



# Accounts Receivables Playbook



Credit Bureau Services, LLC

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**Accounts Receivable is the largest line item on a company's balance sheet.** It has a high impact on a company's cash flow and its customers. This playbook will help you win with your accounts receivable staff and with your customers, giving your staff the tools and a plan on how to handle your A/R along with taking care of your customer. **When it comes to your staff, it's about their time, their work process, and the resources they have to do their job.**

## Invoicing & Past-Due Follow Up

Have you thought about emailing your invoice to your customer to streamline the process? More and more companies are emailing invoices due to advanced technology, ease, and speed. You won't be alone when you start doing it. However, if your invoicing is a privacy and confidentiality issue, consider mailing that first invoice and following up with past due reminders through email.

## Automated Dialing

Who gets called first? Will it be the accounts that are the most delinquent, or will it be the highest dollar accounts? It will be a time saver in manpower, and it will establish what the follow up rules will be. And at month end, it will automatically generate reports.

## Online Customer Service Portal

Sometimes a simple issue can result in playing "phone tag" with your customer. Offering a portal will provide more options for communicating with your customer. They will have the ability to resolve their own issues, with a simple click of a button, and they can send you a message or make a payment at their own convenience. You would be receiving payments 24/7.

## Team Members Communicating with your Customer

When consumers stall or delay a payment, chances are life happened, bankruptcy, job lose, death, divorce. By partnering with an agency, they will be your guide in finding out the why for you. Why are these receivables not paid? They will do a skip trace process called scrubbing, for bankruptcy, and deceased. In the telephone process they will find out the why for you. There is a root cause on why your receivable is unpaid. It may be a process problem. The customer didn't understand the insurance or billing process. It may be a perspective problem, after receiving goods or services they may have felt they were overcharged, or didn't receive the discount they felt entitled to. It may be a people problem. Your customer is not the only one.

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## The Right Time for a Collection Agency

Within the collections industry, time is on the customer's side. The more time that goes by without paying, the more time your customer has to move repeatedly or change phone numbers, which lessens the chance of locating the customer, and therefore, lessens the chance of collecting on your receivables. When your accounts receivables go beyond 90 days, it might be time to turn those receivables over to a collection agency. **Other guidelines may include:**

### Two Billing Cycles are Ignored

It's a rare case when a consumer is legitimately ignoring your statements. Most of the time, life happened: a customer has moved, or gotten divorced, or more often than not, they just can't pay today. A collection agency can begin the process of finding out what happened and resolve the account.

### The Customer is not Responding to Telephone Calls

One of the biggest problems in the collection industry is cell phones. If a customer hasn't paid your bill, chances are they haven't paid other bills, including their cell phone. And in today's mobile society, it's easier than ever to just get a new cell number. A collection agency can have the ways and means to skip trace for a new phone number, or hold a phone number to see if it's reactivated.

### The Customer's Mail is Returned

Does your office have a returned mail policy? It will help your staff have a direction they need to take. A collection agency will skip trace for a new address, or they might have other accounts with a newer address. An agency will always work towards establishing lines of communications.

### The Customer Stalls on Paying

One of the most important questions a collection agency asks a customer is, "Why has this account not been paid?" A collection agency may be able to find out the "why" up front by a skip trace process called scrubbing. New accounts are immediately scrubbed to see if the consumer is deceased or has filed bankruptcy. Other reasons a customer hasn't paid could be sudden job loss, divorce, or an unexpected injury. A collection agency can pinpoint the reason for non-payment and help the consumer to pay.

### There is no Payment Plan in Place

Majority of companies will send three statements, and then transfer their receivables to an agency. After your billing cycle, is a good time to transfer your accounts to an agency. Your team members know and understand the work process and policy of your company. It's an added value of consistency. Your agency is your communication plan. Communicate with your agency about the timeframe of when to transfer accounts. Remember, the sooner the better, because people's lives and financial situation can change instantly.

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# Transferring Accounts to an Agency is so Easy.

## Information

It's so important that a person's name, address, telephone number, date of birth, social security number, along with place of employment be correct. Research shows that a person's demographic information passes through several databases in a given day. The more demographic information, the better the collection results.

## Transferring Accounts to an Agency is an Easy Process

The first step is signing a service or contract agreement. Then you will be communicating with your agency on the best option of transferring your receivables. If you have a large number of accounts the best option will be to send a batch file and upload them electronically. Another option to consider is to enter the accounts individually using the agency's web site. It keeps the data more secure than sending in the mail or faxing.

## Communicating with your Agency

Ask to schedule a client orientation with your agency. It's an opportunity for your team members and the agency's staff to introduce themselves. Understanding the collection process along with the rules and regulations and how they impact both business partners is very important.

**We hope this information helps you with your debt recovery process. Accounts receivable is one of the largest line items on the balance sheet. It impacts your cash flow and your customer. Businesses must raise prices to compensate for unpaid debt, which could result in customers going elsewhere for goods and services. A decrease in customers could result in businesses closing and job loss for your team members.**



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