



'Getting the right answers, is a matter of asking the right questions.'
...Peter Drucker

Important questions and answers on Training for Accounts Receivable.



T. R. PAULSEN & ASSOCIATES
ACCOUNTS RECEIVABLE TRAINING FOR COLLECTION MANAGEMENT

Perhaps I am preaching to the choir, but few firms have the luxury of hiring well-seasoned professionals in accounts receivable. Most personnel need some training and there are many who need to start from scratch. Training is expensive, not only for the investment of experts or programs, but time away from task itself.

The objective of this booklet is two-fold.

First, we have been involved in collection training for a few years now, so it should save you some time and effort. Secondly, should you decide that an outside training organization will help you achieve your goals, we would appreciate your consideration. (You didn't think we were just doing this out of the goodness of our heart, did you?)

Should you decide training is needed but not with us, we wish you success and if we may help in the future, please let us know.

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Can my company survive without a collection department?



Yes, but not for long. It is like the question asked of Noah when he was doubtful about building the ark, “How long can you tread water?” While your firm may not have many true ‘credit criminals’ on your customer list, the simple fact is that people and organizations do not clamour to pay receivables.

They can come up with enough excuses of their own. Give them a few more, like not following up on the invoices sent and not only will you not get paid, they’ll say it’s your fault!

Can my company survive without well-trained receivables personnel?



Perhaps. Many firms manage to survive by simply contacting their customers. If you are blessed with a unique product in high demand, you don’t have to be very good. Heck, you could even annoy a few customers because you have many more in the wings, just itching to take their place.

(By the way, you better make sure you stay in first place if this is the style at your firm. I guarantee your customers will get you for it later.)

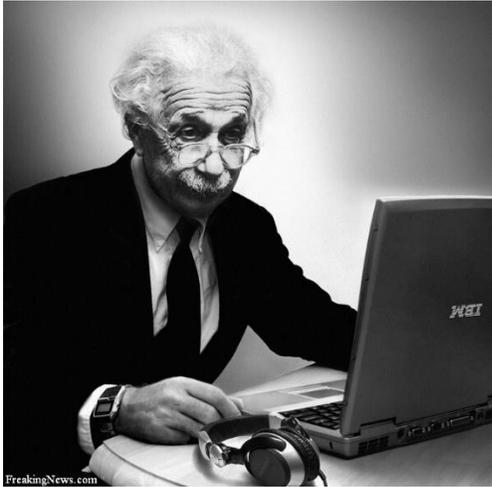
Other firms manage to collect by making ‘reasonable’ contact and demands on their customers, but they are leaving money on the table longer than necessary and may be losing some customers too – that could be retained with additional training and knowledge.

The objective of professional collections is to thrive, not just survive.

What if I give people training and they leave?

What if you don’t give them training and they stay?

Is collections an Art or a Science?



Both. Don't make the mistake of ignoring either at the expense of the other. Making more contacts, with systems like Auto Dialers, tends to reduce delinquency. Further improvements and cost-savings result with the proper use of behavioural scoring and other systems.

Yet, for some of the process, particularly in the commercial side of the business, it still comes down to a conversation with a customer, trying to convince them to do something that most of them don't want to do – and like it. And that, is an art.

Should my sales reps be involved in collections?

They should be involved, but the responsibility should be in a different department.

Perhaps your business requires the sales representatives to wear different hats and handle collections too? Even though both sales and collection personnel overcome objections from customers, the skill set required needs to be refined.

What is the difference between consumer and commercial collections?

In some respects, not much, but there are variations that need to be addressed:

- The balances tend to be higher in commercial collections. One can, and should take more time in planning
- Numbers in consumer accounts tend to be high and systems will help for productivity
- The ultimate responsibility is different. With a consumer account, you deal with someone who owes the money out of their pocket while in commercial, it is someone else's responsibility.

Is 'any' collection training better than none? (After all, it's not rocket science.)



