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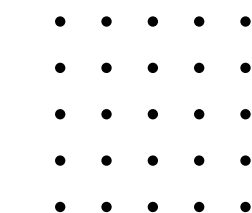
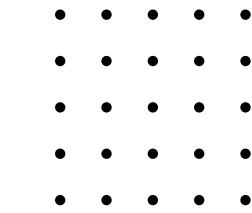
Excellence in Global Receivable Solutions



# Accounts Receivable Collections Policy

## Purpose

The purpose of this policy is to provide guidelines for the timely and effective collection of outstanding receivables while maintaining positive customer relationships. This policy applies to all customer accounts with payment terms of "Due Upon Receipt, Net 30."



# I. Collection Procedures

## A. Initial Invoice and Payment Reminders

- **Invoice Delivery:** Ensure accurate and timely delivery of invoices to customers through their preferred method (e.g., mail, email, electronic data interchange).
- **Due Upon Receipt Invoices:**
  - Day 3: Send a courtesy reminder email or letter acknowledging the invoice and reiterating payment terms.
  - Day 10: Make a follow-up phone call to the customer to confirm receipt of the invoice and inquire about payment status.
  - Day 20: Send a second reminder email or letter with a more direct request for payment.





# I. Collection Procedures

## A. Initial Invoice and Payment Reminders

- **Net 30 Invoices::**

- Day 3: Send a courtesy reminder email or letter acknowledging the invoice and reiterating payment terms.

- Day 35: Make a follow-up phone call to the customer to confirm receipt of the invoice and inquire about payment status.

- Day 45: Send a second reminder email or letter with a more direct request for payment.

## B. Overdue Account Actions

- **Day 60 (Due Upon Receipt) / Day 75 (Net 30):**
  - Send a formal collection letter stating the overdue amount and consequences of non-payment.
  - Attempt to contact the customer by phone to discuss payment options and establish a payment plan if necessary.
- **Day 90 (Due Upon Receipt) / Day 105 (Net 30):**
  - Send a second formal collection letter with a stronger tone, indicating potential suspension of services or credit hold.
  - Consider escalating the issue to a higher level within the customer's organization.



## **B. Overdue Account Actions**

- **Day 120 (Due Upon Receipt) / Day 135 (Net 30):**

-If no payment or satisfactory arrangement has been made, refer the account to an external collection agency.

-Provide the collection agency with all necessary documentation and information.



# II. Non-Sufficient Funds (NSF) Checks

- **Notification:** Immediately notify the customer of the NSF check and request payment via an alternative method.
- **Fees:** Assess a reasonable fee for the NSF check, as permitted by state law and company policy.
- **Redeposit:** If the customer requests a redeposit, attempt to redeposit the check after confirming sufficient funds.
- **Restriction:** If the customer has a history of NSF checks, restrict future payments to certified funds or electronic payments.





# III. External Collection Agency Referral

- **Selection:** Choose a reputable collection agency with experience in handling commercial accounts.
- **Agreement:** Establish a clear agreement with the collection agency outlining their responsibilities, fees, and reporting requirements.
- **Monitoring:** Monitor the collection agency's progress and performance regularly.

# IV. Customer Communication

- **Professionalism:** Maintain a professional and respectful tone in all communications with customers.
- **Clarity:** Clearly communicate payment terms, due dates, and consequences of non-payment.
- **Flexibility:** Be willing to work with customers to establish payment plans or alternative arrangements when appropriate.
- **Documentation:** Keep detailed records of all collection efforts and customer interactions.



# V. Policy Review

- This policy will be reviewed and updated periodically to ensure its effectiveness and compliance with applicable laws and regulations.



# VI. Additional Considerations:

- **Credit Hold:** Implement a credit hold policy for customers with consistently overdue accounts.
- **Legal Action:** Consult with legal counsel to explore legal options for collecting outstanding debts when necessary.
- **Early Payment Discounts:** Offer discounts to incentivize early payment.
- **Automated Reminders:** Utilize automated systems for sending payment reminders and collection notices.
- **Performance Monitoring:** Track key performance indicators (KPIs) such as days sales outstanding (DSO) and collection effectiveness index (CEI) to measure the effectiveness of the collection process.

By implementing these comprehensive collections policy, we can effectively manage outstanding receivables, minimize bad debt expense, and maintain positive customer relationships.

