

What is Your Credit and Collection Game Plan?

GET P.A.I.D. A GUIDE TO GETTING PAID FASTER (AND WHAT TO DO IF YOU DON'T)
By Robert S. Bernstein, Esq.
2007, Business Credit Publications, LLC.,
Pittsburg, PA,
212 pages
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Effective credit and collections requires that you have a well thought out game plan that not only addresses day-to-day contingencies, but also sets in place alternative recovery strategies in the event an account reaches the “red zone.”

Collection Attorney, Robert S. Bernstein, Esq., clearly spells out all the policy issues you need to address and the tools you need to acquire in *Get P.A.I.D. A Guide to Getting Paid Faster (and What to Do if You Don't)*.

Over the years a number of comprehensive credit and collection manuals have been written. While useful as desk references, none of them are anything you would keep on your night stand.

In contrast, *Get P.A.I.D.* is not the most comprehensive guide to collections (it doesn't even have an index), but it has two very important components all the others lack:

1. It is built around a theme, and as such provides a framework within which the author discusses what we are trying to accomplish as credit and collection professionals.

2. Because of this framework and the authors light touch with serious topics, this book is not only readable, but entertaining.

In other words, the author has a message to share, rather than just information. In fact Bernstein has many messages to share, and he gets his points across by telling stories and relating “for instances.” The typical credit and collection manual, in contrast, provides an extensive compilation of information, but it's a skeleton without any flesh.

The Acronym

The skeleton that Bernstein fleshes out uses PAID as an acronym that loosely outlines the credit and collection process: Preparation, Assessment, Implementation and Defense.

This acronym is a little contrived, and the author's *Get P.A.I.D. Business System* closely resembles, in name, the GETPAID Software trademark, but the two have no relation. In any event, the acronym provides a useful mnemonic device to help credit pros keep the entire credit and collection process in perspective.

- **Preparation:** Establishing rules and identifying tools sums up this starting point. Included in the discussion are the credit application, credit agreement, credit enhancements, and formal credit policies. In other words, here are all the things you need to address before you start handling credit transactions.
- **Assessment:** Credit evaluation and risk mitigation come next. Here you have credit application processing, periodic account reviews, and some very good suggestions underlining the importance of detailed, accurate invoices.
- **Implementation:** Collection strategies and procedures necessarily follow the extension of credit. The need for a formalized progression of collection steps as part of larger collection strategy is stressed.
- **Defense:** Several chapters are devoted to defensive measures, those actions that come into play when a customer turns into a debtor. A Potteresque “Defense Against the Dark Arts” might have better captured the essence of the chapters that address last steps, third-party assistance and bankruptcy. This is obviously one of the author's strengths, more about which we will explore shortly.

The Checklists

One of the other useful features of this book is its checklists. A good example is contained in the following table (this list can be found on pages 120 and 121 of the book). Bernstein notes, “If three or more of these questions are answered ‘Yes,’ regroup and try a new strategy.” He then goes on to explain, “The first six danger signs hold out hope that the debtor is still in business, but avoiding his or her creditors. The second five are more serious and require more

Warning Signs That You May Need to Change Your Collection Strategy

1. Is the owner or responsible party never able to come to the phone?
2. Are telephone messages not returned?
3. Are telephone messages returned promptly, but without a payment commitment or new information?
4. Have new orders ceased or slowed to a trickle?
5. Does the customer harass your staff with unfounded complaints and arguments?
6. Do annual credit reports show evidence of legal suits or judgments?
7. Has the telephone been disconnected?
8. Is mail being returned?
9. Is certified mail unclaimed?
10. Has the debtor moved?
11. Have you received a bankruptcy notice?

drastic steps.”

Bernstein then suggests three alternatives you can take when it is apparent an account has moved into the

danger zone:

- Redouble your internal collection efforts,
- Advance the timetable for referring the debtor to a collection agency,
- And lastly, seek legal assistance.

Nearly half the book is devoted to dealing with customers that have entered Bernstein's 'red zone.' And this is where Bernstein's experience shines through, deftly describing the legal landscape in terms any neophyte should be able to comprehend. His 'Defense Against the Dark Arts' clearly certifies him as a collection wizard.

Red Zone Defense

When collection efforts shift from maintenance activities to recovery tactics, you need to always be on the top of your game. Missed opportunities can be lost forever. To help you get the job done, Bernstein identifies "10 Strategies for Ratcheting up the Pressure."

The first three are particularly note-

worthy because they fall outside of regularly accepted practices, and as such could get a credit pro into hot water, even if employed inadvertently. They are:

1. Insider Reports – These are data sources that supply personal cell phone numbers and other private information, which you can then use to reach debtors that are otherwise unreachable.

2. Questionable Collection Tactics – Hardcore collection firms may employ dirty tricks, disruptive tactics, and other activities to get a debtor's attention. As in the Godfather movies, these actions are always "business, not personal." Though not necessarily illegal, Bernstein does not recommend any of these tactics, nor would any other reputable collection firm.

3. Pretexting – Obtaining information under a pretext, or in other words, false pretenses, is illegal under the Gramm-Leach-Bliley Act. In some cases this is how Insider Reports are compiled. Bernstein warns against incorporating any fraudulent activities in your recovery efforts.

The other seven strategies are more pedestrian and include discussions about the use of credit enhancements, collection agencies, and collection attorneys. In the final analysis, *Get P.A.I.D.* does not read like a book written by an attorney. That is a credit to the author, and a key to the usefulness of this tome. Employees who are new to the credit and collection will find this an excellent introduction to the profession—you might want to make it required reading for new hires.

Experienced credit pros can also benefit from *Get P.A.I.D.* Though they may not find much that is new within its covers, they will doubtless appreciate the framework and perspective Bernstein provides. At least it won't put you to sleep, and it very well might wake you up.

Editors note: For more information about the book and Robert Bernstein, click on www.getpaidsystem.com. □

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