



The Guide to Overcoming Debtor's Objections

Understandably, most new collectors have a fear of facing the telephone.

The most important thing to remember is that you control the call. Your customer owes your company money, that is a fact. He/she is past due, that is a fact. You choose the time and place of the call, you ask the question, you "close" the "sale" and summarize the details...

Under each **excuse** in this booklet, we have listed several specific responses. They by no means represent the final answers to all stalls. You should familiarize yourself with the "flavour" of the ideas and tailor the responses to your own style.

Several pages of the booklets are empty. They are for you to fill with excuses and responses that are specific to your line of business. As well, your own favorite statement that gets the money in before you knew it, write it down.

Remember

- Listen
- Ask Questions
- Be Tactful
- Do **Not** Argue

The key to successful collection is... **motivation**. Your customer must be persuaded, convinced and motivated to pay.

>> more on [Before Picking Up The Telephone](#)

Before Picking Up The Phone

Pre-plan Your Call!

1. What previous steps have been taken to clear the account?
2. Review customer's past payment record.
3. Work out possible payment plans beforehand.
4. Review list of open statements and fact finding questions.
5. Who is the **right** person to talk to?

>> more on [The Phone Call](#)



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The Phone Call

1. Identify the debtor.
2. Identify yourself and your company.
3. State purpose of call.
4. Always ask for a money in full.
"Will you mail me a cheque in full today?"
Or...
"Will you have a cheque ready for my courier (or my driver) to pick up at 3:00p.m. this afternoon?"
5. Listen for objections (if any).
6. Answer objection, establish payment plan.
Or...
7. Ignore objection and ask again in a stronger tone: "Mr. Chan, I have just come from a meeting with my vice-president of finance who has given me explicit instructions on how to handle your account beginning tomorrow morning. Now, may I have your cooperation?"

>> more on [Danger Signals](#)

Danger Signals

There is a natural reluctance for collection people to "get tough" with overdue customers. The collector must recognize when the customer's **excuse** is neither an **objection** nor a **stall**, but a **danger signal**. **Appropriate action must be taken immediately.** Bankruptcy or business failure rarely strikes like a bolt of lightning. Delay may result in a loss, when one of the following signals is received and ignored.

Danger Signals

1. All NSF cheques.
2. The owner is never in.
3. Turnover of key personnel, changing of cheque signing authority.
4. "I am operating at a loss."
5. "My biggest customer just went bankrupt."
6. "We just changed banks."
7. "We've too busy to pay our bills."
8. Unauthorized return of goods, complaints about shipments.
9. "We're growing faster than planned, and are temporarily short of money."
10. "My receivables are slow."

Special Notes: In today's economy this stall combined with the collector's knowledge of the customer's bank borrowing may add up to the customer being a candidate for receivership.

So ... BE ALERT!

WHAT TO DO:

1. Consult your collection policy **or** your boss.
2. Send the customer a letter.
3. Pay him a surprise visit.
4. Call your collection agency.

THE KEY:

Do something ... without delay.



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>> more on [Don't You Trust Me](#)

Don't You Trust Me

"Mr. Chan, it would be presumptuous of me to judge your honesty or sincerity over the telephone. However ..."

"Our company extended you every courtesy in allowing you open account terms. Do you wish to tear down the reputation you have earned with us for a paltry \$_____?"

"To justify my company's continued faith in you, and to prevent any misunderstanding and unpleasantness, we must receive payment from you now. Will you mail me a cheque for the full amount today?"

>> more on [My Customer Haven't Paid Me](#)

My Customer Haven't Paid Me

1. Are all of your customers not paying you?
2. Which of your customers are not paying you?
3. What are you doing to collect your money?

You now have two choices ... Counsellor or Collector

Counsellor

1. Get names of 6 past due accounts and check their credit.
2. Collect one yourself. (with your customers permission, of course)

Collector

1. Give final demand.
2. Send a lawyer or collection agent.

>> more on [I Have No Money](#)



I Have No Money



When scripting your response to this excuse, ensure that you incorporate many of the following questions.

1. "Mr. Chan, what can I do to help you?"
2. "Mr. Chan, I've thought of a plan that will help you to clear this account. Will you work with me?"
3. "Do you allow your own customers to avoid paying their bills with such a flimsy excuse?"
4. "Are all of your accounts payable in a similar state?"
5. "How are you paying operating expenses?"
6. "What steps are you taking to overcome your restricted cash flow?"
7. "Do you have no money at all, or simply not enough to pay **this** bill?"

