

Streamline your collections process



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It's important to bring cash in the door, and put it to work as quickly as possible. And that requires an efficient collections process.

Here are some tools and techniques that can help your business maintain a strong cash position:

Offer incentives for regular payment

Does your company bill its customers on a monthly basis? If so, now is the time to look for ways to bring that money in faster and more dependably.

For instance, consider offering incentives – such as a 10 percent discount or one month free – for those who pay in advance for a full year's subscription or service contract.

You can offer similar incentives to customers who enroll in an automatic payment plan that debits their bank account on a given day of each month, using the automated clearing house (ACH).

While advance payment and ACH plans require some upfront effort by you and your customers, they help ensure a steady stream of cash. What's more, customers often appreciate the convenience of not having to remember to write a monthly check.

Expand your payment options

Do you currently accept only checks as payment? Consider allowing payment by debit or credit card. The costs are relatively small, and the advantages can include faster receipt of funds, stronger cash flow, and even an expanded customer base.

Hire a collection agency

Is your staff spending more and more time chasing after delinquent customers? Perhaps it's time to hire a professional collection agency. Just be sure to choose a reputable firm in order to avoid damaging your company's all-important customer relationships.

Most reputable collection agencies belong to the American Collectors Association (www.acainternational.org) or the Commercial Law League of America (www.clla.org). These associations require that their members adhere to a code of ethics and are familiar with the Fair Debt Collection Practices Act. Also, ask any prospective collection agency to provide proof of insurance and details on their recovery rate.

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As you strive to bring in cash more quickly, also look at the “hidden” costs of managing that cash once it arrives.

For example, how much are delays in your deposit process reducing your “float” – or even causing you to tap credit lines? And how much time do you or your staff spend on opening envelopes, preparing deposits, and traveling to the bank?

Most banks offer two simple solutions:

- **Lockbox service:** With a lockbox service, your bank will pick up incoming checks from the post office several times a day, and deposit them into your account immediately. This service can be attractive even if your business receives a relatively small number of checks – especially if those checks tend to be for large sums.
- **Remote check deposit:** With a remote check deposit service, you can scan incoming checks directly from your desktop computer and deposit them into your account that same business day.

These services are generally inexpensive. And they allow your money – and your business – to work more productively,

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For personalized guidance, consult with a Citibank Business Specialist, a trained professional who can help you strengthen your collections practices.

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