



# From Information to Business



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## Ask an Information Officer

**I have a customer who will not pay their bill. What can I do to collect the money? Can I charge interest on the over due account?**

*Jaclyn Poole*

As a small business owner, having an unpaid account can cause cash flow problems, stress and have a negative impact on customer relations.

There are actions you can take to avoid non-paying and slow paying accounts:

- Send invoices promptly. To avoid confusion, list all of the details of the purchase, including an itemized list of products or services rendered, quantity, condition, dates, taxes, surcharges and relevant information on your business, such as, name, contact information and HST number. If your customer has all of the information available to them, it is difficult to dispute the charges and postpone payment. If your customer has questions, answer them promptly and be sure to follow-up in writing.
- Keep good records so you know when customers have past due accounts. This will enable you to send out a past due notice immediately. Have form letters with increasing levels of firmness on file to make sending past due notices timely and efficient.

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## Business Article

**Extending credit to grow your business: Is it right for you?**

*Anthony Pouw*

Extending credit to your customers can provide you with the means to compete and grow your business in a climate featuring big box stores, chains, and large corporations. Credit can be used to get your customers in the door, to access a larger customer base, to increase sales, and to generate extra revenue. However, it is not for everyone as it can also reduce working capital, increase administrative costs, and will likely involve some debt collection activity.

If extending credit is for you, the following will highlight some considerations from defining your credit policy to administering debt collections.

### Policy

It is important when establishing your credit policy to consider several factors:

- your type of business
- competitor policies
- market and economic conditions
- working capital requirements
- credit management systems

Your credit policy streamlines the process through consistency. It establishes guidelines and procedures from which your staff can award credit. A clear policy also informs a client of his or her responsibilities and the consequences of defaulting, including the interest terms. Your policy provides a legal framework

through which credit is awarded and debts are collected. Your policy should reflect the uniqueness of your business and the clients you serve.

### Application and evaluation

The credit application serves an important purpose: it establishes who you can soundly extend credit to and reduces the likelihood of bad debt. A credit application form should be thorough as it is the first step in evaluating an applicant for their ability to pay you back.

Next, you will need to investigate the accuracy of the information provided to you on the application form. You can do this in several ways including: interviewing the applicant, contacting their bank, or requesting a credit check. You can do this yourself, by hiring a credit manager, or by contracting out the service to a third part such as [Equifax](#) or [Trans](#)

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## Ask an Information Officer

- Approach the customer in person or call them to follow-up on the account. Discuss the situation and find out what has to be done in order for you to collect payment. Ask for a clear timeline of payment and try to leave with a promissory note, a check (perhaps several post-dated checks), you could also ask them to pay by credit card. Be sure to follow-up in writing.
- If you are continually experiencing a problem with a delinquent account, stop selling to that customer or discontinue credit and insist on cash payment before delivery.
- When dealing with a customer always maintain a professional and courteously attitude, this can produce results. You can hire a collections agency or a lawyer to collect the money for you. In this case you will have to decide when to cut your losses and when to pursue the account, as lawyers fees can be costly and a collections agency will cost about 15-40% of the amount collected.
- You can charge a service or interest fee on an overdue account; however, you must disclose the interest charge on the original invoice/statement. The following format is suggested:

*“Accounts \_\_\_ days or more past due are subject to a service charge of \_\_\_% per month, \_\_\_% per annum.”*

If you want to charge an service or interest fee you should submit a invoice to the nearest  
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## Business Article

### Union.

### Monitoring

You will need to establish an efficient record-keeping system to monitor the credit you extend. Your system should track all changes of your customers' information, overall account receivable information, as well as aged accounts receivable analysis. You can purchase software programs to help you with this.

Through monitoring, you keep your accounts receivable as low as possible. Bad debt may still be inevitable, so pay close attention to the warning signs including: delays in payment; changes in buying habits; or your customer ignoring attempts at contact.

### Collections

For various reasons, not all debt will be honoured. In such cases, diplomacy is your first step in collecting outstanding debt and how you will proceed should be outlined in your policy. Even though your policy establishes consistency in extending and collecting debt, remember that your customers are unique and the reasons for delinquency will vary.

The initial stages of collection should entail a reminder statement. Following a failure to respond, you may wish to send an inquiry letter regarding the overdue account. Further to your written inquiry, you may also consider making collection calls. Planning your calls is important, so be sure to have all necessary documentation at your disposal.

Remember -- be diplomatic. Remind customers of your policy and offer to make alternative payment arrangements that you both feel comfortable with. Do not forget to thank them for their co-operation. Record the dates of your requests for information as well as agreed upon arrangements

and confirm this in writing to the customer.

Follow-up with your customer. When diplomacy fails, it may be necessary to call on outside assistance. This may involve hiring a collections agency or lawyer, or taking your customer to small claims court.

For further information on charging and collecting interest, please contact Service Nova Scotia and Municipal Relations at 1-800-670-4357. To obtain information on credit and collections, please see the document [Credit and Collections](#) or contact the Canada/Nova Scotia Business Service Centre at 1-800-668-1010.

From Information to Business is a monthly publication of the Canada/Nova Scotia Business Service Centre.

### Our Mission

To improve the start-up, survival and growth rates of small- and medium-sized enterprises by giving business people in every part of Nova Scotia access to accurate, timely and relevant information and referrals

**Call:** 1-800-668-1010

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## Ask an Information Officer

office of Service Nova Scotia and Municipal Relations for review and comment. A formal response will be provided in each case. For more information call Service Nova Scotia at 424-5552 or 1-800-670-4357.

