

July 1, 2009

**RE: Current Events Memorandum
How to Improve Collections**

Do you have problems collecting from customers? It's hard enough in today's economy to collect on your accounts receivable on a timely basis. You may now have to wait over 60 days to collect on past due accounts. Many small companies are not ready to hire a full-time collector. Here are a few tips to help you:

- An administrative assistant or accounting clerk can make collections calls. Be sure that you assign the right person to make those calls. There are over eager individuals who will call your customers too often and will annoy them. On the other hand, there are passive individuals who will call and get no results. The right person for the task is the one who will make regular calls, maintain a call log, be persistent yet diplomatic, follow up on calls made, and will get results.
- Be sure to monitor the status of collection calls at least on a weekly basis. There may be problem accounts that you may personally need to follow up or that may need to be referred to a collection agency or attorney.
- Encourage your collections employee to establish a good relationship with your customers' accounts payable staff. Customers are much more willing to help when they like you.
- Many companies will not process an invoice for payment until they receive an approved invoice with an approved purchase order number. Be sure that your invoices are addressed to the correct individual or department and that the invoice contains all required information.
- Place a "courtesy call" to your customers no later than a week after sending out invoices to ensure that they received your invoices.
- Many balances in your accounts receivable aging may in fact not be past due but may need to be reconciled and cleaned up. This is especially true if payments are not being posted to the correct invoices or if your customers have made partial payments.

GLO CPAs, LLLP can assist you and your business. We can set up effective collections procedures and we can review, reconcile, and clean up your accounts receivable aging.

Let us help you so that you can focus on taking care of business.