SOURCES OF FUNDS

1. credit unions
2. bank lines of credit
3. second mortgage
4. help from relatives
5. credit cards
6. Cash Surrender Value of life insurance
7. collection of accounts receivable

>> more on [The Company Is In Receivership](#)

The Company Is In Receivership

QUESTIONS TO ASK WHEN YOU LEARN THE COMPANY IS IN RECEIVERSHIP:

1. What is the name of the Receiver?
2. Who is the Secured Party the Receiver is acting for?
3. Is the company still operating?

Although the Receiver is under no obligation by law to talk to you, many will. Ask his opinion of the possible payout of account following the disposition of the secured assets he controls.

It is also advisable in some cases to check to ensure that the security the Receiver has been appointed to dispose of is in fact properly secured. There is rarely any challenge to the appointment, and the security may not be perfected.

If the amount outstanding to your company is substantial, a Petition for a Receiving Order may be considered

>> more on [He / She Is Dead](#)



He / She Is Dead

1. When and where did he/she die?
2. What is the name and address of the administrator of the estate?
3. What is the lawyer's name?
4. Name and address of funeral director?
5. Name and address of relatives?
6. What is going to happen to the business now?
7. Who is managing the business today?

>> more on [The Materials Were Not Up To Sepcificiation \(Or Poor Quality\)](#)

The Materials Were Not Up To Sepcificiation (Or Poor Quality)

NOTE TO THE COLLECTOR:

The next three legitimate customer excuses cannot be answered in general terms. As an exercise, the collector should tailor a response to fit his own company's needs.

Upon hearing this excuse, the rebuttal could begin with the following:

"Mr Chan, I carefully reviewed your file before calling, and it appears that the materials were made exactly to your specifications. Furthermore, Mr. Lee, our quality control manager, asserts that the materials were double-checked before we shipped them to you..."

Or ...

"Mr. Chan, I'm sorry to hear this. That's certainly not how we conduct our business. Here is what I purpose; I will have our Mr. Lee, the customer service manager, call you this afternoon to straighten this out. After I have spoken with him tomorrow, I will call you back. Is 11:00 a.m. or 3:00 p.m. convenient?"

>> more on [I Spoke To The Sales Rep About The Bill, He Said He'D Take Care Of It](#)

I Spoke To The Sales Rep. About The Bill, He Said He'd Take Care Of It.

1. "**Who** is your salesman, Mr. Chan?"
2. "**When** did you discuss this matter with him/her?"
3. "**What** did you discuss with him/her?"

ANOTHER RESPNSE:



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RECEIVABLE MANAGEMENT SERVICES (HK) LTD

美國歐文氏商業顧問(香港)有限公司

"Mr. Chan, Joe Leung is one of our best salesman, but he has no authority to change our terms. You signed our credit application, you received our goods and our invoice, all clearly stating the terms of sale. Now will you mail us a cheque today for \$_____?"

The Purchase Order And The Invoice Don't Match

"Specifically, Mr. Chan, what doesn't match?"

>> more on [He Is Not In](#).

He Is Not In

1. Is there another number where he may be reached?
2. What time do you expect him to return?
3. What is the best time for me to reach Mr. Chan?

(See "How to leave a message".)

"He is not in" combined with "Does not answer messages" 3-4 times is a definite **danger signal**. Take action immediately.

How To Leave A Message

Switchboard operators usually do not have enough time to spend with you on the telephone ... so ... ask for the name of Mr. Chan's secretary or assistant.

When you have the person on the line ...

Example Statement:	I wish to leave a message for Mr. Chan
Question	Do you have a pen?
Statement	My name is _____.
Question	Do you have that?
Statement	My telephone number is _____.
Question	Do you have that?
Statement	Here is the message. It's urgent that I discuss this matter with you today.
Questions	Do you have that, Mr/Mrs. _____?
	Will you please read me back my name and telephone number?
	Will you deliver the message to Mr. Chan and stress the urgency of the matter?

