Editorial

On Collecting Delinquent Accounts

No business long endures if accounts are not collected promptly—or if customers are unduly harassed in the process of making payment.

Few businesses can afford the luxury of losing customers via poor public relations—over money, service, results, etc.

We've heard of a number of workable collection methods—probably the most effective of late being the common department store method of adding a 1% service or carrying charge on each month after 60 days.

Legal action, though effective, is expensive, and seldom worth the effort for the average service account.

So, how about the telegram? Immediate attention to contents of a telegram—by the specific person to which it is directed—is well established. The sender is almost guaranteed that the intended recipient will get the message. And there's a good chance the shock or jolt of the telegram will get action.

In one instance—company used telegrams to diehard debtors who had regularly ignored collection letters. Result was that most paid their bills in full. Collection costs averaged 3%.

Credit specialists have pointed to the psychological impact generated by a telegram. People who owe you probably owe other bills also. You provide the mental jolt, and you may get paid first.

Businesses who have used the telegram as one aid in collecting delinquent accounts have some rules. First, never send the telegram collect. This can be expected to be resented by the recipient. Nor will Western Union normally accept dunning types of telegrams on an intracity basis. Western Union will, however, attempt to deliver telegrams at an hour specified by the sender. Thus, it is possible to have the message arrive at a time when the recipient is most likely to receive it. Some collection managers have been known to use the telegram method with the dinner hour as the time slot for delivery.

Some suggested messages, supposedly proved effective, are:

1. Please advise if check covering your account now due has been mailed;
2. You have apparently overlooked your payment. May we have your check promptly please;
3. Only immediate compliance by letter (date) will save your credit;
4. Urge you wire your intentions on your account immediately to protect your future credit rating;
5. Urgent I receive payment this week. I value your friendship too much to be compelled to resort to legal action;
6. Imperative remittance on your account to be sent at once to avoid action by my lawyer.