

Office DEPOT[®]

*Keeping the Cash Flowing
(when times get harder)*

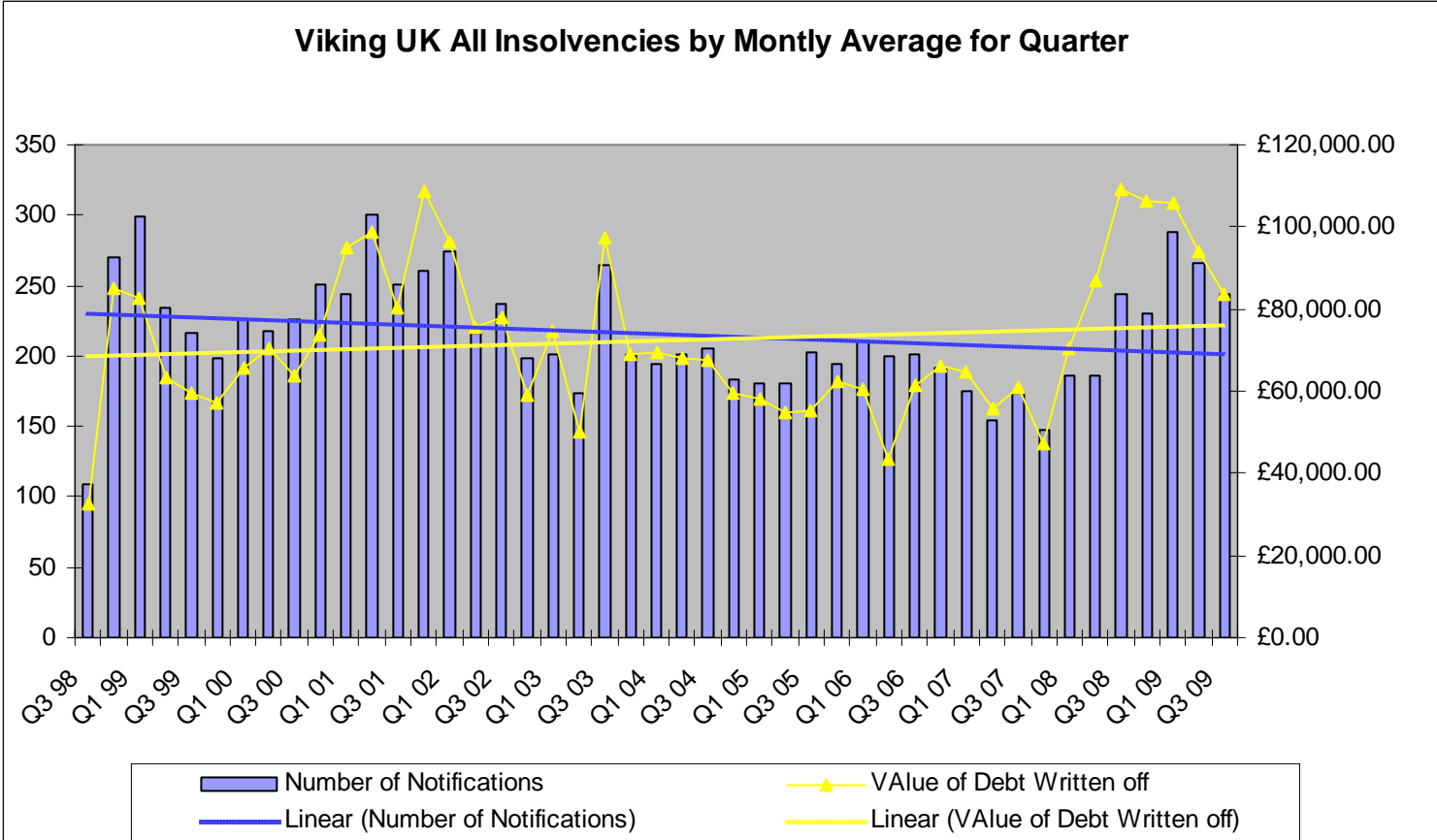


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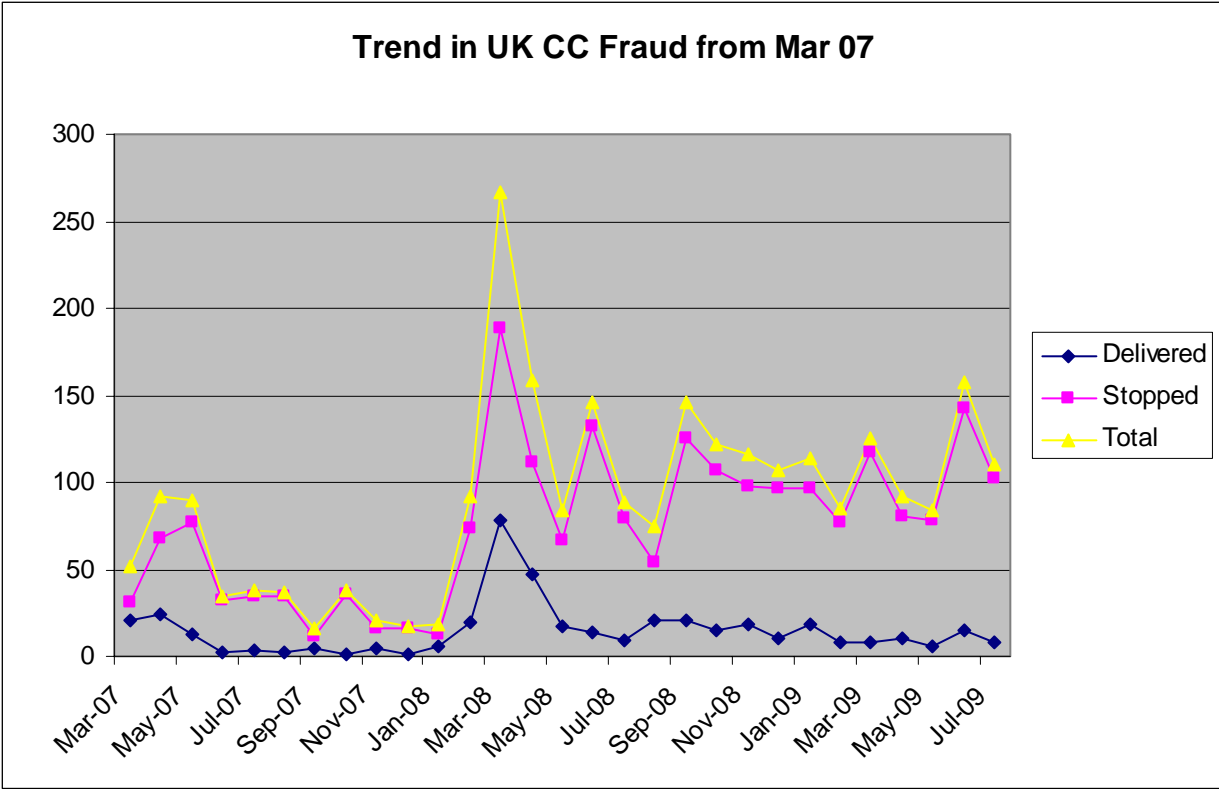
Prevention is better than cure

- 3 Categories of debtor
 - Debtor will not pay (10%)
 - Never Intended to
 - Has been so upset that they feel they are owed
 - Debtor can not pay (25%)
 - No Money
 - Unwell
 - Debtor/Customer reluctant to pay (65%)
 - Cash flow problems
 - Holding on to their Money
 - Wants to have problem solved

Insolvency - Whoops!



Fraud – but he seemed so nice!



The Golden Rule

- The Key is early detection of the nature of the debtor:
 - **Can not and will not pay**
 - Do not supply
 - Do not waste time and money chasing debt
 - **Reluctant to pay**
 - Resolve problems or credit them off
 - Arrange payment plan
 - Escalate collection so customer feels compelled to pay
 - Keep as customer if possible
- **Don't Delay Decide and Act Today**

Fundamentals?

