

# How To Collect Your Money While Keeping Happy Clients

If you don't collect the money it's as if you never did the job! Actually it's worse, because you've invested labor, materials and overhead with nothing in return. This session will cover dozens of practical collection tips to help you collect your fees....while keeping happy customers.

A Collections Policy will be developed and cash flow tips will be covered while the job is being sold, while work is being done and when the job is complete, all designed to get you paid on time!

During this session you will:

- Learn how to properly communicate with customers to get paid in full, on time.
- Understand the step-by-step process of creating a collections system to keep dollars flowing.
- How to find the "right" collections agency



*If you are working really hard but not getting paid on time, you are going to love this presentation.*

*Tom Grandy, Founder*

## ***Seminar Special***

Check out the last page of this handout for savings of over 50% on four( 4 ) of Grandy & Associates most popular business building tools!

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# Welcome



## *Welcome to* **How to Collect Your Money While Keeping Happy Clients**

*Tom Grandy, Founder*

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## Our Collections Objective

*Collect as much as possible, as soon as possible,  
at the least possible cost, without losing important  
customers you wish to keep, ..... with  
little or no stress!*

- Fear of loss (afraid to tell our customers how we want to be paid)
- If you don't spell out the payment policy, guess who will!



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## Create An "Internal" Collections Policy

- Have a written policy
- Stated time for invoicing to take place. The same day is best or at least within 24 hours.
- When payment is past due, a second notice should be sent out IMMEDIATELY, requesting payment within ten (10) days.
- If payment is not made in 10 days, then call the customer and find out why. Get a commitment of when payment will be made (accounting person should make the initial call).
- Follow up with a second call if payment is not received as promised (owner or manager should call)
- Begin use of an attorney or collections agency

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## What Does It Cost The Company When Payments Are Late?



What's the best thing you can do for your customer – hardware store!

### Your Shrinking Credit Dollar (based on the time value of money)

30 days past due -----	\$ .97
60 days past due -----	.90
90 days past due -----	.83
120 days past due -----	.75
Six months past due -----	.67
One year past due -----	.45
Two years past due -----	.23
Three years past due -----	.05
Five years past due -----	.01

Source: U.S. Dept. of Commerce

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## Check List To Be Sure You Get Paid

### Before the Job Begins:

1. Are all the payment arrangements settled up front while the job is being sold?
2. Is it clear whether payment will be made by cash, credit card, personal check, or billed to an open account?
3. Does the property owner, or responsible party, fill out a company credit application BEFORE credit is extended?
4. Has a credit limit been set on each open account?
5. Is the status of an account checked BEFORE additional credit is extended?

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## Check List To Be Sure You Get Paid

### Before the Job Begins (continued):

6. Established a target amount of credit our company will extend? (20% of sales is max)
7. Does the contract include a schedule of dates or events when progress payments are to be made?
8. Do we collect in advance at least the wholesale cost of any special order items to prevent loss from canceled or changed orders?
9. Are advance payments negotiated (deposit on job) to cover the cost of labor thus relieving cash flow pressures?

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## Check List To Be Sure You Get Paid

### While The Job Is Being Done:

1. Is the customer's written authorization to proceed with the work obtained when completing repair work?
2. Are all change orders written up and signed by the customer within 48 hours?
3. Are change orders invoiced separately, and billed immediately?
4. When payment is in stage disbursements does the customer understand that delaying payment will halt production?

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## Check List To Be Sure You Get Paid

### When the Job Is Done:

1. Are service tickets and installation paperwork filled out completely, legibly and accurately?
2. Is a promissory note printed on the back of the Service Ticket to prevent a C.O.D. call from becoming an unauthorized charge?
3. Are charge customers sent a bill immediately after the job is completed?
4. Is a nominal bookkeeping charge stipulated on the bill to motivate timely payment?
5. Are monies held in retention rigorously followed-up on?

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## Your Attitude During The Collections Process Makes A Difference

*Be persistent... but light hearted*



### Have some fun!

Write a few light hearted complaint letters to manufacturers and see what happens.

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### Complaint Letter #1

Use the reminders as the cover letter with a copy of the invoice enclosed as well.

We realize the mail is sometimes very slow!



However, if your check has not been mailed please send it ASAP!

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### Complaint Letter #2

Send this a week later, again with a copy of the invoice enclosed.

I don't understand? We sent the product requested, sent an invoice and then we send a reminder and still no check?



Please pay the enclosed past due invoice immediately!

