

Other Communications

There is more to collections than just talking to a customer on the phone. While the phone properly used is probably the greatest tool, it is two way communications and you get a better understanding of the person and their circumstances from your personal interaction the reality is you have to engage a wide range of communications tools to be effective. Calling people on the phone is time consuming and you have no way of knowing in advance whether a call will take two minutes or thirty. If you have limited resources or you have a large number of small balances then you have to look to other methods of communication with your customer. Every balance should have at least one method of communication assigned to it, even for very small balances, if you haven't got a method of collection chances are you are not going to collect it. The following module looks at the most popular methods including letter writing, emails, text messaging, face to face meetings and door to door visits.

These methods can be assigned to particular accounts or you can use a variety of them as appropriate to the amount and perceived risk of the customer you are dealing with.

Letter writing

Letter writing is still an important collection tool, when properly utilised. Like all forms of communication there are a number of do's and don'ts you should be aware of.

The most damage you can do with a letter is to send a standard circular to your entire customer base, even the best intentions will cause upset to someone so make sure you use your letters intelligently.

There are a number of rules you must apply when writing letters directly to consumers. Firstly, the literacy levels among the general public are quite low and a high percentage have some difficulty with reading and writing, so if they are good enough to open the envelope they have to be able to read and understand the letter you send them and even more importantly your letter has to spark them into taking the required action. If you are dealing with a person in the accounts department and your letters are automatically addressed to the Finance Director in your customers company, consider the damage you will do to that relationship if they are brought to task by the FD because of the letter received, so take care in selecting the appropriate person to send the letter to, chances are you will want to reengage with this person at a later stage and people have long memories, particularly if you are the one who caused them to get in trouble with the boss!

At the start look at the basics – look at your envelope – have you been using the same type for a long time? Does your customer know who the letter is from you even before they open it? If they do chances are they won't even open it! They'll know what it is about and place it gently in the bin. Do you use your logo on the franking machine? Is that a good idea when sending out collection letters?

I have said before and I will say again, communications is the result it achieves, and if this is the case you have to use the element of surprise, in order to get your letter opened and read. Using coloured envelopes, using stamps, using hand

written names and addresses are all ways you can put your letter at the top of the pile of the letters that are going to get opened that day.

Now that they have opened the envelope they have to read and understand the letter. According to the Vision Council of America, 75% of the US population wear glasses or contact lenses and there is no reason to believe the figures are that different in other countries, so make sure the font is of a size that can be easily read, even without glasses – something around 14pt should be sufficient.

Then there is the structure of the letter. Starting with the person's name and address in the top left hand corner – make sure their name and address are spelt correctly, if there is an error, chances are they will not take the rest of the content seriously.

In your salutation for consumer collections I would recommend using Dear Mr [Jones]. Dear Mick, can be seen as too familiar and “Dear customer” or Dear member” will give the impression that this is a circular and is not written specifically to them. If you are dealing with the same person in another company, then Dear [*first name*] is appropriate.

You should have three paragraphs, no more than two sentences in a paragraph and no more than ten words in a sentence. You should never use words of three syllables or more, keeping it simple and understandable is the key here. The three paragraphs should be:

Paragraph 1 – set out the facts, how much is owed, how long it is outstanding and any other relevant information.

Paragraph 2 – should contain the call to action – you must tell them exactly what you want them to do and exactly when you want them to do it. Giving a specific date is very effective here. Avoid using words like please pay “by return” or “please pay as soon as possible” or even by “close of business on Friday” as these instructions are open to interpretation, as soon as possible for them could be in three months time! Do they know what time on Friday you close for business? Probably not. So instead use phrases like “Please contact me before 3pm on

Thursday” Please pay this account in full before 5pm on Friday the 23rd August” . It is also acceptable to give an alternative “Please pay this account in full before 4pm on Thursday or call me on my direct line which is 12345678 before 11am on Wednesday” This gives a clear and unambiguous instruction that is more likely to be actioned than if it is left open.

