 percent** of original value.

That's when you'll want to send the remaining unpaid accounts to collection. But before you do, send a final notice. (Your accounts receivable partner can help you with the wording.)

Why choose a collection agency?

A collection partner can lend a helping hand over the "hump" of unpaid accounts.

Collection agencies lend a sense of urgency...

When the account escalates to collections, that triggers many to act.

... without using scorched-earth tactics

Some offices opt for factoring companies or sell past-due accounts as a quick fix, but these methods tend to ruin the relationship between consumer and creditor. These solutions may recover a small percentage of their money, but that customer won't be back.

Collection agencies save you time

As a busy business owner, you have a lot of marshmallows roasting on the fire; if you have too many, one is bound to get burned. A collection agency takes over your in-house collection activities, giving you more time to focus on your business.



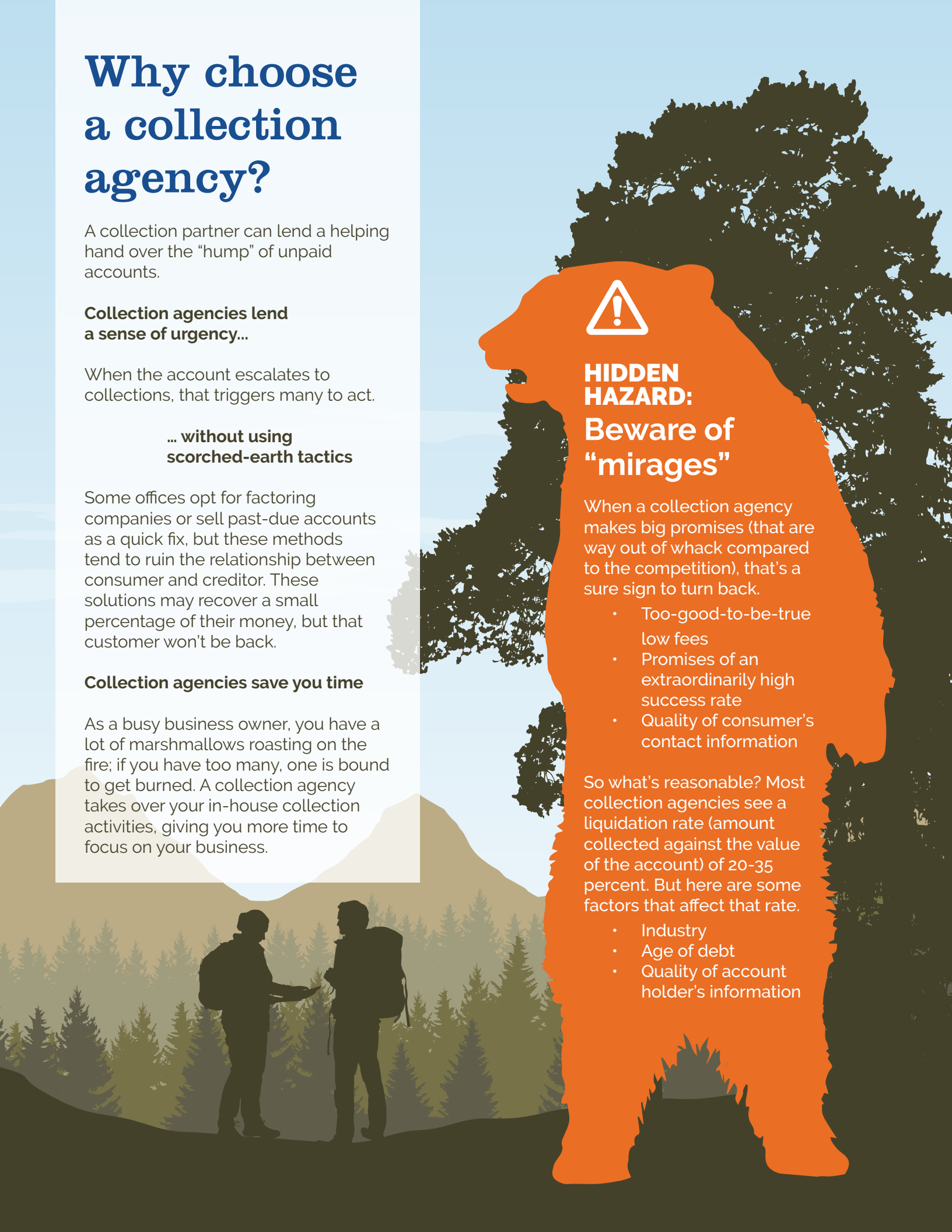
HIDDEN HAZARD: Beware of "mirages"

When a collection agency makes big promises (that are way out of whack compared to the competition), that's a sure sign to turn back.

- Too-good-to-be-true low fees
- Promises of an extraordinarily high success rate
- Quality of consumer's contact information

So what's reasonable? Most collection agencies see a liquidation rate (amount collected against the value of the account) of 20-35 percent. But here are some factors that affect that rate.

- Industry
- Age of debt
- Quality of account holder's information



What to look for in a collection agency

Choosing the right collection partner is no small task, but the best in the business have key traits.

Standard collection agency

What do collection agencies do? Most perform these services:

- Send letters
- Monitor credit
- Skip tracing (using resources to locate "lost" customers)
- Credit reporting

Debt recovery businesses are regulated, so this is the minimum you should expect from a collection agency:

- **SCRIPT:** No bullying, no lies and no threats.
- **FREQUENCY:** If the customer gives notice to stop collection calls, the agency has to comply.
- **TIME:** No phone calls at work upon request, and no late-night calls.

Pack the right hardware, in case of emergency

The right security certifications make all the difference:

- PCI DSS Payment Card Industry Data Security Standard version 3.2
- Health Insurance Portability & Accountability Act/HITECH Act ("HIPAA/HITECH")
- Financial Services Modernization Act of 1999/Gramm-Leach-Bliley Act ("GLBA")
- Federal Trade Commission (FTC) Red Flags Rule ("Red Flags Rule")
- ISO 27002



Gold-star collection agency

The collection agency you choose will be a reflection on your business. Look for one that strives to go above and beyond the basic standards.

- **PHONE CALLS** – Some collection agencies just send letters. An agency that makes calls gives you a decisive advantage.
- **ORGANIZED** – Has scripts, procedures and evaluations to keep collection calls above-board, on-message.
- **HELPFUL** – Discusses with customers their ability to pay, and helps reach a settlement agreement, if necessary.
- **LEADERSHIP** – Look for memberships in professional organizations and ACA International (Association of Credit and Collection Professionals)
- **LICENSING** – A collection agency that's licensed in all 50 states can pursue late accounts anywhere in the country.



IC System is your ideal partner for the business journey. We come with the skills and experience to help you get paid, so you can unlock your tied-up cash resources and spend more time focusing on your core business. At the same time, we live by the highest standards in the industry. We've been a trusted collection partner for thousands of businesses since 1938, so you can feel good about letting us interact with your customers.

**For more information,
contact us at 1-800-279-3511.**