

Brown & Joseph Newsletter

Volume 3
April 2008

Collecting Bills? Put Your People Skills to Work

↳ *Lorber, Laura. "Collecting Bills? Put Your People Skills to Work." The Wall Street Journal Online. September 24, 2007.*

Collecting overdue bills while maintaining good relationships with customers often requires keen people skills. For Carol Frischer, collections is about listening and asking questions - and thinking on your feet.

"If you can't get [a collection] being nice, you can't get it," says Ms. Frischer, 52, collections manager at Holthouse Carlin & Van Trigt LLP, a Santa Monica, California, accounting firm. Her approach: Start with the attitude that most people want to pay and figure out why they aren't. "Much of it is a mental game," she says.

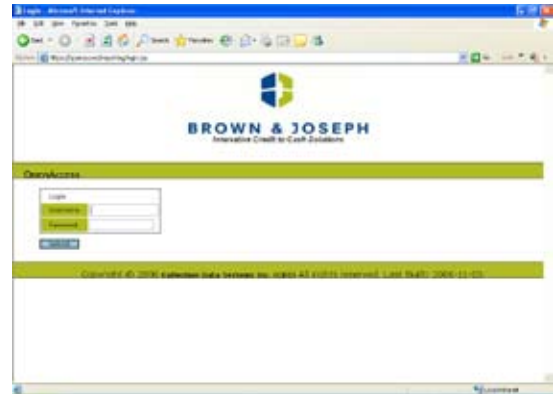
The firm, which has 230 employees and 23 partners, offers her services to its clients, as well as seminars based on her book, "Collections Made Easy." Here are a few of her tips for manager and owners of small companies.

Learn whether clients intend to pay. Ask why they haven't paid your bill. If they're waiting for someone else to pay them, find out how much they're waiting for and why that money hasn't arrived. "If they don't know any information, I have to figure that story is just a story," she says. If it's clear the client doesn't plan to pay, she refers the matter to her firm's attorney. [\[Brown & Joseph's legal department can help you with this.\]](#)

Look for clues about a person's intention to pay. When a person says she doesn't have any money but she has manicured nails, streaked hair, designer clothes and a Mercedes, your bill is probably low on her priority list. "Their intention is to pay after they've taken care of themselves completely," she says.

Ms. Frischer sometimes needed to call the Waldorf-Astoria Hotel to reach a client who was late paying a \$2,000 bill. "I'd think: He has the nerve to tell me that he absolutely can't pay it right now, maybe in a couple weeks," she says. The creditor, Ms. Frischer's

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Brown & Joseph Enhances Web Access

↳ *written by Allison Dinges, Brown & Joseph*

Welcome to Brown & Joseph's **OpenAccess** - where everything you want to know about your accounts is available 24/7, with the click of a mouse! This is our new and improved web access version which will replace our old version, iTrade.

Whether you are looking for reports or the latest status on a debtor, all the information we have available is there for you, via the web. Go to www.browncandjoseph.com and on the left side of the page, you will see the link for "Client Login" which takes you to OpenAccess. You will need a username and password (remember that all usernames and passwords must be typed in ALL CAPS). If you do not have your username and password, contact your **sales rep** or e-mail clientservices@browncandjoseph.com. For instructions on how to use OpenAccess, you can request an electronic copy of the instruction manual. Open Access was designed to be user friendly. We hope it fills the need of having your account information easily available, when you need it. Please give us your feedback - send comments, questions, or suggestions to adinges@browncandjoseph.com.



BROWN & JOSEPH

Bankruptcy Services Group Celebrates One Year

✍️ *written by Steven Gelsosomo, Brown & Joseph*

It is hard to believe that it has been a year already. I am referring to the beginning of the Bankruptcy Services Group of Brown & Joseph. In our first year, we have worked with several Trustees nationwide, assisting them with the collections of preference default judgments and domesticating judgments that arose from bankruptcy proceedings to recovery of accounts receivable for debtor companies.

The other major accomplishment is the undertaking of two major preference cases on behalf of Chapter 7 Trustees, and the debtor estates, both of which were

nationally recognized companies with a combined total of over 2,000 preference defendants for an estimated \$30 million in preference transfers. To date, we have filed approximately 400 adversary complaints with the Federal Bankruptcy Court. Brown & Joseph provided these services to the debtor estates strictly on a contingency fee basis.

In addition, we have represented a few of our current clients in the preference defense arena. This would be for preference actions asserted against vendors who have conducted business and were paid by the debtor company 90 days prior to their bankruptcy filing. This service is also offered on a contingency fee based on the reduction of the preference demand.