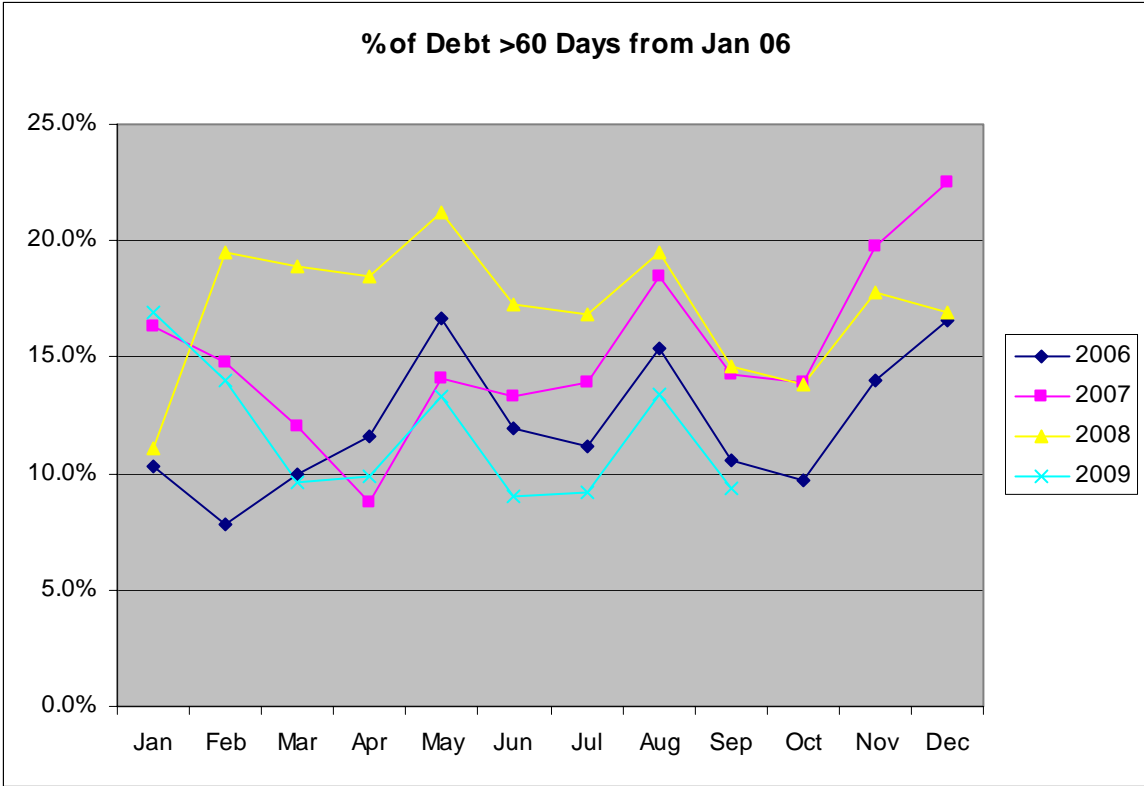
- The Customer will pay me ! - How certain can you be?
- The customer wants to buy from me again. - Maybe?
- The customer has to buy from me I have given them so much credit! - Really?
- The customer must not be upset therefore I must beat about the bush. - No surprise no upset
- There is no point going to court as we need the business and do not need the hassle.
 - Can you be sure?
- We're in so far now we can't afford for them to go bust! – Too late!



The other view

- Agree terms so that the customer knows when he has to pay
- Ensure that the service and price match expectation
- Grant the amount of credit that the customer can afford and then manage between sales and credit control to make the account flow.
- Ask for payment when it is due and the customer expects to pay.
- Always be polite and consistent
- Always do what you say you will do.
- Make one effective call to collect payment do not make multiple relationship building calls and then expect payment

Results



Conclusion

- Business needs to continue but be more decisive
- Stick with certainties, check before you leap, have a fraud prevention policy and communicate it to all staff.
- Ensure that all new business is risk assessed
- Ensure all existing business is reassessed for risk at least every 6 months make sure you know who you are dealing with
- Make sure all your customers and suppliers know where they stand on terms of business and then do what you say you will do!
- There is no advantage in putting it off!
- Talk to the customer ask for your money when it is due
- Listen to your customer and be realistic, they will not all be as efficient as you!!