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### Complaint Letter #3

Again, this reminder follows the last a week later. Be sure to enclose a copy of the invoice.

Our accountant is getting a little concerned about your past due invoice!



Please mail your payment today (not next week, not tomorrow but TODAY!)

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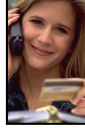
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### Complaint Letter #4

Reminding the customer they can pay by credit card sometimes gets the invoice paid. Fill in the invoice number and amount for them!

#### Perhaps writing a check is too difficult!



**Choice #1:** Call us at 1-800-432-7963 and place your invoice on VISA/MasterCard

**Choice #2:** Fax this form to our office-no questions asked!

Invoice Number: \_\_\_\_\_ Amount: \_\_\_\_\_  
Card Number: \_\_\_\_\_  
Exp. Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Our fax number is:  
**1-270-684-7425**

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### Complaint Letter #5

Credibility is important. If you said you were going to begin calling after a week - call!

#### Five notices is enough!



If payment is not received within a week we are going to begin calling you .....daily!!!

(Get the hint, we are not going away until your invoice is paid)

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### Complaint Letter #6

Again, this reminder follows the last a week later. Be sure to enclose a copy of the invoice.

#### Time is running out!



We have sent notices and we have called. If your check is not received within the next five business days your account will be turned over to our collections agency!

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### A Few More Collections Ideas!

- Use fax reminders when applicable 
- Print a box on your invoice →
 

If you prefer, your invoice may be paid via VISA or MasterCard:

Card Number: \_\_\_\_\_

Exp. Date: \_\_\_\_\_

Signature: \_\_\_\_\_

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### A Few More Collections Ideas!

- Offer a cash discount if payment is received within a certain period of time (remember the 2% we built into overhead!)
- If your customers tend to question the amount of time they are being billed, create a simple 3x5 card showing the start time, ending time and total time on job. Then have them sign it before you leave the job and enclose a copy with the bill
- On the average 20% of residential customers move each year. Print in the upper left-hand corner of the envelope:
 

Address Correction Requested  
or  
Forwarding Postage Guaranteed

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### A Few More Collections Ideas!

- To be sure your statement envelop gets opened, add to the front of the envelop the word "Personal", "Confidential" or "Personal and Confidential"
- Amnesty – Offer a 30% discount on accounts over 9 months (at best they are only 20% collectable at this point)
- If the customer wants to make payments ask, for post dated checks (they are legal). Even volunteer to call the day before you deposit each one.
- Negotiating tip – If the customer volunteers to pay any amount less than the full amount, realize their offer is always less than they hope to get away with. Refuse the offer (blame it on the accountant)!

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### Options When Payment Is Not Made (continued)

- **Small Claims Court** – Cost \$35-\$60 to file and serve papers. The Clerk at the County Court Office will explain the process.
  - Nationally 1/3 pay when they receive the papers
  - Nationally 1/3 don't bother to show up in court – you win! (County clerk can tell you how to collect at this point)
- **Have an attorney send a letter for you** - Lots of hungry lawyers out there! Call state Bar Association to get a list of current law graduates.

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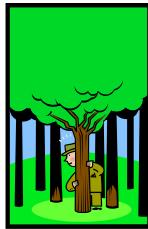
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### Options When Payment Is Not Made (continued)

- **Collections Agency** – Good news, no up front cost to use them. It will, however, cost you 25% to 50% of the invoice amount if, or when, they do collect the money
  - They are experts at finding people who don't want to be found
  - They are experts at finding money that people don't want found



*"Collections agencies find people who don't want to be found!"*

**Poll:** Who has had a good experience with a collections agency?

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### There Is A Better Way!

#### **Transworld Systems Inc. (TSI)**

- a) 156 offices across the country
- b) TSI's collections service collects 60% to 70% of your money (if used when past due is less than 90 days old) – waiting 4-6 months will drop recovery to about 50%, which is still very good!
- c) Cost is only \$12.99 per account (flat fee)
- d) Must purchase a minimum of 50 "accounts" at a time so your total investment to begin with would be about \$650. You will have two years to use the accounts.

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# Keep your priorities in order!

100 Years From Today



Urgent vs. Important

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Great Opportunities to Grow and Prosper!

