

# Improved Debt Collection

Act early on overdue accounts, and in a respectful manner

BY JEFF DIMATTEO

**F**UEL OIL BUSINESS OWNERS AND OPERATORS FACE MANY challenges each day, such as keeping up on trends, finding the most effective and affordable equipment as well as maintaining and obtaining customers. Attention to these elements is critical to staying successful in the industry. In a convoluted economy, business operations become more challenging when the day-to-day focus shifts to improving accounts receivables and retrieving overdue funds. A few simple methods sometimes coupled with outside help can assist your businesses in retrieving overdue accounts and boosting your bottom line in any economy. This allows you to focus on factors that keep your business on the cutting edge.

## BENEFITS OF EARLY INTERVENTION

Fuel oil businesses are often small businesses that need to streamline methods to achieve the most effective results. Therefore, in this economy, owners and operators should not wait 120 days to get help if a consumer is unresponsive to requests for payment, has made many broken promises regarding settling their account or if they have bounced checks. These elements are red flags which could be signals that a customer is looking to file some kind of insolvency or bankruptcy.

In order to increase a businesses' accounts receivables through improved debt collections, it is necessary to act early on overdue accounts; as early as 30-days past due. A respectful mail-based billing system has proven effective for many business owners and operators. An invoice sent early helps give customers a tangible request for payment and also puts your statement on the top of the pile when it arrives first.

## A RESPECTFUL APPROACH

Today's erratic economy can cause even your best customer to struggle with resolving their accounts. Quick action in the collection process coupled with a courteous approach increases the chances of recovering monies owed while also maintaining healthy customer relations. Debt collectors, who act early in conjunction with a respectful mail-based system, have greater success collecting past due fees. A written demand sent early in the mail gives customers a concrete request to resolve past due accounts.

Customers are sometimes more likely to respond to a written appeal as opposed to phone calls they may interpret as intrusive. This kinder, less threatening approach leaves customers feeling like they are working with an ethical company treating them with respect. This method can help retain customers as well as strengthen your reputation in the community to bring in new customers, which improves your financial future. However, there are times when request for payment are ignored and a more aggressive approach must be used to achieve results.

## OUTSIDE HELP FOR BETTER RESULTS

If your business is having difficulty collecting outstanding debt from customers and also struggling with finding the manpower to chase down monies necessary to keep stay afloat, it is time to find help. One issue most fuel oil companies looking to hire a third-party collection agency must consider immediately is if they can afford to get help. Agencies with a flat-fee structure may have fuel oil owners pay an average \$10 to \$15 per account, regardless of the dollar amount being collected. This is a strong contrast to the standard 33 percent charged by typical collection agencies.

Many businesses in the fuel oil industry have experienced improved results in their accounts receivables procedures by fine-tuning their internal procedures and acting earlier on monies owed. They have also seen better client relations by approaching consumers with respect and diplomacy. When accounts remained stubborn, many businesses have had new financial life breathed into their bottom line when they turned to a reputable collection agency. Improved internal methods of collection coupled with a sound collection agency's techniques can create a tandem effort, which generates a strong team behind your internal staff. A respectable collection agency will retain customers and enable your business to remain focused on critical elements pertinent to everyday operations. | **FON**

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