

# **Effective Collections**

---

2<sup>nd</sup> Edition

By Steven M. Bragg, CPA

# Table of Contents

---

<b>Chapter 1 – Collection Tactics</b> .....	<b>1</b>
Learning Objectives .....	1
Introduction .....	1
Overview of Collection Tactics .....	1
Collection Tactics .....	3
Courtesy Calls .....	3
Grace Period Reduction .....	4
Dunning Letters .....	4
Check Payment by Fax or E-mail .....	6
NSF Check Resubmission .....	7
Pay Undisputed Line Items .....	7
Confirm Payment Date .....	8
In-Person Check Pickup .....	8
Take Back Merchandise .....	9
Hold Orders .....	9
ACH Debits .....	10
Split Payments .....	10
Postdated Checks .....	10
Interest and Penalties .....	11
Promissory Note .....	11
Salesperson Assistance .....	12
COD Roll .....	12
Barter .....	13
Arbitration .....	14
Attorney Letters .....	14
Final Demand Letter .....	15
Issue Small Claims Court Complaint .....	15
The Collection Reputation .....	16
Credit Repayments .....	16
The Collection Call .....	17
Preparation .....	17
Scheduling .....	17
Phone Skills .....	18
Escalation .....	19
Documentation .....	19
Caller Personality .....	19
In-Person Visits .....	20
Summary .....	20
Review Questions .....	22
Review Answers .....	23
<b>Chapter 2 – The Collection Agency</b> .....	<b>25</b>
Learning Objectives .....	25
Introduction .....	25

## Table of Contents

The Collection Agency .....	25
When to Use a Collection Agency .....	26
When to Refer an Account to a Collection Agency.....	28
Management of a Collection Agency .....	29
Selection Criteria.....	29
Pricing .....	30
Contract Terms .....	31
Speed of Referral.....	31
Paperwork Support .....	32
Effectiveness Issues .....	32
Fraudulent Customers.....	33
Liability Issues .....	34
Feedback Issues.....	34
Bonding .....	34
Payment Tracking.....	34
The In-House Collection Agency .....	35
Summary .....	35
Review Questions .....	37
Review Answers .....	38
<b>Chapter 3 – Litigation and Bankruptcy Tactics .....</b>	<b>39</b>
Learning Objectives .....	39
Introduction.....	39
The Litigation Process.....	39
Litigation Advance Preparation.....	40
Litigation Prescreening.....	41
Litigation Timing.....	42
Collection Trigger Points .....	42
Attorney Selection.....	43
Small Claims Court .....	44
Money Judgment Collection Tactics .....	45
Bankruptcy Activities .....	46
Asset Reclamation .....	48
Sell a Creditor Claim .....	49
Chapter 11 Bankruptcy.....	50
The Involuntary Bankruptcy Petition .....	51
Summary .....	51
Review Questions .....	52
Review Answers .....	53
<b>Glossary .....</b>	<b>55</b>
<b>Index.....</b>	<b>57</b>