Paragraph 3 – should contain the compelling reason why they should pay. This could contain either an incentive or a consequence, either way you have to make it compelling. So it could read “to maintain our excellent business relationship” or “to ensure ongoing supplies” or if in the later stages “This account will be passed to our legal department/ firm at 3pm on Friday”

Now there is just one more thing, you should never use the words “I”, “me”, “we” or “our” in the letter. When you use these words it implies that the letter is about you. It is much better that if the letter is addressed to them, if you want them to take some real action - then you should change these four words to “you”. So reword your letter to facilitate these changes. Rather than saying “our terms are...” say “you should pay this account...” Rather than saying “I am writing to you about our outstanding account” say “Your account...” This way you are talking directly to them, you are outlining the situation from their point of view, you are telling them exactly what you want them to do and what will happen if they don’t.

This type of communication is much more effective than the standard type of letters I usually see, and if applied will be measurably more effective than any other method.

Just a few more pointers:

- Always proofread your letter after writing it, check for sentence structure, grammar, spelling mistakes...
- Proof read your letter again (and again) after you have revised it.
- Keep the recipient in mind, and write in a way that he/she can easily understand the letter and the action that is required.

- Never use abbreviated dates, e.g. use 19 November 2012, and not 19/11/12
- Be respectful when you write.
- Be concise and keep to the point, but don't leave out any important information.
- Keep your letter short enough so that it fits on one page.
- If you are dealing with a number of specific issues and have to make your letter more than a page long, use another page, never use the back of the page.
- Use different shapes, sizes and colours of envelopes so you don't become too predictable and you are increasing the chances the letter will be opened.
- For best results handwrite the name and address on the envelope and use a stamp.
- If you have sent out a letter one to the customer before then start with the second letter in the next cycle.
- If you are writing to consumers, having your logo on the envelope or printed by the franking machine will reduce the number of letters that will be opened, because by looking at the envelope they will guess they know what it is about and if they are in denial, the letter will go straight into the bin. No matter how well worded the letter is it will have no effect if it isn't read.
- Never apologize for sending the letter. Lines like "Please ignore this letter if you have paid this account in the past few days" should be avoided. This is sending out a message that you really don't know who has paid and who has not. You have done your homework, you know all cash has been entered and allocated correctly and if you are writing to them there is a reason, had they paid the account when they should have there would be no reason for you to go to the trouble and expense of writing.

Finally, the more letters you send the less impact they will have. When setting up your collection processes, you should opt for either two or three letters as a maximum. The first letter is a reminder and the second is a demand and the third should be a Final Notice. You might skip the second letter altogether. Keep a record of letters sent and avoid sending the same letter to the same person over

and over again so if a person has received a “letter 1” in the last two months you might skip that stage and go straight to “letter 2”.

Some systems have an automatic letter sequence that it generates itself – these letters are known as “Dunning Letters”. If you are using this method you should not use printed signatures, unless the quantities are so vast that it would take you a full day to personally sign them all. If you are signing the letters, use a blue pen so it is clear that it was signed by you personally – this will have a greater effect than a letter that is clearly a mass mailing. Great care should be taken to ensure your key customers and other VIP’s are excluded from the print run as a standard letter sent to the wrong person at the wrong time can do untold damage to the business relationship.

Emails & Text messaging

Emails are now an accepted form of communication, most people have email accounts, and they check them with increasing regularity. Remember to keep it semi formal, what I mean is that it doesn't have to have the formal structures of a written letter it should not decent into txt spk (Text speak!).

When sending emails you should make sure you include a notification when the email is delivered and when it is opened, this way you will have extra information which will add to your confidence and persuasiveness next time you speak. If the email is a standard one you should observe all the rules above for letter writing and take the time either through mail merge or taking the time to type in the recipient's name into the body of the email. It has to look as if they are the only ones receiving it and "Dear debtor," will not have the desired effect.