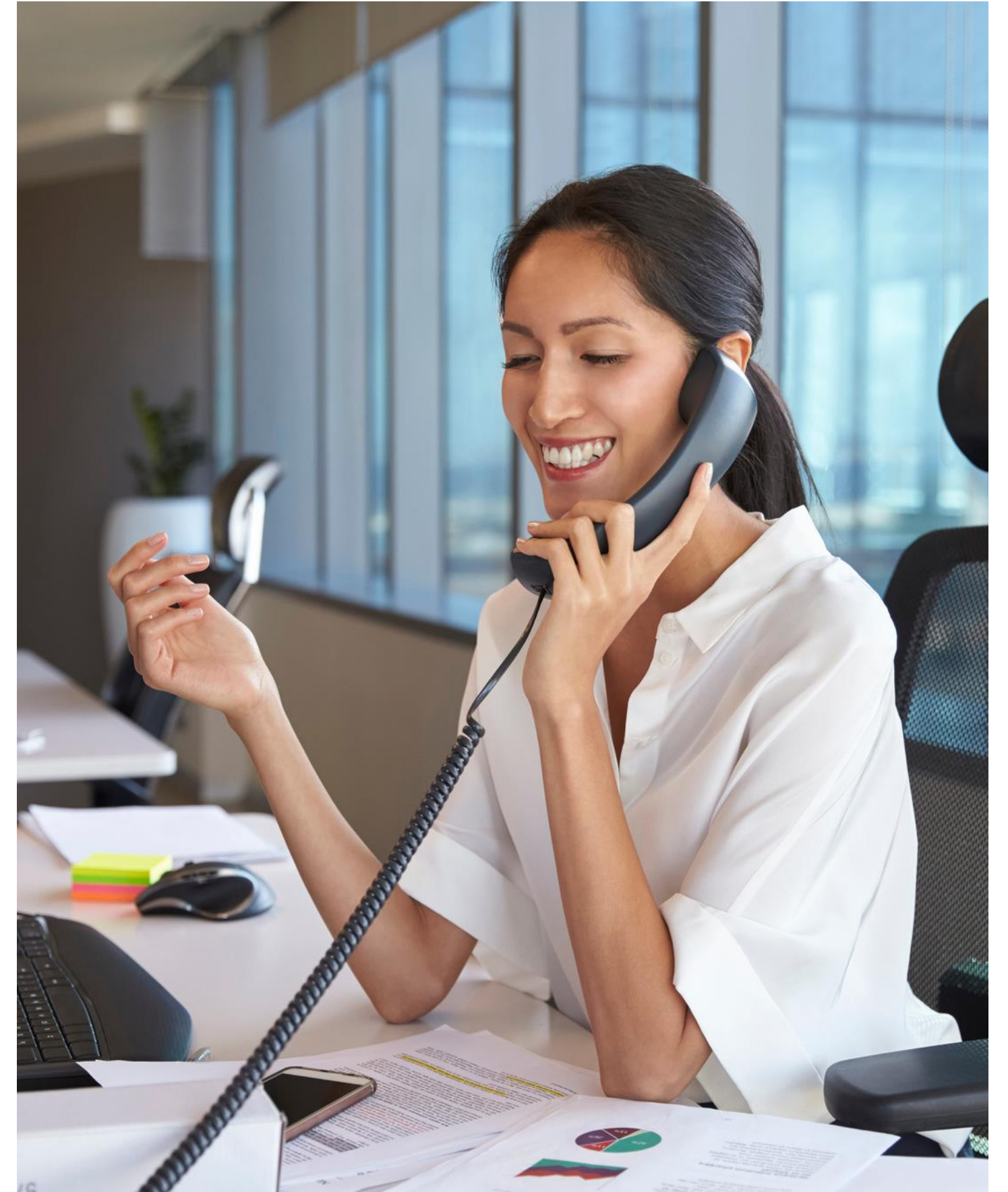
# Best Practices for Phone Calls vs. Emails



- **Initial Contact:** Start with a friendly and informative email as a reminder. This allows the customer to review the invoice and make the payment without feeling pressured.
- **Early-Stage Delinquency:** If the invoice becomes overdue, a phone call is often more effective to establish a personal connection, confirm receipt of the invoice, and understand any potential issues.
- **Mid-Stage Delinquency:** Continue with a combination of phone calls and emails. Emails provide a written record of communication, while phone calls allow for more direct and interactive conversations to negotiate payment plans or address concerns.



- **Late-Stage Delinquency:** Phone calls become increasingly important to convey the urgency of the situation and discuss potential consequences of non-payment. However, continue to send follow-up emails to document all conversations and agreements.
- **Sensitivity:** Always be mindful of the customer's preferred communication method and adjust accordingly.



# General Demeanor Based on Delinquency Level

- **Early Stage (0-30 days overdue):**

- Be friendly, helpful, and understanding.
- Focus on reminding the customer about the invoice and confirming receipt.
- Offer assistance if they have any questions or concerns.

- **Mid-Stage (30-60 days overdue):**

- Maintain a professional and polite tone but be more assertive in requesting payment.
- Express concern about the overdue invoice and emphasize the importance of timely payment.
- Be prepared to discuss payment options and negotiate a payment plan if necessary.

- **Late Stage (60+ days overdue):**

- Be firm and direct in communicating the seriousness of the situation.
- Clearly outline the consequences of non-payment, such as suspension of services or referral to a collection agency.
- While maintaining professionalism, emphasize the urgency of resolving the outstanding debt.

# Additional Tips for Effective Communication

- **Active Listening:** Pay attention to the customer's concerns and respond empathetically.
- **Clear and Concise Communication:** Avoid using jargon or technical terms that the customer may not understand.
- **Positive Language:** Focus on solutions and positive outcomes rather than threats or accusations.
- **Patience:** Remain patient and calm, even if the customer is frustrated or difficult.
- **Documentation:** Keep detailed records of all communications and agreements.

By following these best practices and adapting your communication style based on the level of delinquency, you can effectively collect outstanding receivables while maintaining positive customer relationships.



# The 'X' Factor

Every good collection policy attempts to take into account nearly all possible scenarios to create a workflow that is reliable, and repeatable – except for one critical scenario; **THE EVENT!**

- THE hang up on the phone call
- THE broken promise
- THE failed payment (NSF, rejected card, or failed ACH)
- THE late product or service dispute
- THE “decision maker” isn’t available
- THE “my a/r isn’t paying me” excuse
- And any number of other red flags

Handling of the X factor, or event driven scenario should create an immediate stop to the collection process and evaluation to move to your OCA!





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# Thank You!

## Contact Us



[+1-818-251-1790](tel:+18182511790)



[www.caine-weiner.com](http://www.caine-weiner.com)



5805 Sepulveda Blvd., 4th Floor,  
Sherman Oaks, CA 91411

