

# Get Your Money

A Newsletter by Assegai Communications

[www.getyourmoney.co.za](http://www.getyourmoney.co.za)

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Dear Reader

Reading time: 4 minutes

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## TO GET PAID – GET SERIOUS!

I spend a lot of time talking to people about money. Driven by an insatiable thirst for knowledge to pass on to you, my clients, I ask every business man (or woman) I meet, to tell me what they do to ensure that they are paid for what they sell. Some of them look at me as if they think I am crazy – these are usually the ones who send out statements, spend the next 60 – 120 days hoping, then go the telephone route and finally, hand over to attorneys. In short, the average effort. It is as if they are asking me, “What else could any sane person do?”

Well, my job and my passion, is to tell you that there is plenty more you can do. So much, that I am building a business around this issue. But enough of my ambition.

The first, and most fundamental thing to do is to develop a really serious attitude to money. This does not mean, to focus solely on the financial aspects of every relationship, or transaction. If you do that, you may well repulse your customers.

Let me illustrate what I am getting at, with an anecdote. I mentioned at the outset that I ask business people I meet, about their collection of money in their businesses. A few nights ago, I

met Johan, who runs a small but profitable plumbing business. He looked me square in the eye when he responded seriously, “I don’t have any problems collecting money, and no bad debts. I am very serious about money”. He proceeded to tell me about his approach to money, and to his clients. He disclosed a system, or style, which I have encountered frequently, when speaking with people who run successful businesses. These people are serious about money, all right. They do not obsess about it, nor do they come across as money – crazy. However, they make it clear that money is the core of any transaction. If I were to extract principles from this approach, they would be as follows;

- Acknowledge that you are in business to make a profit;
- Make it clear that you will supply first-class products or services, and expect to be paid;
- Qualify your customer – only do business with people or businesses who can, and will, pay;
- Talk openly about payment – ensure that it is as important as any aspect of the transaction, and that it is understood and agreed.
- Insist on payment when it becomes due – do this in a firm, business like manner, without rancour;
- Expect payment, just as you must expect your customer to require delivery in terms of the contract;
- Never let a payment become overdue without taking immediate, determined steps to recover it.

Nobody can, or will, take offence if you adopt these principles. In fact, they should be at the forefront in any sales or administrative meeting. Unless everybody in the business accepts these with equal emphasis to customer service first and other adages, you may be encouraging defaulters. Whether your business is big or small, whether you run a trading concern or a service provider, every person who has customer contact, must be serious about money. You owe it to your customers, your business and yourself.

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## **LEGAL NOTE: LETTERS OF DEMAND**

A letter of demand may be a step in the collection process. Often however, it is an essential step and must be sent before you can issue a summons.

A letter of demand, which specifies a payment date, makes it possible to claim interest at the legal rate and certain costs from that date onwards, if payment is not made.

Sometimes, a letter of demand is required by law (for example, the Credit Agreements Act) before legal action can be taken. Usually, a letter of demand is sent out on your behalf by another person or business. This involvement of a 'third person' in the debt collection process often prompts a debtor to make payment.

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### **IT'S APRIL!**

April is not a great month for most businesses; there are too many holidays. Good luck to the hospitality business and best wishes to all who are going on holiday.

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