

Dear Friends:

I hope all of you are having a wonderful, joy-filled holiday season. Here at Szabo, we started celebrating early with our annual Christmas bash on December 1. We all had a great time, and I appreciate the efforts of our employees and guests who helped to make it a success.

It's always hard to believe how fast the years speed by, and 1990 was certainly no exception. We undoubtedly face some interesting times in the year ahead on many fronts — economic, political, and social. Let's hope that with wise leadership in the national and international arenas and with careful individual planning, we'll be able at this time next year to look back on 1991 as a year that saw the return of peace and prosperity.

In the meantime, keep the faith and have a Happy New Year!

Best wishes,



Pete Szabo, President
Szabo Associates, Inc.

Hold The Phone! (It's Tough Times Ahead)

These days it seems the harbingers of economic gloom and doom are everywhere. Unfortunately, educated speculation has given way to numerous and undeniable indicators of an economic slowdown: falling stock prices, rising unemployment claims, rapidly decreasing consumer confidence, and severe contraction in key industries.

"But it's only a cycle," we can say, "as predictable as heat in the Mojave." True, but as credit professionals, we still have to survive the hot spell before we get the drink of water. Now is the time, more than ever, to remember and practice the basics of effective telephone collecting.

The two keys to successful telephone collecting are to **STAY POSITIVE** and **STAY IN CONTROL**.

A positive attitude is difficult to find, difficult to keep, and impossible to teach. It is also invaluable. Only those who sincerely believe that their work is a service to both their employer and the debtor, that the debtor does indeed owe the money, and that the money owed will be paid will be a truly successful collector.

If you possess a positive mental attitude, all you then have to do is

keep it while you control the collection process. Every stage of the collection process, from pre-call planning to follow-up, is an opportunity to either stay in control or lose control (and perhaps lose your best chance to collect the debt).

Pre-Call Planning:

The first step in establishing control is to find out the name of the person responsible for paying the bill. It's much more effective to ask for a specific person rather than "the person who handles your accounts payable." If you're dealing with an advertising agency, the Broadcast Cable Credit Association can save you much time and effort in locating this information with its published list of agency financial personnel.

Research the account thoroughly. The more information with which you arm yourself before picking up the telephone, the more control you will have when you talk to the debtor. If the debtor places you in the position of having to say, "I'll have to check on that and call you back," then you've lost control of the call. Also, knowing the debtor's situation beforehand will enable you to make viable arrangements for payment then and there, without further delay.

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Hold The Phone

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Identification:

Make the call, making sure you are speaking to the right person and that he or she knows who you are. This step is simple but important, and its oversight can cause you to lose control of your call.

Asking for Full Payment:

Once you have established your identities, immediately make a complete statement of your intent, demanding payment in full. Even if you know that the debtor can come up with only a fraction of the money owed, asking for all of it will place you in a position of control and establish that you are firm in your resolve to collect the entire amount. Be specific and positive in this statement of intent. "Will you mail a check for \$10,000 today?" leaves little room for misinterpretation.

Then, after you make your statement of intent, employ an often overlooked yet powerful negotiation tool — silence. Let the debtor respond to your demand, uncluttered and uncompromised by additional chatter. This is the time to accumulate more information on the debtor's situation, so listen carefully, respond in an understanding manner, and above all, remain in control of the conversation! Show a genuine interest in resolving the debtor's problem while retaining your tone of objectivity. By listening carefully and skillfully guiding the conversation, you should be able at this time to determine what might motivate the debtor to pay and what would be a reasonable solution.

Formulating a Solution:

If you're lucky, by this time you will have determined that the debtor has a cooperative attitude and intends to pay what is owed. If you're not so lucky, you'll have found yourself in the difficult position of having to motivate the debtor toward a change of attitude. Collectors are sales-people, and your job at this stage of the game is to sell the debtor on paying what is owed. Again, stay positive and stay in control! While it's difficult to remain cool in the face of belligerence, the alternative will cause the debtor to become defensive and less likely to be receptive to your point of view.

Instead, appeal to the debtor's sense of honesty and sense of

True Collections

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

It's A Great Life

Nobody ever cares what we think. People say things to us like, "Aren't you glad you have such a simple life?" But then they don't really expect an answer. It's one of those rhetorical questions where they ask you something as an excuse to babble on about how awful and complicated their life is.

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"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 "cash in advance" buys?

J.K., Kearney, NE

Answer: There are two issues to address here: customer relations and self-protection.

