

MY BIGGEST MISTAKE

LESSONS LEARNED THE HARD WAY » BY CASEY PAYTON



A business owner shares key lessons on handling collections.



Geoff Simpson says it's important to talk about money with customers upfront.

FULL COMPANY NAME:

Bucks Country Gardens Ltd

HEADQUARTERS:

Doylestown, PA

2011 REVENUE: Landscape

Design/Build: \$1.3 million;

retail garden center:

\$4.3 million

SERVICE BREAKDOWN:

20% maintenance; 80%

design/build

CLIENTELE BREAKDOWN:

10% commercial;

90% residential

TALKING ABOUT MONEY can easily make any relationship uncomfortable.

That's why Geoff Simpson, landscape manager for Bucks Country Gardens in Doylestown, PA, has learned that it's best, whenever possible, to keep the landscaper and designer far removed from those tough conversations. He says having a separate accounts receivable (AR) department handle collections is best.

"It's easy for it to feel personal when the designer and homeowner have worked closely together," he points out, "so it's best for AR to handle collection."

The strong relationships that Simpson says his company builds with customers can also make money talk a bit awkward for the designers. It's like talking money with friends.

"We build really long-term relationships, and do have a personal connection with most of our clients — but in the end, you can't forget that it's still business," says Simpson.

Simpson has also learned that even though talking about money can be uncomfortable, it's always best to have a conversation about it at the start of the project.

"It's always tough to talk money — even in the beginning — but that's the most important time to talk about budget," he says. "If you talk money upfront,

it sets the right tone and helps ensure the client is clear on what they're expected to pay. It also ensures that money has been part of the conversation all along, and when it comes time to pay up, it's not like it's a big surprise."

Still, Simpson has found that there will always be customers who are difficult about paying. He says it's part of the industry, not just because of the economic climate — though that hasn't made things any easier.

"In this economy, you have people negotiating a lot more," Simpson says. "They'll ask for payment plans. If someone is trying to find a way to pay us, we'll work with that as long as they're showing good faith by paying each month."

In addition, the company also has contract terms that include paying a finance charge if the customer doesn't work out an arrangement or agree to pay what's owed. But Simpson says he's found customers rarely take such charges seriously.

"With a credit card, people worry about it affecting their credit score, so those finance charges and penalties are taken seriously," he says. "With us, I think people look at us like the little guy and feel no threat of that finance charge. It's very rare we actually get someone that pays it, but nine times out of 10, we're ready to waive it anyway,

as long as they're willing to pay. The whole point of it is just getting the customer to pay on time anyhow."

Future strategies

Looking ahead, Simpson says the company is considering reworking its contract terms.

"We've thought about trying to collect more money upfront and then really enforcing that we collect on the job the day it's finished," he says. "The longer time goes by, the less likely customers are to pay.... Time is really a killer. It's so important you focus on collections as soon as possible."

And the company continues to plan to let AR hold the reigns on collections. "The design and sales staff is just too connected with clients to handle collections — particularly on tough accounts," says Simpson. "They're too likely to let their emotions be attached to it. But we live up to our end of the deal, and we need our customers to live up to theirs. With the economy, some of today's customers are just waiting for you to bat an eyelash and are ready to jump at the opportunity to ask you to knock some money off. But when you have a separate department handling collection, the customer isn't going to try to get away with that."

"In the end," he concludes, "it's not personal, it's business. And that's how it should be handled."

Payton is a freelance writer with six years of experience covering landscaping.