

Collecting from Late-Paying Customers

By Bob Burg

A customer forgets to pay. Not an issue. Just remind them.

But what about those who are obviously not making it a priority. You've called accounts payable several times and – despite their promises – they still haven't paid.

You've got a lousy feeling that you're going to have to keep chasing them and that, if you do collect, it will be the result of having to threaten, which will make them mad. In other words, you'll lose their future business.

Some might advise, “just don't do business again with that company.” Fine. But, maybe now you still need their business. And, if you can both collect the money you are owed and “re-train” them to pay on time while continuing to do business with you, isn't that a better alternative?

Here are the basics:

- 1. Communicate The Issue.** Compose a letter. This could be email or snail mail, depending upon how well you know them and their online habits.
- 2. Utilize Tact.** Compliment their values and integrity.
- 3. Show Gratitude.** Express how much you enjoy serving them, and that you hope they feel the value you provide them exceeds what they pay.
- 4. Have a “Call to Action.”** Let them know that it would “mean a lot” to you to receive payment today.
- 5. Allow Them to “Save Face.”** Add that if there is a problem you are not aware of, you'd appreciate their letting you know so you can discuss.

The key is to not be demanding but also to not come across as weak

A Sample Letter

Dear Pat,

Thank you for your business. Aside from having an excellent product, you and your team embody the type of values based on a high degree of integrity.

It's an honor and pleasure for me to serve your needs. As you know, our goal is to provide the ultimate customer experience and I sincerely hope that you feel that we deliver more in "use value" to you than we take in payment. If that is ever not the case, I hope you will let me know directly and personally.

Pat, the payment of \$675.00 for the latest project we did for you (invoice #5791-A, dated 1/13/11) is past due and it would mean a lot to me if you would have a check sent to us today. That way, we can continue to feel good about providing you and your excellent company with timely, value-based service.

Of course, if there is a problem I am not aware of, please call me right away at 555-1212 so we can discuss and determine the proper steps.

Again, thank you for your business, and best regards,

Don Jones

Call Pat the next day to follow up. You may not have to. You might just receive an immediate email of apology with a promise that a check is being sent out today...and it will be.

Follow these principles and your collection rate will rise...while your stress Level will disappear.