**Seminar Special**

- "Labor Pricing for a Profit with Cash Flow Projections" Software** - The user friendly software is the ideal tool for modeling your company for maximum profitability. Once modeled you will know what to charge in each marketplace, you will have a month-by-month cash flow budget at your finger tips and you will have your monthly cash flow projections for the coming year! **\$499.95** ~~\$1,099.95~~ **Save \$600!** **FREE** cash flow & profit loss analysis to create the actual cash flow projections. When you do your model do many things do you want and what if process of changing things to MAXIMIZE your profitability. Price includes two detailed labor CD's and Lifetime Support in ARIZONA for only \$200.00 + \$15.00 shipping **\$414.95**
- "Why Do We Need to Charge So Much?" CD** explains to firms and managers why you need to charge what you charge. The cost is \$25.00 + \$10.00 shipping/handling **\$167.95**
- Company Policy Manual** - A detailed Company Policy Manual is perhaps one of the most important documents a company produces. This 96 page document on a CD is meant for you, not made for the insurance companies and lawyers, you will get better in the bank for creating an initial document or serve as a checklist for a Company Policy Manual you already have in place. It is a bargain at \$149.95 plus \$10.00 shipping/handling **\$159.95**
- Service Managers University Training CDs** - This CD set contains eight (8) Self-Paced Training Modules. Each CD contains Knowledge Checks and a Final Quiz to help you measure the information. If you want to learn how to "manage" a profitable service department, this program is for you. The investment is only \$349.95 + \$10 shipping/handling **\$359.95**

**Seminar Special - Get it all and Save \$542 + Dollars!!!** ~~\$1,099.95~~ **\$ 499.95**

**One-On-One Company Overview (\$100 Economy)**  
We will allow to your business model your strategy, the opportunities and create a financial "Business Plan" for your organization. It's like going through our business planning for small size... but at a personal, more detailed level. The investment is only \$100.00. The total investment is **\$599.95** + \$10.00 shipping/handling. One right decision could save your investment and your time!

Please call us with more details of having you come to our location for a personal Company Overview.

Checklist of equipment... Check website... CD... SOFTWARES

Client Name: \_\_\_\_\_  
Company Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_  
FAX Number: \_\_\_\_\_  
E-Mail: \_\_\_\_\_  
Send address: \_\_\_\_\_

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# Seminar Special

- “Labor Pricing for a Profit with Cash Flow Projections” Software -**  
This user friendly Windows software is the ideal tool for modeling your company for maximum profitability. Once modeled you will know what to charge in each department, you will have a month-by-month cash flow budget at your finger tips and you will have your monthly cash flow projections for the coming year! In addition to labor pricing and cash flow it also tells you what to charge for an annual maintenance agreement. When you are done, make as many copies as you wish and start the “what if” process of changing things to MAXIMIZE your profitability. Price includes two detailed Tutorial CD’s and **Lifetime Support is FREE!** All for only \$399.95 + \$15.00 shipping → **\$414.95**
- “Why Do We Need To Charge So Much”** DVD explains to techs and employees why you need to charge what you charge! The cost is \$97.95 + \$10.00 shipping/handling → **\$107.95**
- Company Policy Manual** A detailed Company Policy Manual is perhaps one of the most important document a company produces. This 96-page document (on a CD in Word so you can make all the changes/additions and deletions you wish) can either be the basis for creating an initial document or serve as a checklist for a Company Policy Manual you already have in place. It is a bargain at \$149.95 plus \$10.00 shipping /handling → **\$159.95**
- Service Managers' University Training CDs** This CD set contains eight (8) Self-Paced Training Modules. **Each CD contains Knowledge Checks and a Final Quiz to help you retain the information.** If you want to learn how to “manage” a profitable service department, this program is for you. The investment is only \$349.95 + \$10 shipping/handling → **\$359.95**

**Seminar Special - Get it all and Save \$542 + Dollars!!!**

~~\$1,042.80~~  
**\$ 499.95**

## One-On-One Company Overview (**\$500 Discount**)

I will come to your location, model your company (by department) and create a financial “Business Plan” for your organization. It’s like going through our two-day Planning for Profit class.....but on a personal, more detailed level. The overview takes two days. The total investment is ~~\$4,500~~ \$4,000 + travel. One right decision would cover your investment many times over!

Please call us with more details of having you come to our location for a personal **Company Overview.**

**Method of payment:** \_\_\_ Check enclosed \_\_\_ COD \_\_\_ VISA/MC/AMEX  
Card Number \_\_\_\_\_ Exp. Date \_\_\_\_\_ Code \_\_\_\_\_  
Signature \_\_\_\_\_  
Company Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Phone ( ) \_\_\_\_\_  
FAX Number: \_\_\_\_\_  
E-mail: \_\_\_\_\_  
Send attention \_\_\_\_\_

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