

# Debt Collecting Q & A - Issue 5

By Jim Finucan

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Past Due <http://www.tiare.com/pastdue.htm>

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By Jim Finucan  
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DEBT COLLECTIONS Q & A - #5

Jim: My question is simple. I don't like to mess around so I just hand my delinquent accounts over to an attorney who sues the client right away. I either get a judgment or they pay just before the court date. Why doesn't everyone do it this way?

Barry Ranken, OH

Barry -

Your approach is effective and often becomes the last resort after several attempts have been made to reconcile a delinquent debt. But it's important to decide how long you want to allow a delinquent debt to remain on the books before you turn it over to a lawyer. Do you treat each situation the same? i.e. do you wait the same number of days? Do you send the same number of notices no matter what the situation? Do you send the debtor a warning letter letting him know this will go to an attorney if not paid by such and such a date? Is your attorney a collection specialist who is taking steps to collect the bill before moving forward with a court date?

I recommend adopting a specific procedure before you turn your attorney loose on the debtor. One size doesn't necessarily fit all. There are times that require understanding the debtor's problem;

situations that might work themselves out if you waited just a little longer. At worst a few phone calls would let the client know you are genuinely concerned about their success and are interested in helping them. This understanding approach cements a relationship and can result in years of customer loyalty.

But don't get me wrong. Sometimes you need to put the squeeze on. However, do hear them out first. Clients need to be listened to! Your company should have a collections policy

that is both specific and flexible or you are likely lose clients to someone who does make an effort to understand and accommodate special debt situations.

Before you turn things over to an attorney give the customer an agreed upon deadline by which you need a certain amount to be paid, otherwise you'll have to get your attorney involved. Let them know the situation can't be left up in the air for too long. This approach increases your chances of having a repeat customer - one who may even refer associates to you. A little understanding and compassion can go a long way towards helping your business succeed.

(end)

Jim Finucan is a 13-year collections veteran and author of "Past Due - A Debt Collections Manual." Details on this powerful Money-collecting tool can be found at: <http://www.tiare.com/pastdue.htm>

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