

WELCOME

Welcome to the first edition of the DebtForce newsletter for 2009. The Christmas holiday break for most just seemed too short. As predicted we have come back to a very depressed and hostile business environment that looks to continue well into the year. This is a time to get back to basics and obey the principle rules when providing credit and enforcing payment obligations on the customers.

The main problem we are seeing is that debts are being held too long before there are acted upon in a forceful manner. Please remember that customers you have done business for a lot of years are also in the same boat as those customers that you have recently taken on, in the fact that cash is very slow moving at present.

Since our return we have been focusing on debtor behaviour, more so the reasons for non payment to occur. We have decided to add a few tips into this newsletter to assist our clients and advise them on how to become pro-active with their ledgers as to prevent their debts escalating further.

Tips to collecting your debt easier & earlier — See Page 2

Collection Labels

Our clients are having great success with our new collection labels we released last year.

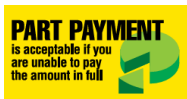
These are a great time and cost saver as they are easily applied to statements or invoices and are received by the customer as being clearly a demand for payment and being demand separate to the body of the invoice. This saves the time of having to sit down and write a separate letter and add the cost of postage once done.

Eight labels have been developed for the various scenarios that you are likely to come across. The cost of the labels are

\$10.00 incl GST per sheet of 27 labels

To order the labels please contact our office and quote the reference number of the label you require. Or visit our website -

WWW.DEBTFORCE.CO.NZ



TWICE MONTHLY INVOICING

As of the 20th of January DebtForce will move to twice monthly invoicing. We are aware that it is important that cash flow is available to businesses and we are endeavoring to assist by returning debtor payments to you earlier.

On the other side of the coin please keep in mind payment to us as we also need cash flow to maintain the standard of service we provide. We have no wish to suspend a client's account when a court hearing may be taking place.

To those that do make payment according to our terms, we thank you.

DebtForce Staff News

Tabitha Harris is leaving the position of Recovery Officer to spend more time at home with her son. She will however be returning in a part time administrative role so please direct any account or admin queries to her email tabithah@debtforce.co.nz

Jolene Smit is Tabitha's replacement who has recently immigrated to NZ from South Africa.

We are confident that her skills and experience will enhance the DebtForce service level. She has already completed her training and is keen to meet her clients.

Hellen Riley -Tombs is also to leave her full time capacity with DebtForce soon. She is off to smell the roses for a while.

However she will be around for a wee while yet and will undertake a consultancy position with the company.

Meena Singh is Hellen's replacement and has already started to come to grips of this demanding position. She has a business related background which will be of considerable benefit to recommendations she is able provide to the DebtForce client's.

We welcome those new staff and thank Tabitha and Hellen for their contribution to the company over their years of valuable service.

Your Customers will make payment to their account depending on how you train them to do so. If you're lax about their outstanding account why wouldn't they be? In many cases they know that a debt gets written off if they wait long enough. Or at least they hope so and take their chances.

Tips to collecting your debt earlier & easier

1. Be prepared to discuss past due balance with debtor/customer

Be prepared when you make the call or speak to the customer in person. Have the debtors file or screen in front of you. If you sound or appear unprepared you will give the customer the impression that the balance due is unimportant to your office and the debtor will not take you seriously.

2. Listen to the debtor/customer

When calling the customer about their past due balance, identify yourself, state the reason for your call and then say nothing allowing the silence to work its magic. The debtor will eventually speak and will continue to speak if you do not feel the need to fill the silence. You will get more information than you need. Use open ended questions. Do not interrupt the debtor, Long pauses are crucial. Repeat back what the debtor has shared with you to confirm your understanding.

3. Never take anything the debtor/customer says personally

When customers are unable to pay their balance they can become embarrassed, fearful and angry. The customer may feel desperate and may lash out, understand that these emotions and their comments have nothing to do with you.

4. Ask for a payment date

Ask the customer when they will be paying their overdue balance . If not immediately ask the customer to call you on the date they have given to confirm payment is being made and how.

5. Establish a payment schedule if necessary

If a customer has a legitimate financial or personal problem that is causing them to be delinquent tell them that you are sorry that they are experiencing difficulty and offer a payment schedule. Explain that despite the problem the balance still needs to be paid and you will be happy to set up a payment schedule.

6. Address disputes

If your customer claims they have not paid due to a dispute, problems with the service, not received the account etc., address their dispute immediately. Be sure to get back to them quickly with a resolution or response. Then ask for payment. If you can't "fix"

their problem suggest the debtor pay the undisputed amount while you resolve the problem or you could offer a discount to collect the balance quickly and settle the matter then.

7. Stop service

Should the customer become evasive and not work with you to resolve their outstanding balance, Immediately stop supply.

Go back to step 4 and don't get off the phone until you have all of the information your require. This may be the one and only opportunity to have contact directly with the debtor.

8. Realise when it's time to place your claim with an agency

Know when you are beating your head against a brick wall.

Access the balance due versus how much time you have put into your attempts to collect the balance due. A reasonable time frame to place your claim with a collection agency is 90 to 120 days past due. Early placement generally provides greater recovery results.

You have good paying customers to focus on and dealing with your past due receivables takes you away from them and from maintaining the business cash-flow. The older an account becomes, the harder the debt becomes to collect and the less it's worth.

9. Using a debt collection agency

Agencies offer a lot of advantages and incentives for your debtors to pay their bills that a company themselves can't give. In addition to delinquent accounts, collection agencies can help an account from becoming delinquent. They can run credit reports to see if a customer may be getting into difficulty or has the ability to pay a long term payment plan.

They also have skip trace resources to find your debtors after they've moved

A debt collection agency can instill a sense of urgency with a debtor that the business has difficulty in doing. By direct contact the agency can handle the debtor with a personal and professional manner while all along putting the debtor in the position to act on to resolving their debt and being made aware of their options and the consequences they may face if the outstanding account is ignored.

It's much harder to for a debtor to ignore an effective collection agent, than it was to throw away the bills. Many debtors fear that once the account has gone to a collection agency that it's already affected their credit. The debtor gets their first collection agency letter and all of a sudden they're eager to pay the debt to avoid their credit being affected in a negative manner or as many of the debtors think, to get the credit report cleared. Many agencies, believe if they report to the credit bureau which most good ones do, they don't do so until their efforts have failed to resolve the account. But many debtors don't realize that. Let's keep it that way.

Your debt recovery agency will usually have the ability to report to the main credit bureaus. This may help in the future such as when that young adult who thought they were bullet proof when they were younger and irresponsible, have to now pay for the consequences of their past. Particularly when they want to get a mortgage, car or any type of credit extended to them, they may have to resolve your debt to do so. Some debts have been resolved 5yrs down the line in cases such as this. There is so much that a good agency can provide your business. A good tool is to get signed up with an agency ahead of time, and to forward the delinquent accounts in a timely manner as they come up.

DebtForce appreciates the faith it's clients places in them when passing files over to us . We realise you have many agencies to choose from but have entrusted the task to us and we will do our utmost to maintain that confidence.

I don't usually do blonde jokes but these were really precious. My apologies in advance to any blondes that take offence.



DISTANCE

Two blondes living in Oklahoma were sitting on a bench talking, and one blonde says to the other, 'Which do you think is farther away... Florida or the moon?'

The other blonde turns and says 'Hellooooooooooooo, can you see Florida ?????'

SPEEDING TICKET

A police officer stops a blonde for speeding and asks her very nicely if he could see her licence.

She replied in a huff, 'I wish you guys would get your act together.'

Just yesterday you take away my licence and then today you expect me to show it to you!