In conclusion, we are very excited about 2008 and what we have to offer our current and prospective clients. If you would like more information or have questions, please contact Steven Gelsosomo at 847.330.3000 ext. 202 or e-mail sgelsosomo@brownandjoseph.com. ☞

Word Search

Words are up, down, backward and diagonal. Answer key is on page 4.

Access	Economy	Quarterly
Accounting	Fees	Receivable
Cabinet	Filing	Remittance
Collector	Judgement	Sales
Cubicle	Loan	Service
Customer	Preference	Tax Season
Debtor	Premium	Website
Delete	Printer	Workforce
Desk		

J R E R E C E I V A B L E R A F U D A
U K L A U K C K C L U T J G I D K L T
D V M D T L O A N O J Q A F E E S C E
G F U E I K N U E C Q I W T H L P Z Y
E W M B N T O F H O C O I O U E Y T P
M J L T G M M D V L U S U J X T E A U
E H I O V Z Y S G L B G G O A E U X I
N W O R K F O R C E I N E F I G Y S B
T B S A N Q C V W C C E Z E N I X E E
R A N R E C H R E T L D T I P Q K A C
A C C E S S A A I O E O L N Y U E S N
S C O M C L Z S E R V I C E E A X O E
B O R I A E H D O I F X U W X R L N R
O U P T Z F C I G W F D S A U T M F E
E N A T P R E M I U M S T M D E S K F
X T V A P K V V W C E T O O E R W D E
M I Y N O D B H Y L N J M V Y L I V R
A N I C U N W C A B I N E T M Y C N P
T G P E G I Z S A Q K P R I N T E R S

Collectively Speaking

✍️ *written by John Whyte, Brown & Joseph*

Collection agencies are often asked to step in and help a situation when creditors actually feel there is no hope of collecting the debt. Yet, many credit managers expect agencies to swoop down, save the day, and basically, provide the miracle they've been praying for. Unfortunately, that rarely is the case. In fact, in some cases, agencies are set up to fail by the very credit managers who hire them!

Most credit managers can relate to one or more of the following:

1. Low priority. By the time an account is turned over it is written off, or about to be written off. Therefore, they don't want to spend a lot of time on it. And, generally the account is 180 days past due, or older.
2. Large volume. There are so many accounts and so little time that when 30 days passes, and the new delinquent accounts are received, there isn't enough time, or personnel, to handle to work load. So...there are more and more accounts and they're getting older and older.
3. No plan. Debt collection is a precise process. Without a plan of action, more problems arise and less money is collected internally.

A professional collection agency can serve as an extension of your credit department. Times have changed. Rather than be looked at as a last ditch effort, a good collection firm plays an integral role in today's business environment. ☞

Collecting Bills? Put Your People Skills to Work continued...

former employer, refused to cut the client off and was owed \$50,000 when he filed for bankruptcy protection.

You may be able to discern a person's intention to pay by tuning into his or her responses to your questions. In most cases, people who intend to pay a bill will apologize and explain why they haven't paid. If a client is waiting for an insurance settlement, ask him or her to send you the paperwork. If someone is waiting for a house sale to close, ask to be put on the escrow papers. The person's reaction to these kinds of requests can reveal their intentions. Reluctance or hostility can indicate that your payment isn't likely to be forthcoming.

If past-due customers say they can pay their bill next week or next month, find out if they could make a partial payment now, to be followed by the balance later on, or if they would sign a promissory note. If the answer is no, they may not plan to pay at all.

Make your bill a higher priority than others.

"You have to think: What's going to make me different?" she says. The time you spend listening to people can pay off, because you may be able to gather more information that might help you make your bill important to them. Additionally, your interest in them can signal that your bill is important to you.

When it comes to collecting from individuals, knowing lots of their personal information may prompt them to choose to pay your bill over another. People skipping town are more likely to pay you if you have their Social Security number and a copy of their driver's license and know other facts about them.

When collecting from large corporations, get acquainted with employees responsible for paying bills - beyond just asking for their names and phone numbers. To collect \$60,000 that an insurance company owed her firm, Ms. Frischer once devoted an hour on the phone to talking with one of its employees, learning about the novel he'd written, his five children and his tour in Vietnam. She promised to read his book - about the insurance business - after the bill was paid. She received the check within two weeks and immediately bought the book. "It was beyond good. It was like John Grisham," she says.

Have a formal policy and stick to it. "A lot of people have to pick and choose: 'Who am I going to pay?'" she says. Debtors choosing among creditors are more likely to pay those with which they've signed an engagement letter or services agreement.