For further information on collections, see the document **Credit and Collections** or contact the Canada/Nova Scotia Business Service Centre at 1-800-668-1010.

\*\* - Link for Credit and Collections - [http://www.cbcs.org/servlet/ContentServer?pagename=CBSC\\_NS/display&c=GuideFactSheet&cid=1081945276215&lang=en](http://www.cbcs.org/servlet/ContentServer?pagename=CBSC_NS/display&c=GuideFactSheet&cid=1081945276215&lang=en)

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Don't miss out on new programs and services geared to supporting your business. Subscribe to our monthly e-newsletter today at <http://www.cbcs.org/ns/newsletter.cfm>.

## Hot Picks

**The following books are available from the Canada/Nova Scotia Business Service Centre Library. These books may also be available in our resource centres, located throughout the province.**

### **Comment Facturer mes Services** *Marc Chiasson avec Marie Brouillet*

Ce livre propose un grand nombre de stratégies et d'astuces pour faire davantage de profits. Il vous aidera à mieux déterminer et à présenter habilement votre tarif idéal, et surtout à le faire respecter. Même par le client malcommode. Cet ouvrage vous obligera vraisemblablement à vous reprogrammer. Comment facturer mes services vous encourage à transformer votre perception du profit, qui peut être «mal cenne», et à développer une relation cenne avec l'argent.

En refermant ce livre, vous devriez avoir plus de confiance et d'ambition au sujet de la valeur de votre travail et de vos tarifs. Mieux encore, vous devriez pouvoir considérer vos clients comme des partenaires de développement et non comme des adversaires à vaincre. Après tout, votre succès dépend de leur.

### **Instant Repeat Business**

*Bradley J. Sugars*

Your promotional campaign worked like a charm and the flow of new customers has been phenomenal. So why are your profits lagging? Maybe because while you were busy chasing after new customers you overlooked your old ones. Self-made millionaire and entrepreneurial expert Brad Sugars show you how to cultivate a big base of loyal customers who buy, buy, and buy again. Learn how to:

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## Featured Website

**E-Biz Enable** – Customer Relationship Management  
*Jaime Wombolt*

Strategis is Canada's Business and Consumer Site, and contains many useful sections:

Company Directories, Trade and Investment, Business Information by Sector, Economic Analysis and Statistics, Research, Technology, Innovation, Business Support, Financing, Licenses, Legislation, Employment, Learning, and Consumer Information

Ebiz.enable is one tool provided by Strategis to help businesses grow or to help in the creation of new e-businesses. This site provides a wealth of information on e-business, starting with the very basics:

- What is e-Business?
- The Value of e-Business
- How This Site Can Help
- Information Toolkit

One way that e-business can have a positive impact on the growth of your business is through Customer Relationship Management. This is a strategic way for business to retain customers in a modern and efficient manner. This can be accomplished by using CRM strategies to track client information, and also by providing clients with easy access to products and customer service.

The Customer Relation Management section of Strategis' ebiz.enable web site offers a wide range of information on this popular new e-business tool, including ways to start a new CRM system, expansion techniques, and different examples of what CRM can be used for. There are also numerous links to other valuable web sites and online resources to assist your business in developing an innovative and effective approach to attracting and retaining new customers.

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## Featured Website

To take advantage of this extensive online service, please visit:  
[http://strategis.ic.gc.ca/epic/internet/inee-ef.nsf/en/h\\_ee00253e.html](http://strategis.ic.gc.ca/epic/internet/inee-ef.nsf/en/h_ee00253e.html)

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## Hot Picks

- Offer exclusive sales that bring your best customers back again and again
- Delight and win over your customers by continually exceeding their expectations
- Achieve the dream of keeping your customers for life!

### 1,001 Ways to Keep Customers Coming Back

*Donna Greiner and Theodore B. Kinni*

Imagine having the customer-service secrets of the world's most successful business right at your fingertips. With this book you can! Authors Donna Greiner and Theodore Kinni spent five years uncovering how Nordstrom, Southwest Airlines, Ritz-Carlton, American Express, and other world-class companies keep their customers for life. The result is 1,001 timely, entertaining, and brilliantly inventive customer-retention ideas. Inside, you'll discover the secrets to:

- Creating products/services tailored to your customers' needs
- Recognizing and rewarding your most profitable trophy customers
- Using three kinds of guarantees to build customer trust
- Turning first-time customers into frequent buyers

### The Fundamentals of Business-to-Business Sales and Marketing

*John M. Coe*

Business-to-Business selling has undergone a tremendous metamorphosis in the past decade. The actual purchase decision often requires input from many more people-frequently in multiple locations-while time-pressed buyers increasingly turn to the Internet for instant

product information. Meanwhile, as sales professionals watch their call-to-close ratios go through the roof, they are driven even harder to meet the frequently heard twin appeals of "sell more" and "spend less" from management.

The Fundamentals of Business-to-Business Sales and Marketing breaks through this impasse, showing sales and marketing decision makers how to meld effective face-to-face sales techniques with highly targeted communications that use the latest technologies-thereby creating a fully integrated, continuous marketing and sales system. This book shows you what you must do to:

- More closely match your firm's sales procedures with today's transformed buying process
- Bring marketing and sales together to improve inquiry generation, lead qualification, and sales conversion
- Improve feedback from sales and tighten the working relationship between marketing and sales
- Keep customer acquisition costs down by improving the lead development process before passing the opportunity to a high-cost sales resource
- Dramatically increase marketing and sales productivity through effective use of marketing databases, direct mail, telemarketing, E-mail, web conferencing, and more