

**Dear Friends:**

I hope you all had a great summer. It was such a warm one in Atlanta that almost everyone was ready for fall.

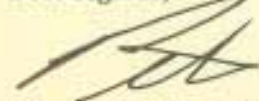
We have been on the road a lot, first for a speaking engagement in Anchorage for the Alaska Broadcasters Association and then in Ardmore, Oklahoma, for the Oklahoma Association of Broadcasters, and later at the Florida Magazine Publishers Convention in Naples, Florida.

I have also been invited to speak about fraud at the Broadcast Credit Association Workshop held during October in Washington, D.C. Keith Gay of Szabo will speak to another broadcasters' group in October, the Kansas Association of Broadcasters in Wichita. Other meetings we plan to attend are the Advertising Media Credit Executive Meeting in Boston in October and the Television Bureau of Advertising's annual conference in Atlanta scheduled in November.

Needless to say, the debtors, the debtor bankruptcies, and the travel have kept us busy and made things exciting.

We ended our fiscal year July 31, 1987, with a growth rate of 31 per cent. Thanks for allowing us to serve you and keep your comments and suggestions coming.

Best regards,



Pete Szabo, President  
Szabo Associates, Inc.

## Keep Your Receivables Young

Too often the quest for sales results in collections taking a back seat to the sales effort. Many people tend to forget the maxim "A sale is not complete until the cash is in the drawer." If the collection effort is sporadic and unorganized, getting paid can become even more difficult.

While the responsibility for setting policy and establishing procedures rests with the credit or business manager, it is vitally important that everyone involved with the customer is familiar with the collection process so that the company presents a "united front."

The first step in any organized collection program and the step which can eliminate the need for any collection action is prompt and accurate billing. Most people are honest and will pay for a service if it is performed as promised and billed promptly and accurately for a fair price. Prompt billing aids the collection effort because the sooner the invoice is sent, the sooner it enters the customer's payable cycle. Accurate billing helps in the collection effort because the media avoids billing disputes that can drag out payment.

If the invoice itself does not produce payment, the second key to successful collection is instituting systematic actions that will be taken as the account ages. The actions taken during the first 90 days of the billing cycle can determine whether the bill is collected. Some suggestions for the type of action that is appropriate at 30-, 60-, and

90-day intervals follow.

**30 days:** If payment is not received in 30 days, collection activity may consist of sending a statement or having a salesperson make a follow-up call to the customer. It is important to send a statement promptly at 30 days so that the customer cannot claim he was unaware of the outstanding invoice. If the media's policy is to use the salesperson in the collection process, it is appropriate at this point for the salesperson to call the customer and show an interest in the success or failure of the ads placed. A simple inquiry will often prompt a delinquent advertiser to bring up the matter himself, thus avoiding embarrassment or alienation. If one is dealing with a marginal customer and past experience has not been good, then additional pressure may be warranted.

**30 to 60 days:** At this point, the advertiser has had up to two full months to pay. A short letter or note on the statement may be effective. A phone call, though, is the best method for getting action because the call gives the collection manager immediate feedback on the prospect of collection. It is probably unwise to threaten enforcement action or to be unpleasant to the advertiser if the objective is to keep the customer as well as collect the bill. Lending a sympathetic ear is usually a more effective tactic in achieving the desired result—getting paid. Every effort should be

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# True Collections

*The following story is true. The names, places, and dates have been changed to protect the persons involved.*

## Door Knock'n With Cab 56

It was not a typical Wednesday that April 29th in Boston. The night before had brought several inches of snowfall. My company travels four or five times a year and participates in various trade association seminars and conferences for the media. This particular conference is the most physically and mentally demanding. It requires an ability to subsist on three hours of sleep per night while maintaining a good humor and a smile during the other twenty-one hours. This alone is tough but, in addition, we operate a Southern Hospitality Suite. That's right. For three days and three nights, we serve every drink known to man or woman. It's the kind of job most people only dream about. One might imagine the kind of personality changes that can take place after that kind of routine. Anyhow, Wednesday morning we got up, threw on some casual clothes for the first time in days, and packed for the trip home. Our flight was booked for 5:00 PM, and we had been advised to leave the hotel no later than 3:30 in order to make the flight on time. Having finished the packing around 1:00, we decided to catch lunch outside the hotel. While enduring some of the worst service we've ever been exposed to in a restaurant, the question was raised: with one and a half hours to kill before leaving to go to the airport, what were we going to do?

Suggestion #1. Let's visit the U.S.S.

Constitution, the oldest commissioned battleship in the world!

Suggestion #2. Let's go to Wherzitat, which must be a suburb of Boston.

What, you ask, is in Wherzitat? Only the most talked about slow payer in Massachusetts. There we were, faced with having to make a decision. Do we go visit Old Ironsides, or do we go and knock on someone's door?

To make the decision we tried to call the slow payer's business to see if the principal, S.P., was there. No sense going if he wasn't there. Having been told that he was in, the decision was made. We'd take a short trip to Wherzitat, MA., knock on S.P.'s door, and swing by Old Ironsides on the way back.

Five of us left the restaurant and hailed a cab. That's when we met Eddie. He was driving cab 56. At first he impressed me as being your typical cab driver. You know the type; they never seem to know the

place you want to go. But I soon learned why Eddie didn't know the address.

After a brief inquiry from his dispatcher, Eddie told us that we were perhaps thirty to forty-five minutes away from our destination. Still believing that Wherzitat was a nearby suburb of Boston and thinking that the time was a factor because of heavy traffic, my boss told Eddie what all cab drivers love to hear.

No, he didn't say, "Follow that car."