These documents outline the services rendered, the date when payment is due and the consequences of not paying, such as charging interest and a resolution in binding arbitration with attorneys fees paid to the prevailing

party. An attorney with experience in your field should prepare them and tailor them to your business.

"Set it up so people realize that your policy is serious," she says. Many clients who don't intend to pay have trouble signing these documents.

You'll have the most impact on new accounts, so follow through on your policy. If your agreement calls for payment within 30 days, call the client on the 31st day. ☞

Credit Managers Give Gloomy Report

☞ *Hanson, Gene.* <http://kccommunitynews.com>.

February 14, 2008.

The economy is continuing its strong and pervasive downward trend, according to the Credit Manager's Index, which measures the economy in terms of commercial credit and collections.

On a seasonally adjusted level, the index has fallen 5 points to 51.4. The manufacturing sector index has fallen 4.9 points, and the service sector index has fallen 5.1 points. The service sector may be in even worse shape than the CMI index shows. The Institute for Supply Management reported that its January index of the service sector dropped below 50, indicating a contracting economy. The service sector accounts for about 70 percent of the economy. The service sector represents a wide range of businesses, including restaurants, retail businesses and banks.

That report followed an earlier report from the US Department of Labor that the economy lost jobs for the first time in four years, and the gross domestic product grew at only 0.6 percent, well below expectations of 1.1 percent.

"The signs of a downturn are everywhere," said Daniel North, chief economist with credit insurer Euler Hermes. "Holiday sales were terrible. There have been massive job losses in housing and financial services, and downgrades of bond insurers and many debt instruments. These unpleasant trends are now well reflected in credit managers' experience."

The CMI monthly survey was started in 2003. It asks credit managers to rate favorable and unfavorable factors in the monthly business cycle. Favorable includes sales, new credit applications, dollar collections and amount of credit extended. Unfavorable includes rejection of credit applications, accounts placed for collections and bankruptcies.

Respondents in the January survey said the negative business conditions in residential housing were beginning to spread to commercial building. Respondents in the farm and garden machinery industry said there were an unprecedented number of bankruptcies. ☞



A Puppy with a Heart

↳ *unknown source*

A puppy has been born in Japan with a large, clear, love-heart-shaped pattern in his coat.

The chihuahua was born in May 2006 as one of a litter to a breeder. Shop owner Emiko Sakurada said it was the first time a puppy with the marks had been born out of a thousand she had bred. She had no plans to sell the puppy, which has been named 'Heart-kun.' The long-coated male chihuahua puppy was born in Odate, northern Japan.



*Above: A chihuahua born in Japan
Left: The bee hummingbird of Cuba*

Did you know...

- ↳ The bee hummingbird of Cuba is the smallest bird in the world.
- ↳ Half the world's population earns about 5% of the world's wealth.
- ↳ The can opener was invented 48 years after cans were introduced.
- ↳ The first fax process was patented in 1843.
- ↳ The shortest scheduled airline flight is made between the island of Westray to Papa Westray off Scotland. The flight lasts 2 minutes.
- ↳ A green diamond is the rarest diamond.
- ↳ The sun is 330,330 times larger than the earth.
- ↳ African elephants only have four teeth to chew their food with.

Words of Wisdom

“Be who you are and say what you feel, because those who matter don't mind, and those that mind don't matter.” - Doctor Seuss

“Knowledge speaks, but wisdom listens.” - Jimi Hendrix

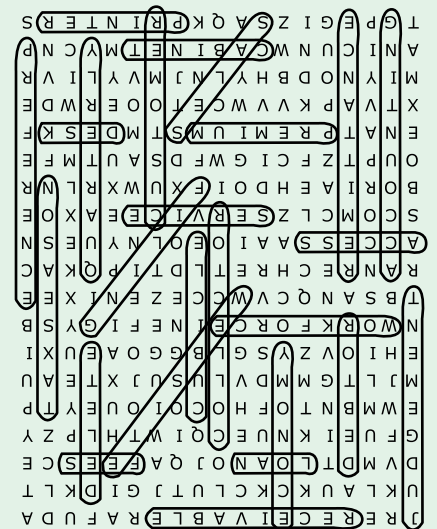
“Customers buy for their reasons, not yours.” - Orvel Ray Wilson

“Giving people a little more than they expect is a good way to get back a lot more than you expect.” - Robert Half

“To laugh often and much; to win the respect of intelligent people and the affection of children...to leave the world a better place...to know even one life has breathed easier because you have lived, this is to have succeeded.” - Ralph Waldo Emerson

“No one conquers that doesn't fight.” - Fortune Cookie

Answer Key



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