

# Credit-to-Cash Briefing:

## Efficient collection calls

Apart from the necessary credit rating of your individual customers, an assessment to which degree default risks arise from the overall structure of the accounts receivables is essential. Additional factors and eventually existing weak points within the business may also have a decisive influence on this risk potential.

The following checklist refers to the most relevant aspects you should pay attention to.

## Prior to the call

### Who can call the customer?

Not every employee is suited to make such a sensitive telephone call. Be sure to entrust only persons that are qualified and have completed training in this field.

Important criteria are:

- know the debtors' usual objections
- have appropriate arguments ready in all situations
- adopt a target-oriented approach
- speak in a polite voice and maintain a positive demeanour

### Clear targets

Do you plan to hold fast to your maximum demands? If not, be sure to establish minimum targets prior to each phone call (e.g. part payments, instalment plans). And don't forget that you are dealing with a customer you might want to do business with again.

### Calling criteria

What are the underlying criteria for your phone call? A time line (before due date, past due date, falling in arrears), a time schedule to build up pressure or, for instance, staggered according to the amount of debt or credit lines?

### Preparations

Preparations can take more time than the actual phone call. What needs to be taken into consideration:

- know name and extension of the relevant contact person with the customer
- use a special guideline for the phone call
- choose an adequate time to call (Monday morning and Friday afternoon are generally less advantageous)
- past activities in the matter
- find out, if the reason for the arrears lies with you (e.g. customer's complaints, unbeknown promises made by sales people)
- be informed, why the customer has fallen behind with his obligation (according to the sales force)
- have a summary at hand with the customer's payment record and past experiences with him.

### Supporting materials

Customer file with information on:

- payment record history
- past experiences with reminder notices and collection calls
- if possible, personal data on business partner.

List of objections:

- This constitutes an extremely important supporting tool to refer to. It lists all of your customers' known past objections and excuses together with the most effective counterarguments.

## During the call

### Calling the main office

Ask for your contact person's name immediately. If you have done business before, ask for the extension and office times. This will enable you to save time in the future.

### Atmosphere during call

Be polite and upbeat, give the call a personal touch but remain focused, firm and assertive.

### Tone of call

Ask clear and precise questions. Avoid imprecise statements and do not accept evasive statements from your customers.

### Opening line, reason for call

View the introductory phase like a serve in a game of tennis. Be aware beforehand how you plan to address your contact person. This will help you avoid long sentences and imprecise follow-up questions.

### How to hold the conversation

Be sure to determine the conversation from the beginning. This will enable you to influence the call and ultimately its conclusion.

## During the call (continued)

|                          |  |
|--------------------------|--|
| <b>Objections</b>        | Get to know the ten most commonly used objections in your sector beforehand and make sure to ask for the most relevant details.  |
| <b>Solution</b>          | Once the situation has been clarified, the next step is to find a solution. Ask your customer, what kind of solution they envisage.  |
| <b>Chasing it up</b>     | Often callers fail to chase up. Be sure not to let this happen to avoid misunderstandings.   |
| <b>Consequences</b>      | Consequences are a logical result of your collection process. On the other hand, your call is an attempt to avoid just these consequences. You are the “fairy godmother”. If the defaulting customer cannot be convinced, tell him the consequences in a clear and professional way. |
| <b>Commitment to pay</b> | A commitment to pay is the result of a good conversation. For you the crucial information is when, how and how much money will be transferred to which account.  |
| <b>Result</b>            | Even if the result is clear in your eyes, you should summarise it briefly before ringing off. Make sure to receive answers to the questions: Who will do what by which deadline?   |

## After the call

|                             |   |
|-----------------------------|---|
| <b>Follow-up activities</b> | Draw up minutes of the conversation and send them to your contact person via fax or email.  |
| <b>Documentation</b>        | Documentation within the system is extremely important, as it allows a third person to pursue the case.   |
| <b>Keep your word</b>       | If you settle on a due date, make sure that it is kept. Otherwise the customer will believe that this was a one-off action.   |
| <b>Keep the pressure up</b> | <p>A critical assessment of your own activities will lead to a continuous improvement of your collection results. The following questions are important:</p> <ul style="list-style-type: none"><li>▪ Did I display a positive attitude in order to guarantee an optimal telephone call</li><li>▪ and did I strike the right tone?</li><li>▪ Did I always remain focused on the primary objective?</li><li>▪ Did I accept hopeless promises?</li><li>▪ Did I receive precise answers to my questions?</li><li>▪ Did I mention the positive aspects?</li><li>▪ Did I manage to limit the phone call to an adequate period?</li><li>▪ Am I happy with my line of argumentation or can something be improved?</li></ul> |

**It goes without saying that there is no generally valid blueprint for successful telephone collection calls. Every debtor is different and what leads to a positive outcome in one case may fail in the next. However, this is exactly the reason why thorough preparation and a certain measure of flexibility will considerably increase your chances of success.**

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