

Get Your Money

A Newsletter by Assegai Communications

www.getyourmoney.co.za

Volume 17 / 2005

Dear Reader

Reading time: 4 minutes

IN THIS ISSUE:

- Do Not Let Your Guard Down
 - The Power Of Persuasion
 - Legal Note # 14: Sections 57 & 58 – Creditors' Friends
 - Evening Seminars For Management
-

DO NOT LET YOUR GUARD DOWN

Business is booming, say many. Although debtors are down in many sectors, and buying is up, beware! When times are good, we relax the controls and lay the foundations for future problems. I think I have said this before. Well, you cannot hear it too often. Are you familiar with the old saying, "Constant vigilance is the price of freedom"? Well, it applies in the debtor-reduction process! Keep your controls in place and be on the lookout for changes in payment patterns.

THE POWER OF PERSUASION

I have the privilege of travelling all over the country, training multitudes of people and meeting many in different kinds of businesses. It is more than a wonderful experience for a person who really likes people; it is also where I learn more and more about the art of getting payment.

This is a complex art, though it is based on a relatively small number of principles. If you have attended my course, "The Art Of Getting Payment", you know what they are. Please let me

know how they are helping you to collect money from customers and to keep debtors down. One of the things I notice about people, who are good at recovering money from customers, is that they tend not to be confrontational – aggression is only effective in really hard cases. Most of your customers – especially the ones you want to keep – will respond to the power of persuasion. (It is no coincidence that this is covered in my new seminar – watch for details).

How do we persuade people to pay our accounts, when it is not something that they really want to do?

We need to have ‘persuasive power’ (a learnable skill), and do two things –

- First, is to give the impression that there is really no option, as we are really serious about getting paid, and that we shall hound them unless payment is made on time. This may seem rather aggressive, but there are subtle ways of achieving this. System, system, system!
- Secondly, we must use the ‘Golden Rule of Persuasion’. That is, to appeal to the customer’s self-interest. Nobody is ready to be persuaded to do anything unless it is in his own interests to do so. Knowing this essential fact, you must focus your approach in such a way that the customer sees the benefit of early payment. Does this mean a settlement discount? No, that is too simple and it rewards the wrong people. So, what then? Ask yourself the question – why is it in our customers’ interests to settle our accounts on time? If you are struggling with the answer, you must be doing something wrong, or missing something crucial. Keep looking. If you are still stumped, I’ll see you at the seminar!

LEGAL NOTE: SECTIONS 57 & 58 – CREDITORS’ FRIENDS

Sections 57 and 58 of the magistrates Courts Act, provides two easy ways to tie the debtor to his obligations and secure a judgement. Although very similar, they have slight differences. Briefly, this is how they work:

Section 57 – Offer to Pay Instalments

Where a debtor has received a letter of demand or a summons and does not intend to defend, but actually agrees to pay the claim, interests and costs, Sections 57 of the Act provides that he can admit liability in writing for the debt and also offer to pay instalments, including costs and collection fees. The consent can also include consent the Creditor asking for judgement if the debtor fails to make the promised payments.

Judgement can only be claimed if it can be proved to the court that the debtor was notified in writing that his offer was accepted and he is now in default – that is, he has failed to comply with his undertaking.

When the circumstances arise, you complete the necessary form (Form 5A) and lodge it at the Magistrates Court, together with the following:

- A copy of the letter of demand, where no summons was served;
- The original offer to pay;
- A copy of the original letter of acceptance and proof of posting by registered post;
- An affidavit confirming the default.

If judgement is granted, it will have the same effect as an order of the court in terms of Section 65 – that is, it will confirm the debtor's liability to pay the claim and costs.

Section 58 – Consent to Judgement

This is a little different. This section provides for the debtor to actually consent to judgement, from the outset. It can also include an offer to settle by instalments.

When the debtor receives a letter of demand or a summons, he can complete the necessary form, which provides for a default judgement based on an admission of liability and it can contain an offer to pay claim and costs by instalments. If judgement is granted, it may include (if you ask for it) an order for the payment of the instalments. Such an order has the same effect as an order made in 'debtor's court', in terms of Section 65.

The difference between the two procedures is this – in the first case, i.e. Section 57, the debtor is still in a position to avoid judgement by paying in accordance with his offer. Judgement is only applied for, if he fails to pay. In the second situation however (Section 58), the case goes straight to court, to get a judgement.

EVENING SEMINARS FOR MANAGEMENT

Our popular workshop, "The Art Of Getting Payment", is usually attended by the credit enforcement staff. As you know, the 'debtor problem' is often caused by other people in the organisation. Good news. We are about to present a series of evening seminars, to make it easy for employers and managers to attend. These will usually happen about 3 – 4 weeks before the actual full day workshop, to enable the attendees to decide to send their staff to that. They will also have the option of inviting us to quote for in-house training for the whole team, to

get everybody 'aboard' on the money recovery operation. Watch for our notices and get ready to persuade your senior people to attend the evening seminar!