But he did say the next best thing. He offered Eddie one dollar for every minute he could shave off a round trip to Wherzitat.

Fast Eddie, staring straight ahead, started panting, and a sweat broke out on his brow as he put his pedal to the metal. Now I don't know about you, but I have a problem with cars driving very fast when the traffic on an interstate is bumper to bumper and there is snow melting.

"Collector's Corner" is our readers' forum for suggestions, comments, and idea swapping. If you have information to share or input on how our newsletter can better serve you, please write or call. We want to hear from you!

**Question:** What is the best way to handle a "cash in advance" policy? Our station has established one for new accounts and for promoters who have limited referral information.

**Answer:** Only two things are important when addressing this issue.

1. Establish right up front that a request for cash in advance is not a personal judgment about the company or the person applying for credit, but rather a business decision dictated by prior experience in the industry.

2. When you ask for cash in advance, request a money order or cashier's check. The latest trend is for a new advertiser to write a check on a closed account, to stop payment on the check, or to write a check on an account containing insufficient funds. Of course, this is usually discovered after the ads have been aired or published.



Fast Eddie must have felt the same way too, so he drove in the emergency lane at excessive speeds for several miles. Sitting in the back seat of a speeding cab in a strange city is pretty unsettling. I actually thought about jumping out and taking my chances rather than sitting back and waiting for the big one. It could have been worse. I could have been sitting in the front seat. This quick call on a slow pay began to look like a bad idea. Time was running out in spite of Fast Eddie's Indianapolis Speedway driving skills. We still had to get back to the hotel and pick up our gear before we could go to the airport. By the time we rolled into Wherzitat, the meter showed us owing \$65.50.

Now I understood why Fast Eddie had no idea where we wanted to go. He was familiar with Boston, not Massachusetts.

Moments before we arrived at our destination, we gave Eddie instructions to remain in his cab and to keep the engine running just in case we needed to leave suddenly. About this time, Eddie became interested in our line of work. When we told him our occupation, he said

he had a hearing problem.

We pulled into the driveway and parked next to S.P.'s Mercedes. We assumed it was S.P.'s car as it had a prestige tag reading S.P. All five of us went to the front entrance, where we discovered that the door had to be electronically opened by the receptionist. We were admitted when we announced that we had come to see S.P. Upon entering the reception area, we were greeted by a man coming down the steps. He was mumbling something about being invaded. We asked if we were addressing S.P. and were told yes.

At this point my boss introduced himself, and S.P. became suspicious. He demanded to know the purpose of our visit but would not allow us to speak in private with him. So while standing in the vicinity of the reception area and within hearing distance of approximately 150 employees, my boss answered his question and told him (them) the nature of why we had come to see him. S.P.'s face flushed, and he immediately invited us to leave his building—among other things. Stepping outside, the boss appeared confident that he had gained S.P.'s attention. After several minutes of

stimulating conversation, S.P. announced that he had to leave but assured us that he would call our office the next day and come to some agreement that would satisfy all parties concerned. Satisfied that we had accomplished what we had come to do, we headed to the cab. To our astonishment and to S.P.'s displeasure, Fast Eddie was caught in the process of relieving himself on the side of S.P.'s building. What a class guy.

The ride back to the hotel was even worse since we were cutting it very close. I would tell you about it, but I had my eyes closed. I will tell you that we did get back to the

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## szabo's FORECAST

Although economic indicators remain strong and large manufacturing and service businesses are flourishing, there appear to be some signs of financial weakness in the secondary business marketplace.

We have seen a rise in bankruptcies during the summer months with no single industry group more vulnerable than another.

We advise caution in extending credit and in setting credit limits. We are also advising our customers to enforce the terms they have established. Many customers of media companies do not have staying power if they encounter a major business downturn. As always, when an election is coming up, we'd all be better off if we had a crystal ball. ♦



Pete Szabo, President



She says she won't pay until we send an "Oath-of-David."

## Keep Your Receivables Young

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made, however, to conclude the transaction before 60 days, and if the payment is not collected immediately, it is advisable to obtain a definite understanding about when a check will be sent.

60 to 90 days: Regardless of previous activity, it is very important to contact the business manager or principal of an agency or advertiser to determine when payment will be made. If telephone or personal contact cannot be made, a firmly worded letter or telegram should be sent indicating that future collection efforts could involve a collection agency or attorney. With non-payment and no promise of imminent payment, the media must also evaluate whether to continue placing the customer's ads. It may be wise to insist on

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cash in advance for future contracts and to cancel the present schedule until payment is received.

Once the credit department has decided on the policy and procedures to take at each interval in the aging cycle, it is essential to follow the steps outlined. Of course, each account will present a different set of circumstances that the credit manager will address within certain guidelines, but it is important to enforce terms or the media will find itself in the financing business as well as selling ad space or time. ♦

## Door Knock'n With Cab 56

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hotel and to the airport \$100.00 later and even had five minutes to spare. I will also tell you that Eddie enjoyed his outing so well that he wanted to know when we would be coming back to Boston. He made a point of giving us his card so we would be sure to look him up the next trip. In fact, if you are ever in

Boston and in need of a good Wheelman who knows his way around Wherzitit, give me a call and I'll put you in touch. ♦

—contributed by Andy Carros

## The Fine Art of Media Collections

At Szabo Associates, we're more than just collection experts. We're well-versed in the fine art of media collections. In fact, Szabo Associates is the nation's first—and only—collections firm exclusively for the electronic and print media. And we do it with diplomacy and goodwill. Call us collect.

**szabo**  
Media Collection Specialists

# szabo

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