No. There are some books and programs to be avoided. You need to ensure the methods will fit the philosophy and the policies of your organization. You spend a lot of time and effort bringing a customer on board, you don't want a relationship ruined by inappropriate contact by a receivables clerk.

situations.

In some respects, it is *more* difficult than rocket science. Water will boil at a certain temperature. But, the boiling points of our customers will vary, and we require approaches to use in those

Sales people wear the white hat and collectors the black one, right?



Wrong. There is value in our customers believing this on occasions, but there is only one hat that should be worn (proudly) by sales and receivables. It isn't white or black. It is not grey, either.

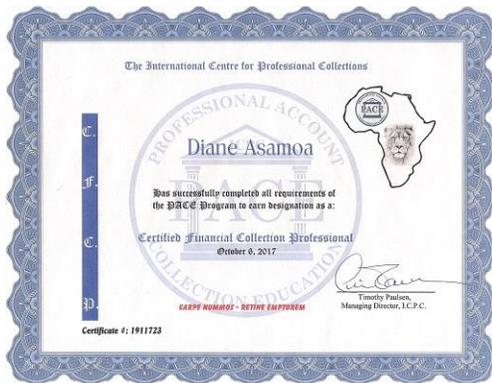
Who are the best collectors, women or men?



Women will tend to negotiate longer and be more interested in customer retention, going for the ‘win-win’. Men do not have the same attention to detail as the women, but they a stronger desire to win, they *hate* losing. It isn’t that they don’t see the value of a win-win, but emotionally it is like a kiss from your sister, nice, but doesn’t make the heart go pitter patter.

As recently as the 1980’s, credit and collection seminars were made up of 90% or so men. These days, it is the opposite and sometimes it is all female. Is it because senior management has recognized the women are as good as the men? Yes, but truth be told, it is also because in general, they were willing to work for lower wages.

Can you get collection training from a book or an on-line program?



You can get some good tips and techniques from both, but for the quickest results and return on investment, a live ‘tailored’ program is the best investment.

Some programs offer ‘certification’ for collectors. Do they need this?

Not really. There are many excellent collectors in both consumer and commercial fields who do not have any certification.

However, it does show to others, perhaps the clients of your firm, that your accounts receivable personnel have achieved a level of professionalism that may be unmatched by others. We have found too, it tends to have the individuals be more assertively effective in their dealings with all customers, including of course, those who are delinquent.

It calls for commitment on the part of the individuals that not all are willing to give.

How can you tell if a candidate will make a good collector?

Some of them will surprise you, both pleasantly and not so much, no matter what selection process you employ but you can tilt the results in your favour.

Look for candidates who:

- Can be assertive when needed, bordering on aggression but not crossing the line
- Want to win – but can handle losing
- Have a thick skin – don't take it personally
- Strong empathy – they can 'see' TOS (The Other Side), don't agree with it necessarily, but they can 'see it'.

You cannot train personality. They have it or they don't. You can however bring it out in your favour. Better to hire people who fit the profile of a successful collector. You may develop your own or find it beneficial to review our CIA [\(CollectABILITY Index Assessment\)](#).

Please indicate if the following topics are of interest to you:

- a) Discover the 'right balance' of being assertive with our clients and customers without crossing the line of becoming *too* aggressive.
- b) To *master* the telephone collection call.
- c) To quickly *handle* ALL excuses given for non or delayed payment.
- d) To *know and employ* the very best negotiating techniques applicable to collections.
- e) Better understand the credit process and its effect on collections.
- f) To *understand* and effectively use the philosophy of effective collections and more effective use of policy and procedure.
- g) Learn how to write *effective* letters, and e-mail.
- h) To effectively work *with* the sales team.
- i) Tailor our approach to specific types of customers.
- j) To *improve* the quantity of contacts to delinquent customers.

You tell us:

What other areas may be of interest to you and your team?