

Dear Friends:

After a long winter of crazy "El Niño" weather just about everywhere, I'm sure we're all happy to welcome spring. Atlanta is in bloom again with pink and white dogwoods, and we look forward to lots of outdoor fun.

Tracking reports indicate that the response to the new Szabo Web site, which was featured in our last newsletter, has been terrific! Lots of people have given us very positive feedback, particularly with regard to being able to place business with us over the internet. Our encrypted electronic forms allow our customers to send us the necessary information quickly and with total security.

It was great to see so many friends at the Broadcast Cable Credit Association convention in February. Las Vegas is always fun, but I'm happy to hear that next year's convention will be in my "neck of the woods." Amelia Island, Florida is a beautiful spot just a few miles from my hometown of Jacksonville. Hope to see y'all there!

Best wishes,



Pete Szabo, President
Szabo Associates, Inc.

Make Your Telephone Work For You! Understanding and Overcoming the Limitations of Telephone Communication Are Key to Successful Collecting

Since Szabo Associates opened for business in 1971, we've certainly witnessed a number of amazing developments in the area of communications. With all our dandy new tools, however, the telephone still remains our most effective for the singular task of collecting past-due accounts. Short of face-to-face conversation, telephone communication cannot be equaled in its combined power of immediacy and intimacy.

The telephone can indeed be your most powerful ally for collecting money; however, this is true only when you remain in control of the collection process. To do so requires an understanding both of the limitations of telephone collecting and of what you can do to overcome those limitations.

Be Aware of the Limitations

One obvious limitation of telephone collecting is that you cannot actually get the money then and there over the phone. You will not know for sure whether or not you've succeeded until the money arrives and clears your debtor's bank.

The second limitation is that you and the debtor cannot see each other. When you speak face-to-face with someone, you constantly interpret the nuances of body language as that person listens and responds to what you say. Does the other person

furrow his brow, wring her hands, shift his gaze, stand erect or slump in her chair? All provide valuable information about how the communication is going. When that information is not available, as is the case with telephone communication, the chances for misunderstanding are greater.

The telephone is a highly personal medium for communication, which creates its third limitation. While the intimate nature of telephone communication has its benefits—you receive immediate feedback and are able to make adjustments in tone or content "on the fly"—it is also by its very nature intrusive, creating an immediate, if brief, loss of control for the person receiving the call. That temporary loss of control can put the person in a defensive mode, particularly if you are asking for money.

Discipline and Diplomacy are Key

By successfully addressing the limitations of telephone collecting, you can remain in control of the process, thereby maximizing your effectiveness and increasing your rate of return. To do so requires simultaneous deployment of discipline and diplomacy.

Discipline Front and Back

Few collection efforts can be

—continued on page 2

Make Your Telephone Work ...

—continued from page 1

successful without an underpinning of discipline. Pre-call homework will enhance your phone collection efforts by arming you with rebuttals to debtor excuses, saving you potential embarrassment, and enabling you to make viable on-the-spot arrangements for payment. Post-call follow up will show your determination to collect, helping ensure that the money will actually arrive after all your skilled efforts on the phone. Here are some tips:

1. Conduct a meeting with your company's collection personnel for the purpose of determining how best to deal with debtor excuses for non-payment. Ask the question, "What are the frequently recurring excuses debtors make when they are asked to pay?" Compile a list of these excuses. Follow up this meeting with another meeting to ask the question, "When debtors use a 'frequently occurring' excuse, how do you rebut the excuse and collect the money?" Finally, turn the information from these meetings into an effective reference tool for your collection personnel. Type each excuse in all caps onto the bottom of a 4" x 6" card. On the body of each card, type the corresponding rebuttal. Insert the cards into 10 1/2" x 6 1/2" flip trays so that the excuse is clearly visible. You will then have assembled an instantly available "Telephone Collection Guide" that is unique to your own organization.

2. Before you make a call, make sure you know the name of the person responsible for paying the bill. Asking for a

person by name immediately puts you in a much stronger position than asking for "the person who handles accounts payable."

3. Know everything there is possible to know about the account before you pick up the phone. Make a final check to ensure that the payment was not received and that the account was billed correctly for service actually rendered. Find out what previous collection activities may have taken place and what their results were. And finally, check the account's past record of payment to determine whether a pattern of delinquency exists.

