How to Boost Payments & Reduce Delinquent Accounts
Receivable accounts are money invested in your customers, or patients. Your organization delivered a product or service that established your right to be compensated. Chances are you are not in the banking, credit, or financing business, but here we are, managing a portfolio of debt.

Your business or professional practice already covered the payroll, inventory, and overhead costs:

**so let’s get paid.**

Putting a plan in place will **increase the likelihood of timely repayment.** If, for whatever reason, you are not fully reimbursed at the time of delivery, you need a plan on how best to **encourage repayment in a timely fashion.**

There’s an **additional downside** to delinquent account payments. If you are in the recurring revenue or subscription based business, a late payer is headed toward service suspension. If they don’t pay, you’re not going to allow them to continuing using your service, right? Well, once you **suspend their service**, they’ve got **one foot out the door** unless you have a service monopoly. It’s referred to as “**bad debt churn**”.

**Keep them current to keep them customers!**

**What’s The Plan?**

I am continually amazed by the number of our clients that do not have a formal treatment plan to address aged receivables. It’s time for a project to;

- Review and understand your receivables
- Define methods (if possible) of reducing accounts receivable at point of product or service delivery.
- Implement a treatment plan to “touch” your debtors on a recurring, and lawful basis until their obligation is satisfied. [Check the rules at this FTC link](#).

The process of creating a plan of what you will do to encourage is neither a time consuming nor complex exercise. **A simple timeline** with defined actions at established intervals is easy to create. Each action point requires a decision whether the account will progress to the next step in the **treatment process** (more on this later).

An account that pays in full is easily excluded from additional action. **What about partial payments** or payment plans? Considering all the treatment factors now will enable your staff to make quick and correct decisions when payment variables are introduce by your debtors. **The how, and who**, of administering the process will take longer to produce.
Always keep in mind,  

*a well-constructed plan that your staff can’t execute is of no monetary value.*

Begin the planning by understanding how much of the process can be automated within your current billing, accounting, or customer service system. If you don’t have any of these billing support systems, stop reading now and go get one. Figure out the capabilities your current software. Understand that repeatedly mailing the same invoice to a debtor on a monthly is a *minimalistic approach* to accounts receivable management.

**Not much effort, not much return.**

If any of the ideas above don’t make sense, we’ll be happy to help. Look us up at:  
[www.accountdue.com](http://www.accountdue.com)

**Can you find them later?**

As a business that is providing products or services with an expectation of payment in the future, a potential creditor has permissible purpose to **collect personal identification information** on your debtor-to-be prior to extending credit. The Fair Credit Reporting Act (FCRA) also allows the potential creditor to pull a **consumer credit report** as part of the screening process. Do this if your business is subscription based or does frequent billing to a base of customers/clients/patients. Any of the major credit bureaus can assist you in determining which scoring models to use, the cost and the privacy obligations of credit screening. Call me if you need a *Credit Screening 101* walk thru.

Whether you credit screen or not, **do** collect as much personal information as required to **properly validate the identity** the individual now, and locate the individual later if necessary. Request basic information; name, address, driver’s license number, social security number, date of birth, home phone, cell phone, email address, place of employment, work phone, spouse name, but **collect only what you will reasonably need**. While some individuals may opt-out of supplying all the requested information, the more you obtain the better collector you will be.

**Important to note**, once you become the custodian of this personal information, you are obligated to **secure that sensitive data**, whether written or electronic. Make sure you can secure the data and comply with all federal, state, and local privacy acts.

Now, in light of all the personal contact information you’ve gathered, **you need permission to use it to collect the debt.**

While the *Telephone Consumer Protection Act (TCPA)* regulates the activity of telemarket-
ers, it also may impact your ability to contact your customer/patient on their cell phone in pursuit of repayment. To address that probability, we offer the prior authorization verbiage below.

Adding this type authorization to your info request sheet could save money and grief later.

TCPA Prior Express Consent Notice
You agree, in order for us to service our account or to collect any amounts you may owe, we may contact you by telephone at any telephone number associated with your account, including wireless telephone numbers, which could result in charges to you. We may also contact you by sending text messages or emails, using any email address you provide to us. Methods of contact may include using pre-recorded/artificial voice messages and/or use of an automatic dialing device, as applicable. I have read this disclosure and agree that this office, or our assignee, may contact me/us as described above.

Patient/Client Signature _________________________________________
Date ___________________

Make Your Process Simple

As stated earlier develop a process, to address delinquent accounts, that can be routinely administered by the resources available. Make sure there is an increasing sense of urgency delivered in each subsequent request for payment. Always add the "collector’s mini Maranda" disclosure somewhere in any verbal or written debtor contact. It goes like this:

“This is an attempt to collect a debt and any information obtained will be used for that purpose”

If you’re not sure what to say to the debtor, let’s talk. Don’t forget, you must provide the debtor a clear process to dispute the billed amount. Delinquent account messages can be delivered by mail, email, phone, recorded voice, cell phone text, or other delivery method. Whatever the delivery method, make sure execution of the process is the responsibility of a key staff member. Consistency is critical.

If you don’t have the staff or system to do it in-house, explore a partnership with a reputable third party debt recovery agency. Most agencies already have the tools required to implement a
 treatment schedule.

TIP:
Make sure you can take **electronic payments** over the phone. Even better, insert a “pay now” button on your web site that links to an electronic payment processor.

*Make it easy to pay you.*

**Charging Interest…A Double Edged Sword**

“Charge interest when payment is late” sounds like a good policy. Let’s consider a few things before we decide. First, your ability to collect interest or late charges may depend on your type of business and level of competition in the market. Example; most local utility companies charge a late fee if you’re one day past the due date. Granted that their services have been used and cannot be recovered, but more relevant is the fact that they have a monopoly on the local market so the consumer has to pay to keep the lights on and water flowing.

*If they want to continue with the service, they will pay the late charge.*

The point? Charging interest encourages prompt payment. Counter point? If you’re charging me interest, then you’re financing the amount due, so “I’ll pay principal and interest later.” You just **turned that account receivable into a type of revolving credit line.** At least that’s how some debtors view it. Be careful about charging interest on past due accounts unless you’re planning to be in the financing business. Reasonable **late charges can offset the expense** of collecting the account. It costs money to send late notices whether in-house or outsourced. If the expense is not built in to your profit margin, then add it when the account becomes delinquent.

**Important!**

*Fully disclose all late charges and interest charges before, or during time of sale/service.*

Don’t add penalty charges “on the fly” to selected accounts. Also, make sure any penalty charges comply with limits set by federal, state, and local statutes.
Account Due Services offers local businesses, medical practices and dental offices a proven collections system that speeds the payment process and cuts back on the number of delinquent accounts in your office.

*Will you take a few minutes to check into our bottom line boosting process?*

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**ADS Green** program is a time-saving series of five mailed notices, delivered in your company's name, over a 75 day period to encourage payment in a timely fashion.

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**ADS Yellow** is a commission-based collection remedy for delinquent debt that's dragging down your bottom line.

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If you're struggling with seriously delinquent accounts then **ADS Red** is the remedy for improving your balance sheet. ADS Red is our highest level of collection service. We use every collection strategy available including the courts, garnishments and liens.

*Call any time at (888) 363-3357*