

NACM Credit Learning Center
Credit Basics

Session 4: Delinquencies and the Collection Process

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Review of Session 3: Granting Credit: Regulatory Considerations

- Extension
- Collection
- Commercial v. Consumer
- Federal Statutes and Regulations
- State Statutes and Regulations



IMPLEMENTATION



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Management of Credit Accounts

Is based on policy,
not ad hoc



Payment Terms

- Payment terms govern
 - Credit agreement
 - Terms & conditions



Payment Terms

- Dating
- Amounts



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Payment Terms

- The policy should have a follow up or reminder process



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EXAMPLES BASED ON 30 DAY TERMS



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Examples Based on 30 Day Terms

- Call at 31 days
- Reminder at 35 days
- Stronger request at 45 days



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Examples Based on 30 Day Terms



- Demand at 60 days
- Call at 65 days
- Upper management at 75 days



Examples Based on 30 Day Terms

- Final call at 80 days
- Final letter at 85 days
- Outside referral at 90 days



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Examples Based on 30 Day Terms

- Do what you say you are going to do unless the customer responds!



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Who to Use Outside? Agencies

- Certifications, References, Experience
- Contract terms
 - Length, Scope, Cost
 - Authority
 - Reporting frequency and method



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Who to Use Outside? Agencies

- Basic Procedures
 - Investigation
 - Calls, Letters, Visits
 - Follow up



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Who to Use Outside? Attorneys

- Why lawyers?
- Certifications, References, Experience



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Who to Use Outside? Attorneys

- Basic procedures
 - Investigation
 - Calls, Letters, Visits
 - Follow up
 - Suit



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Summary

- Delinquency
- Payment Terms
- Follow-up/Reminder Process
 - 30 Day Terms Example



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Summary

- Who to use outside?
- Agencies
- Attorneys



Thank you.

Look for Session 5:
Recovery, Litigation and the Courts



Robert S. Bernstein, Esq.

- Certified by the American Board of Certification in creditors' rights and business bankruptcy.
- Active member of the NACM and PACM.
- Member of the Association for Conflict Resolution as a trained mediator.
- Past president and treasurer of the Commercial Law League of America.
- Past chairman of the Allegheny County Bar Association in the Bankruptcy and Commercial Law Section, the Technology Utilization Committee, the Professional Ethics Committee and is a member of the Finance Committee.
- Bob was named a Pennsylvania Super Lawyer in 2004, 2005, 2006, 2007 in the area of bankruptcy by the *Philadelphia* magazine.
- Writes and lectures for local and national groups on matters of collection, bankruptcy, business law, and professional ethics.
- Author of *Get P.A.I.D A Guide to Getting Paid Faster* (Business Credit Publications, LLC 2007)



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Get P.A.I.D.[™] A Guide to Getting Paid Faster (And What to do if You Don't!)

- In this seminal book, he provides a solution, *The Get P.A.I.D.[™] System*, that can transform a business by increasing profit, enhancing the relationship with the customer and reducing overall marketing costs. Get P.A.I.D.[™] : A Guide to Getting Paid Faster advances a radical new philosophy, suggesting that credit policy is not just about collections. It is a business strategy to enhance customer relationships and add value to a company.
- The strategy discourages businesses from providing easy credit to their customers based upon the commonly held belief that easy credit will lead to stronger customer relationships. It usually leads to added cost and friction. The book outlines Bernstein's 4-Step Program to prompt payment and provides a "Collections Toolbox" to help businesses better manage their credit policies.



www.getpaidsystem.com

Bernstein Law Firm, P.C. is a law firm located in Pittsburgh, Pennsylvania with many satellite offices located throughout the state. The firm concentrates in Creditors' Rights, Bankruptcy and Restructuring, and Business Law. In addition to its more than forty years of experience in these areas, the firm's capabilities include Banking, Administrative, Real Estate, Civil and Appellate Law.

Bernstein Law Firm has more board-certified Creditors' Rights specialists in Pennsylvania than any other law firm.

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