4. After you make the collection call, use the time-tested "Tickler File" to remind you to follow up at a later date. This can be as simple as a desk calendar pad or as sophisticated as a computer-generated "Daily Action List."

5. Set a follow-up date far enough in the future to allow sufficient time for the check to arrive and for transmittal to take place yet soon enough to reinforce in the debtor's mind your intention to collect.

Take Charge with Diplomacy

Exercising diplomacy, which we define as tact and skill when dealing with people, does not undermine your position of power; on the contrary, it enhances your control of the collection process by helping to overcome all three limitations of collecting by phone. When diplomacy is deployed most successfully, the debtor not only pays promptly, but also pays happily. Here are some tips to help hone your diplomatic skills:

1. Stay calm, no matter what. Even if you are verbally attacked, don't hit back. By remaining calm and polite and by showing a willingness to resolve the problem or conflict, you retain control of the conversation.

2. Try to mentally picture the person on the other end of the line. This will help improve your concentration.

3. Be sensitive to the fact that some people resent the brief loss of control over their lives that the intrusiveness of a phone call creates.

"Will You Mail a Check for \$15,000 Today?"

Every word in your "collection statement"—what you say to your customer in order to arrange payment—should be chosen for its preciseness and directness. "Will you mail a check for \$15,000 today?" is a complete and powerful statement of intent in which each "key word" has a clear meaning that cannot be misunderstood.

Will: Asks for a commitment. "Can" means only that the debtor is able to pay, not that he necessarily will pay.

Mail: Much more specific than "send" because it creates a clear picture in the debtor's mind of an envelope, check, and stamp.

\$15,000: Ask for the full payment, and don't even hint that less is acceptable.

Today: Much better than "now" or "immediately," which are vague and subject to various interpretations.

Contact Szabo

Our customers can now use the Szabo Web site to send us claims! Here's how:

1. Access the Web site at www.szaboassoc.com
2. Click on "Contact Szabo" then click on "Place Business" or:
click on "Place Business" at the bottom of any page of the Web site.

You will then be able to fill out an encrypted electronic form containing all the information we need to proceed with collection.

Of course, you can still e-mail us the information, along with attachments, at:

Szaboassoc@aol.com

4. Be aware of the power of your voice. With no body language to convey attitude, your feelings are conveyed not only by the words you choose, but also by your tone and energy level.

5. Speak slowly and deliberately. Talking too fast can result in misunderstandings.

6. Because you have no immediate way to determine if your listener is following what you are saying, state your purpose simply and directly. Ask for payment in full, using words that cannot be misinterpreted and that convey a sense of urgency and determination. "Will you mail a check for \$15,000 today?" leaves little room for misinterpretation.

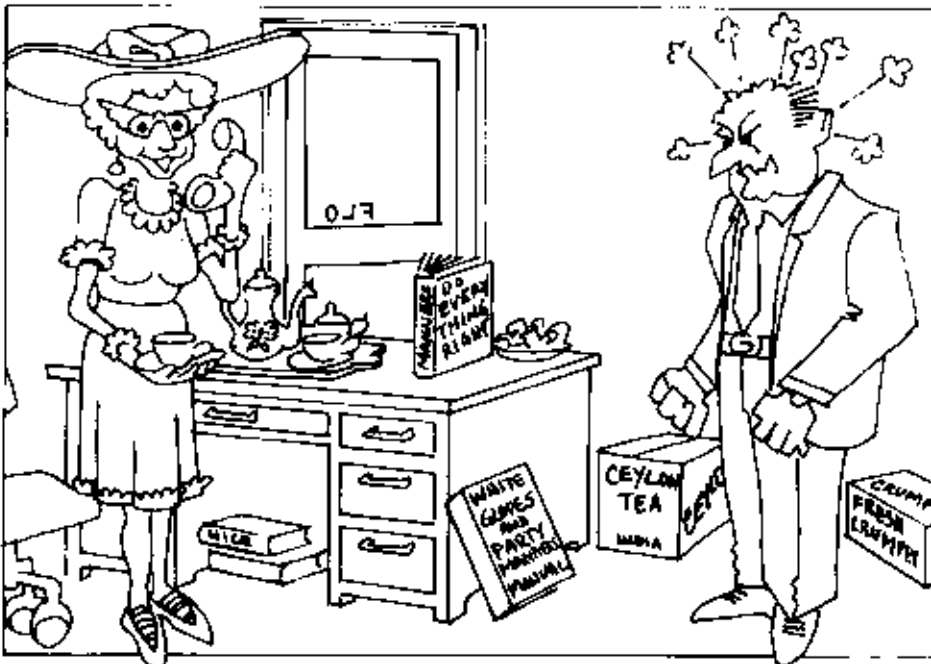
7. Listen carefully to the debtor's responses. What words does he or she choose? What tone of voice is the debtor using? Is there any hesitation in answering particular questions? "Tuning in" to these sometimes subtle messages can help you determine what might motivate the debtor to pay and what would be a reasonable solution.

