



## Cause and collect

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 Landscape Management



Debt collection for a small business poses many challenges. Many owners are hesitant to get aggressive in debt collection and try to avoid sending customers to collection agencies.

The concern is using a collection agency would alienate customers and leave their relationship permanently damaged. Others, simply stop serving the customer and write off the debt. Many small businesses simply lack the manpower to chase overdue debt.

To increase accounts receivable by improving debt collections, it is necessary to act early on debt resolution — as early as 30 days past due.

Early intervention, though best, is not always feasible for small businesses because it requires a near around-the-clock work force focused primarily on a company's bottom line. Landscape companies unable to pursue bad debt in-house can turn the process over to an outside source.

An effective debt collection agency works toward a company's success by acting early and treating customers respectfully. These methods improve profitability by increasing the volume of outstanding debts collected and keep customers in the process.

Debt collectors who act early in conjunction with a respectful mail-based system have greater success in collecting past-due fees. A written demand in the mail sent early, with a bold due date, gives customers a tangible and concrete request to resolve past due accounts. This kinder, less-threatening approach leaves customers feeling like they are working with an ethical company that treats them with respect.

Customers are more likely to respond to a written appeal than phone calls they often interpret as rude or abusive. It also allows your business to keep relationships with your customers friendly — an objective third party is handling the issue using their expertise. This also allows you to focus on your core business responsibilities.

### Agency as a partner

Landscape companies looking to increase profitability and improve methods of collecting outstanding debt need to be particular when choosing a debt collection agency. An effective agency follows a business model that looks to retain customers and has your company's best interests in mind.

If your business is having difficulty collecting outstanding debt from customers and is also struggling to find the manpower to chase down monies necessary to keep stay afloat, it is time to find help. Remember, even reputable companies and consumers run into financial difficulties — and it is important to get help as soon as possible. A successful agency offers methods that are imperative to helping your business see a dramatic increase in your accounts receivable while also treating your customers with respect.

One issue most landscape businesses looking to hire a debt collector must consider immediately is whether they can even afford to get help. In the collection industry, it's not unusual for 33% of the collected to go the agency for each account. This is too much for the average small business owner to pay.



Debt collectors who offer a flat-fee system have proven to be effective and affordable. A flat-fee agency typically charge landscape companies an average \$10 to \$15 per account, regardless of the dollar amount being collected, which in turn, means more money for the business. This system makes it affordable for more small businesses to hire collection agencies.

Another feature to consider when looking for a debt collection company is the issue of full disclosure. An agency that gives clients the ability to manage their accounts receivable process through a Web-based system saves time and money in managing debt collection. A Web-based system also speeds the debt recovery process and strengthens the early intervention approach.

### **The next level**

When a customer with outstanding debt ignores written requests for payment, typically numbering five, and debt goes unpaid for more than 90 days, it is time for a business to step up measures.

Early intervention, followed by more aggressive approach when requests for payment are ignored, is proven effective. After 90 days, a collection agency should begin phone calls to ensure customers are aware of the urgent need to pay their bills.

When making calls to pursue overdue payments, an agency will see more successful results when they use an educated team adhering to core values and treating clients with respect. When treated with diplomacy, more customers are likely to respond and pay overdue debt.

### **Increase your success**

A reputable collection agency achieves success by making your company successful. Their goal is to enable your business to stay focused on customers' needs without feeling weighed down with worry about when you will get paid. Methods with proven success include:

- Early intervention
- A mail-based campaign
- A flat-fee system
- Customer-driven technology
- A second stage

Once you find a collections team that meets your customer service and accounts receivables needs, you may find you'll be able to collect on a substantial amount of money that would have been lost otherwise.

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### **10 ways to better accounts receivables**

Many landscape professionals hesitate to get aggressive by bringing in a third party to collect past-due debt as they are concerned about losing customers. Here are a few methods of successful third-party debt-collection agencies that can improve the profitability of your landscape business — while keeping your customers in the process:

1. **Early intervention:** A debt-collection agency should pursue accounts as early as 30 days past due.
2. **A mail-based campaign:** The agency should conduct a respectful mail-based campaign to encourage consumers to resolve past-due accounts.
3. **A flat-fee system:** This makes it affordable for a business to hire an agency by charging a low, one-time fee regardless of the dollar amount of debt.
4. **Customer-driven technology:** Allows clients to manage accounts virtually in real time and speeds up the recovery process.
5. **A second stage:** When requests for payments are ignored, a more aggressive approach should be used to achieve results.
6. **Keep your customers:** Agency should look to achieve success by making your company successful and treating your customers with dignity, diplomacy and respect.
7. **Proven results:** An agency reputable for rapid recovery with a high resolution rate will boost profits.
8. **A strong business model:** An effective agency will follow a business model that looks to retain customers and has your company's best interests in mind.

9. **Your business concentrates on business:** A collection agency frees you up to concentrate on what is important: your business. You have more time to retain and generate new customers.

10. **A team behind your team:** The goal of third-party collectors should be to act as a strong team behind you, helping you improve accounts receivables and retain customers.