

- The Route Driver and Office Admin should create lists for the accounts they are responsible to follow up on
- The calendar and the lists are to be copied for each person involved in the meeting for appropriate follow up actions
- The Office Manager is to open a AR call ticket for each of the accounts he/she is to follow up on with the appropriate follow up date
- The list and calendar are to be reviewed in the follow meeting and any outstanding accounts to be reviewed with the rest of the accounts on the 2 charge report
- The Office Manager is to review the full aging report at a minimum of once a week. This will ensure that skipped invoices and NSF checks are not falling through the cracks as they may not fit into the criteria for the 2 charge report.

### **HOW TO COLLECT MONEY BY TELEPHONE**

As with any project, plan your calls.

- Start by calling accounts that will be serviced in the next one to three days. To help you with this we recommend that you use the Customer Route History Report which has been run overnight for the next day's Route stops. This report will contain Accounts Receivable information. This will make it easier for you when you are talking with the customer.
- Make sure you have the name of the person who can authorize payment. Talk to the manager or owner, not other restaurant employees
- The best times are usually before or after the lunch hour. Normally we do not make collection calls to the Customer's Restaurant between 11:30 and 1:30
- Make Your Call
- Identify yourself and Auto-Chlor System
- Give the reason for your call
- PAUSE. This gives the customer a chance to say something before you proceed
- Ask your fact-finding questions
- Propose a specific payment program; get the name of whom you spoke with
- Overcome any objections
- Get a firm commitment with specifics
- Close the call
- Note important details in the AR call ticket and input appropriate follow up dates
- Follow-up to make sure it happened. If not, Why? And again update the AR call ticket

### **BANKRUPTCY ACCOUNTS**

There are three types of bankruptcy:

Chapter 13 -- Wage Earner -- the customer attempts to pay off the debts over a long period by some of his earnings being distributed to creditors on a prorated basis. This usually takes several years.

Chapter 11 -- Reorganization -- the customer submits a plan to the Bankruptcy court. This is the most common type we see. The customer may try to continue in business.

Chapter 7 – Liquidation -- the customer will sell what assets there are to satisfy creditors and the rest of the debts cannot be collected. A lot of Chapter 11 bankruptcies end up in Chapter 7, often times there are no assets to be sold or their plan to satisfy their creditors doesn't go thru.

When you receive notice of a customer in bankruptcy our procedure is:

- If the customer is still open for business, they are on a cash (COD) basis or we pull the equipment. NO EXCEPTIONS.
- File a claim, 3 copies to the court and one in our file, for the dish washing machine or other equipment we have in the restaurant. Accompanying the claim should be a letter stating the dishwasher is our equipment and not an asset of the bankrupt! Be sure to send 3 copies of the contract and request confirmation of their receipt of our claim. Include a self addressed stamped envelope. In some cases, the Notice of Bankruptcy will state not to file claims -- NO ASSETS. Still file a claim for the dishwasher or equipment.
- If not noted that there are no assets, file a claim for the equipment as above and for any outstanding invoices prior to the date of the bankruptcy. Bills dated after the customer filed for bankruptcy are collectible, but our chances are not good and therefore we require the cash (COD) basis to continue service.
- It is very important to keep detailed notes in the customers permanent comments in regards to the bankruptcy, payment terms, and what steps you have taken in regards to the bankruptcy. Make an additional comment stating the current balance on the account at the time the bankruptcy notice was received as we need to write off this balance at the end of the quarter. If we collect the payment later we can process the collected payment as a bad debt recovery, see further information on how to post a miscellaneous general ledger transaction.
- You are responsible for tracking any customers in bankruptcy and updating the records until the debts are paid, we pull the equipment, or there is an ownership change. Use the AR call ticket system as a reminder to follow up once a Period on the account and its status. You should receive confirmation for our claim within a month, if you do not send duplicates with a note that we are awaiting confirmation.

## **ESCROW ACCOUNTS**

When a property is being sold the seller must establish a fund with an escrow company until all their debts, taxes and so forth are satisfied. At which time the debts outstanding are satisfied the escrow company releases the escrow which is one of the final steps to the sale of the property. The seller is supposed to release the name and balances of all companies to which they owe money; generally, they only release the information for companies reporting to the business' credit. If we know an account is in escrow we can contact the escrow company to apply any open invoices to the escrow, in almost all cases this will ensure our balance will be paid. If we do not submit our claim timely with proof of agreement, and copies of all open invoices, our claim will be rejected and not paid out of the escrow. Once our claim is accepted, if any payments are made or new invoices are charged, we need to send an updated statement to the escrow agent.