1. Communicate up front that a request for cash in advance is not a judgment of the company or person applying for credit; rather, it is a business decision based on prior experience in the industry.
2. When you request cash in advance, always request certified funds. This prevents the advertiser from stopping payment on the check or having it returned for insufficient funds after the ads have already run.

**COLLECTOR'S
CORNER**

True Collections

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Like the other day, Frank says to me out of the blue, "Steve, can you believe it? I've got to close the agency." That's it, and he walks off. Then I hear him on the phone with someone saying how this collections person called him up about the \$32,000 he owes three TV stations. Of course, if he'd really wanted to know what I thought, I would've told him back in 1985 when he didn't file taxes. I mean anyone with half a brain knows it's only a matter of time before they break your legs, figuratively speaking.

Anyway, a little later when things start to get sticky with the Feds, Frank manages to get himself checked into the hospital for "observation." Right. And meanwhile, back at the old ranch, yours truly is constantly being rudely awakened by phones ringing off the hook and people banging on the door. I tried to help, but there's only so much a guy can do with-

out getting himself picked up for assault.

And now, guess what? Between the agency debt and the little problem with IRS — and oh, did I mention the \$60,000 Frank has outstanding in back rent for the office? — well, I'm sitting here surrounded by packing boxes because old wheeler-dealer-horsepucks-for-brains Frank lost the house.

I should've seen the handwriting on the wall a long time ago. I just cruised along keeping my mouth shut, "loyalty is my middle name" and all that. I should've gotten out when I had the chance. Hey, in my line of work, which happens to be information retrieval, I can live just about anywhere. But if there's one thing I learned from all this, it's that we need to work more on a "cash and carry" basis, and that goes for me too. From now on, I want payment up front.

So yeah, my life is simple, all right. But I tell you what. One more lame-brained crack about my life being

so great, and I'm not responsible for my actions. Right for the throat, and can you blame me? Besides, what's he going to do? Sue me?

I can hear the news break now: "Judge sends Steve, the family dog, up the river. Motive unknown in strange slaying of deadbeat owner. Film at eleven."

Well, excuse me. I've got work to do. I think I hear the paper boy, and if I hurry, I can make him sweat before he gets to the next block. After all, I've got to have a little fun for all my trouble. ♦

— story contributed by Robbie Knight

Calendar of Events

Georgia Association
of Broadcasters
1991 Georgia
Radio-TV Institute
University of Georgia
Athens, Georgia
January 22-24

Broadcast Cable
Credit Association
25th seminar
New York, New York
February 11-13

National Cable
Television Association
New Orleans, Louisiana
March 24-27



"YOU SAID THE BIG PICTURE NEEDED IMPROVING, AND NOW THE MOUNTAINS MATCH YOUR DESK CHAIR."

Hold The Phone

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pride. Statements such as "I know your credit standing is important to you" or "We're sorry if you misunderstood our payment terms, and we would appreciate payment in full today" leave the integrity of the debtor unchallenged while creating a sense of urgency in the matter. Only as a last resort should you try to appeal to a debtor's sense of fear regarding the debt. When the debtor has assets but you are unable to change a negative attitude by appealing to positive aspects of his or her character, the consequences of legal action may be the last remaining motivator.

When you recognize an opportunity to end the discussion (close your sale!), seize it and ask for payment. Once the arrangement is agreed upon, emphasize how

important it is that the debtor immediately keep his or her end of it. Then ask the debtor to "recap" the arrangement, including the name and address to which the check should be sent.

Follow-Up:

For all your efforts up to this point, you can still lose control of the collection process if you don't employ prompt and determined follow-up. Use a "tickler file," which can be as simple as a desk calendar pad or as sophisticated as a computer-generated "Daily Action List."

Allow sufficient time for the check to get through the mail and for transmittal to take place, but don't set a follow-up date so far in the future that the debtor senses that collection is not very important to you. Also, the value of an account declines with the passage of time (almost 50% in a six-month period),

so prompt and successful follow-up translates into more money collected for your company.

Know the value of your time as well as the value of each account. Make as many calls as you can without compromising the thoroughness and attention due each account. On the other hand, don't spend an inordinate amount of time on a small account with little chance of return.

If you work hard to stay positive and stay in control of each stage of the collection process, you'll achieve more success on the telephone than you ever thought possible. And one final thought about a positive attitude: While it can't be taught, it certainly can be developed. All you need is a positive attitude about developing one! *Next month: Sixteen tips on collecting in tough times!* ♦

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