



Collections



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Australian Institute of
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ACS FINANCE FORUM 17 JUNE 2014

'How to Protect Your Business and Collect Your Debts Faster'



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CASE STUDY 1

You are a daughter/son of Mrs Ethel Smith and your mother owes \$7,500.00 to Too Nice Nursing Home Pty Ltd.

Too Nice Nursing Home Pty Ltd has issued you with a final notice with 7 days to pay.



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Sit down if you would pay Too Nice Nursing Home Pty Ltd upon receipt of the letter of demand.

Sit down if you would pay Too Nice Nursing Home Pty Ltd upon receipt of a letter of demand from a collection agency/law firm.

Sit down if you would pay Too Nice Nursing Home Pty Ltd upon receipt of Legal Proceedings.

Sit down if you would pay Too Nice Nursing Home Pty Ltd once a Court Judgment has been obtained.

Sit down if you would pay Too Nice Nursing Home Pty Ltd upon the issue of a Bankruptcy Notice.



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How many of you have heard the following expressions?

“I will pay you when I can”

“This is all I can afford at the moment”

“My mother passed away and there is nothing left in the Estate”

“You cant get blood out of a stone”

“I am awaiting an assessment from Medicare”

“What would you do if you were in my position?”



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THE WARM AND FUZZY APPROACH

Silent Kimbly.com



A warm fuzzy.



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Ask what is causing the delay in payment.

Ask how serious the problem is and what the customer is doing to resolve the problem

Request a substantial, immediate payment as an indication of the customer's good faith

Ask the customer for additional information that would help you to understand the scope and extent of their financial problems

Propose an extended repayment plan

Meet with the customer to review their options



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“HE WHO SCREAMS LOUDEST GETS PAID FIRST”





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Always ask for immediate payment in full

Propose an aggressive repayment plan, and then ask for the debtor's comments about your proposal

Request a substantial, immediate payment as an indication of the customer's good faith

If the customer rejects your payment plan, insist that they make a counter offer

If the customer's proposal is below your minimum acceptable level, reject it immediately. Doing so sends a message that you are serious about the negotiation process, and are not about to be "low-balled" by the debtor.

Remember that a delinquent customer's first offer is a "sucker" deal



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Always remember to....

**Ask the debtor to
acknowledge the debt in
writing**



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**“What do I need to do to
collect my debts faster?”**



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Ensure that you know your customers before admitting the care recipient

Do you:

- Have your clients complete a residential aged care agreement
- Ensure that the residential aged care agreement is completed in full
- Obtain a personal guarantee from a third party (family member)
- Check the validity of the data obtained (as best as possible)
- Review existing customer database
- Have a caveat/mortgage lodged over the primary aged care recipients property or that of a guarantor(s)



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Ensure that you have internal systems and procedures for collecting overdue accounts

Do you:

- Issue monthly statements
- Send reminder notices
- Issue internal letters of demand
- Call your debtors for payment
- Have a Director of Nursing or other staff member make personal contact with the family of the care recipient
- Refer case to the Office of the Protective Commissioner (OPC)
- Default your customers with a credit reporting agency
- Refer your accounts to an external collection agency or law firm



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REMEMBER





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Refer outstanding account to an external collection agency or law firm

The benefits are:

- Third party intervention
- You are disassociated from the debt
- You can continue with making money or collecting the “recoverable debts”
- You can be the “good cop” and they can be the “bad cop”
- They are experts in the field
- They will provide the best course of action for you to take



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**What is the best course
of action for you or your
company...**



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The litigation process

1. Issue a letter of demand
2. Issue a Statement of Claim
3. Enter judgment
4. Issue enforcement proceedings



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Enforcement proceedings in New South Wales

1. Writ of Execution
2. Garnishee Order
3. Examination Notice – Examination Order
4. Bankruptcy Proceedings



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“If I issue legal proceedings am I going to get all of my money back and my costs?”



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The best course of action for you or your company depends on your risk exposure, nature of the debt and the debt total



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War Stories

1. The lengthy Estate
2. The bankrupt son
3. The guarantor Barrister
4. The dodgy property transaction



QUESTIONS?



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