>> more on [My Bookkeeper Handles This](#)



My Bookkeeper Handles This

1. What is your bookkeeper's name?
2. What happens in an emergency?
3. May I call your bookkeeper?
4. Who signs the cheques?

Our Computer Broke Down (Or "Is Down")

1. When did the computer go down?
2. How long do you anticipate it will be down?
3. How will the company's other obligations, payroll, incidentals be met?
4. Does your system have a manual back-up?

EXAMPLE

Mr. Chan, I do not require a cheque from you to clear your account. All you need to do to retain our goodwill is to call your bank manager, explain the urgency of the situation, and direct him to telephone transfer \$_____ to me today

>> more on [You Missed Our Computer Run](#)

You Missed Our Computer Run

NARRATIVE EXAMPLE

I'm sorry to hear that Mr. Chan. Your account with us for \$_____ is _____ days past due. If you insist that my cheque missed your computer run, then I must surmise that it was not your intention to pay me in the first place.

Mr. Chan, you are going to have to make an arrangement to have this account paid today, because we are not prepared to wait another 30 days for your next computer run.

A/Bank telephone transfer.

OR ...

B/ Prepare new cheque for pick up.

The Cheque Is In The Mail

1. When was the cheque mailed?
2. What was the cheque number?
3. What was the amount of the cheque?



4. What address did you mail it to?

Mr. Chan, obviously the cheque has been lost. I suggest you protect yourself by putting a stop payment on it.”

“Do you agree this is a wise move?”

A/ Bank telephone transfer.

OR ...

B/ Prepare new cheque for pick up.

>> more on [Have To Check My Records And Get Back To You](#)

Have To Check My Records And Get Back To You

CALL #1

When the customer has a good reputation with your company, grasp this stall as an opportunity for a public relations call. However, **No Mindless Chit-Chat!**

1. Agree on a definite call-back time.
2. Insist on a commitment with this question: “Will you be there to take my call?”

CALL #2

“Mr. Chan, what exactly is it that you have to check? Perhaps I may be of assistance. Do you have a pen? Here are the numbers and amounts of the two outstanding invoices ... “

1. “Do you have that?”
2. “Please read it back to me.”

Then

“Will you prepare a cheque for the full amount for my courier to pick up this afternoon?”

>> more on [Don'T Receive Your Invoice](#)

Don'T Receive Your Invoice

This is one of the more exasperating excuses, usually an “obfuscation”, and is employed to buy an extra two or three week extension. These first two questions will aid in determining whether he is telling the truth.

1. We have sent you two statements, Mr. Chan, why are you informing me of this just now?
2. Why did you not respond to my collection letter dated the _____th?



Perhaps this is the final call and you wish to be more subtle. Test his intention with the following ...

3. We don't make mistakes very often, Mr. Chan, but maybe here was an oversight in this case, so here is my proposal. Will you cooperate? I will send a copy by courier this morning. When he arrives, will you check your records and then give him your cheque to clear the account?

>> more on [The Final Demand](#)

The Final Demand

Do Not Utilize This Section Without Familiarizing Yourself With The Complete Explanation In The Text!

"Mr. Chan, you have misled us with innumerable lies; you have abused our service by your flagrant disregard for our selling terms, and now, I can no longer help you. Under the rules of our collection policy – Procedure #7a – your file must now go to Clancy, our litigation expert, for final disposition. Good Luck!"

Two minutes later ...

"Mr. Chan, this is Clancy. When you become our customer, you agreed to abide by our credit policy rules. You have refused to pay us \$_____, and have, therefore, not lived up to your part of the agreement. In spite of that we extended you every opportunity to settle this account amicably ..."

Now, say either, (and, remember, the following is only an **example**)

"... therefore, on Thursday, November 25th, at 11:30a.m., we will place a claim against you in the Small Claims Court. This writ will be a matter of public record, and, therefore, subject to human interpretation. It will be published in all the legal bulletins; it will be made known to your own bank manager, and all of your suppliers. This may trigger an immediate review of all your liens of credit, and could result in a score of other writs against you. Mr. Chan, it only takes one writ to start an avalanche! That could force you out of business!
What is your priority?

Or, conclude with ...

"... but obviously, Mr. Chan, you cannot meet your obligation to this company. I guess I have no alternative but to suggest to my controller that we spearhead a drive to **formally petition you into bankruptcy**. Good Luck."