If you are sending a mass text to your customers you should observe these simple rules:

1. Stage 1 - grab their attention
2. Stage 2 – Clear call to action
3. Stage 3 - Clear deadline

E.g. URGENT MESSAGE from [your company]. Please contact Mary Thorne 555 60764 before 4pm today.

You can obviously change around the numbers, the times to suit your business. Having the first two words in capitals gives weight and urgency to the message, giving a direct line number reduces overall workload and the clear deadline gives them something to aim for. Be careful to test out this form of communications to see how responsive your customer base it before you roll it out to a mass audience. Initially send it out to 10 customers, the next day try 20 and so on. This way you will learn that for every 10 text messages I will receive say 6 calls before the deadline, and three of them are within the last hour. By recording the data you can predict with ease the response rate you can expect to receive. Make sure

that the call will be answered and even if the person named is engaged that the call will be forwarded to someone else in the department. The worst thing that could happen is if your customers are ringing and can't get through – this will have a negative effect on your collection efforts.

As we go through the course I will compile the information received on a totally anonymous basis and give you an idea on how you are performing in relation to other companies and organisations. I hope you find this useful.

Face to face meetings

This is when the meeting takes place in your office either at your request or by your customer/ member. This type of meeting is more likely to take place in a financial institution, I can't see a consumer being dragged in to talk about their phone bill, although I am sure if it was significant enough this could happen.

Here are the rules:

1. An exact time should be set for the meeting.
2. The customer should be clearly briefed as to what they need to complete and bring with them on the day.
3. A system should be in place to welcome the customer and bring them to the meeting room.
4. Under no circumstances should a person be expected to discuss their personal financial business in a public office or in a place where other people can hear. This is a basic dignity that you must afford them.
5. Depending on the tone you want to set for the meeting you have a choice
 - a. You can meet them and bring them to the meeting room yourself
 - b. You can be in the meeting room when the person is brought in by someone else.
 - c. You can arrive to the meeting room after the customer has arrived
6. How the room is set up is important

7. The tone of the meeting is important – it should be professional and businesslike – it should not be too friendly and informal.
8. Minutes should be kept of the meeting, what was agreed and the action points both parties have agreed to work on.
9. At the end of the meeting go back through the points that were agreed and double check that is what they meant, it is easier now to sort out any misunderstanding than to wait for a few days when they have had time to think things over.
10. Even if it is written on an A4 pad – I would still copy the page sign both copies and get them to do the same and give them a copy to take away letting them know that a formal confirmation will follow in the post. It just keeps things formal, you show you are serious, by signing the agreement they are making a commitment and telling you that they are serious too, and these types of agreements tend to work better than friendly verbal meetings that finish with a hand shake and end up with an argument down the line.

Door to door visits

This takes place in the customer's home either by prior arrangement or when you arrive unannounced. If you are dealing with sole traders or consumers and the usual forms of contact have not yielded results this method of communication is often the best way to resolve the situation.

If the customer is willing to engage and seems interested in finding a solution then you should make an appointment with them, bring all the details with you and sit down and work out how the account is going to be dealt with. In this case it is important that you resolve the issue of the payment of the existing account and also that you work out how you are going to do business together between now and the time when the old account is paid in full. Failure to deal with both issues will weaken your overall position and make it more likely that they will go elsewhere for supplies and if they do that you will move down one place on their priority list as they will always look after the person they are currently getting their supplies from first.

If a customer is ignoring your calls and not responding to letters, then the best way to engage is to arrive at their home or premises unannounced. If you are dealing with a sole trader or partner you can call to their homes, if the person is a director in the company than this is not really appropriate, unless it is a very small company that is really a one man band. Make sure you have all the details with you and have a clear purpose for the call. Are you going to collect money, agree a repayment schedule or whatever? There are rules around personal calls that are the same as phone calls to consumers i.e. you cannot call before 9am, you cannot call after 9pm, and you cannot call on a Sunday or Bank Holiday looking for money, unless by prior arrangement. This could be considered as harassment.