8. Never let the debtor "off the hook." If your efforts meet with resistance, your job becomes one of motivating the debtor toward a change of attitude. Appealing to the debtor's sense

of honesty and pride, using statements such as "I know your credit standing is important to you," will leave the integrity of the debtor unchallenged while conveying an imperative.

9. Recognize and seize the opportunity to end the phone call, emphasizing how important it is that the debtor immediately keep his or her end of the arrangement. Ask the debtor to "recap" the arrangement, including the name and address to which the check should be sent.

Even with its limitations, the telephone is still every collector's best friend. In an era of rapid technological development, it remains unequalled in its ability to instantaneously bridge geographic distance to bring your power of verbal communication to the task of collecting money. And with discipline and diplomacy on your side, that power is a formidable one. ♦



"WELL YOU TOLD ME TO PRACTICE GOOD ETIQUETTE WHILE I'M ON THE PHONE. WHAT'S WRONG... IS MY SLIP SHOWIN' OR SOMETHING?"

CALENDAR OF EVENTS

April 6-9
NATIONAL ASSOCIATION
OF BROADCASTERS
Las Vegas, Nevada

May 17-20
BROADCAST CABLE
FINANCIAL MANAGEMENT
ASSOCIATION
New Orleans, Louisiana

June 5-7
GEORGIA ASSOCIATION
OF BROADCASTERS
Savannah, Georgia

June 6
SZABO SUMMER PICNIC
Lake Lanier, Georgia

The Szabo Difference: Collection Skills for the “Good Times”

Some of our clients have asked us, “If the economy is so good, why do I have so many past-due accounts?”

Good question. One of the biggest reasons is that a strong economy creates special problems—as well as opportunities—for the media industry.

So when times are good, it’s more important than ever to use a collection service that understands the media business, as we do. Here’s why:

1. A strong economy creates thousands of new companies, but many of them overextend themselves, especially in advertising.

That means that you need a collection service with the

know-how to help you retain strong risk management. Szabo Associates can help you formalize credit procedures by making use of our own representatives’ experience and expertise. We can also offer you free use of our unmatched database reflecting our experience with over 250,000 agencies and advertisers.

2. A strong economy brings new advertisers to your business, but many of them don’t understand the special customs and procedures of advertising agreements.

This is where Szabo Associates’ unique knowledge of media is critical. We’re the first and largest collection service specializing in the media and related industries.

But more than that, we’re organized into divisions that match up to the areas of the media industry—television, radio, magazine, newspaper, cable, out-of-home advertising, as well as related programming fields.

That means our representative is a specialist in your business. He or she can often negotiate a settlement where less knowledgeable collection services wouldn’t know where to begin.

In summary, a good economy can be bad news as well as good news. But it’s no time to settle for a collection service that doesn’t know the territory—your territory. ♦



Collective Wisdom® is a publication of Szabo Associates, Inc., 3355 Lenox Rd., Suite 945, Atlanta, Georgia 30326, Tel: 404/266-2464, Fax: 404/266-2165
Web site: www.szaboassoc.com
e-mail: Szaboassoc@aol.com

©Szabo Associates, Inc. 1998. All rights reserved. Materials may not be reproduced or transmitted without written permission.

BULK RATE
U.S. Postage
PAID
Atlanta, GA
Permit No 747