

Get Your Money

A Newsletter by Assegai Communications

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Dear Reader

Reading time: 4 minutes

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LOSING INTEREST

If you hand out interest free loans to your customers, why on earth should they rush to repay you? It never ceases to amaze me, how few companies charge interest on outstanding accounts – usually, no more than about one third of the attendees at my seminars raise their hands when I ask the question. Then, they nod their heads in agreement when I point out that most businesses seem to run on overdrafts, on which they pay a cruel amount of interest. If they pay the money owing to you, they are likely to increase the burden of their overdraft interest. So, it is in their best interests to stretch you as far as possible.

Charge interest, but be careful – you cannot simply impose it. Watch this space!!!

DRESS FOR SUCCESS WHEN CALLING DEBTORS

This may sound crazy to you, but you should be in your best outfit, have a clear desk and feel good about yourself, when you call your debtors. I'll take it one step further – stand up, when

you speak to a debtor on the telephone. Standing up, enables a person to speak clearly and confidently. Because you can breathe better, you will speak better. You will also feel – and convey – a sense of authority. Do it! But, do not spoil the whole image by starting the call with an apology.

GET THE 'MIDDLE BIT' IN WRITING

Ask a lawyer how you can guarantee that you are going to receive payment for a particular transaction. He will tell you:

- i) Get the whole thing in writing (preferably, a 20 page contract prepared by him),
- ii) Make sure that the payment is secure (cash, in his trust account) or get each partner member, or director to sign a personal surety, backed by a bond on his house.
- iii) Deliver on time and claim payment.

In an ideal lawyer's world, that would tie it up nicely. But, in the real world of business, we may not have the luxury of collateral security and personal guarantees. Sure, we must 'qualify' the buyer – that is, be pretty sure that he, she or it (a company) actually has sufficient assets to be able to meet the contract price, before you give them any credit. Then, we must do the 'middle bit' (agreeing the terms and conditions) as best we can, before delivering the goods or services and claiming our money.

It's the 'middle bit', which I wish to focus on, today. Too often, there is a dispute about the middle bit. That dispute can include a host of different things. Some of them are:

- Dispute as to quantity;
- The price, or any element impacting on it, such as discounts;
- Quality of goods / services to be supplied;
- Supply details – address, dates etc.

And a lot of other things, which should ideally, be set out in writing.

In some businesses, it is still practice to do it 'verbally', that is, orally – by spoken word. If you do business on this basis, I suggest that you seriously consider introducing a written contract. You might have a form, with boxes to be ticked or deleted, with conditions on the reverse. This helps to block a number of gaps, provided care is taken to tick the boxes, fill in the necessary

information and initial the conditions to show that they have been read. If this is still not realistic in your business, try this – after the ‘middle bit’ has been arranged by way of a quick visit or a hasty telephone call, type a short e-mail letter in which you set out the various points which were agreed. Do it as soon as possible. Send it to the customer, without delay. Tell him, if you do not hear from him within 48 hours, you will assume that he agrees that your letter is a correct record of the deal. BINGO! A written contract. Not quite as good as the long, attorney made variety, but it should be enough to ensure clarity and give you a better chance to get your money.

FORWARD THIS NEWSLETTER TO A FRIEND

Better still; send it to each of your customers, with a friendly greeting. It will be seen as a really nice thought. It's often the little, thoughtful things, which cement a good relationship.
