

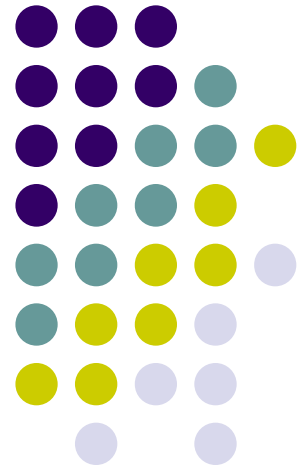
STRATEGIES AND SKILLS

to manage credit collections
and thereby improve the financial health of
THE company

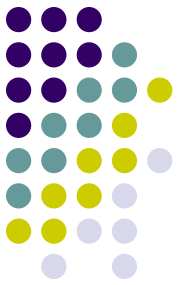
A workshop by
The Centre for Excellence
led by

Dr. N.H. Atthreya

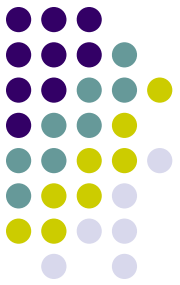
www.atthreya.com

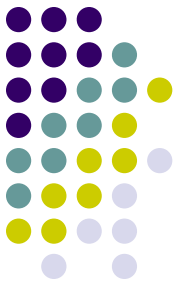


NOT A CLASS. NO EXAM.
NO NOTES THEREFORE.
YOU CAN MAKE
YOUR JOTTINGS



THIS IS A WORKSHOP



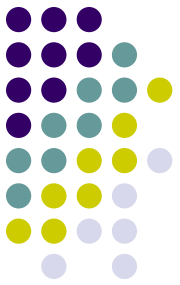


Let us know each other
A few words about myself



INTRODUCE YOURSELF

Any preliminary comments
on our collection situation



ATTEMPT THESE FACTS QNS

What was our sale last year?

And the year before?

What is our monthly sale?

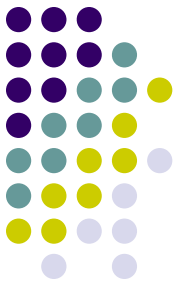
What is our timely collection?

What is our credit limit?

What is our outstandings?

What is our borrowing?

What is the interest rate? ?.



We make more and more sales

Why?

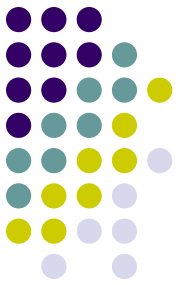
We want to and we know how to.

We know the importance

We have the training.

We have the skill

and we have the will



Can we say the same thing
about collection?

Are we collecting well?

Well enough?

Why?

We are handicapped.

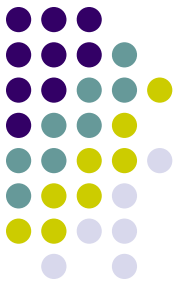
I guess that we want to
but may not quite know how to.

We have the will.

Not the needed skill?

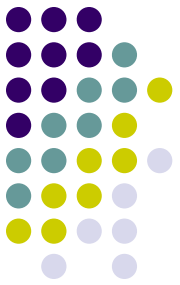
Did we have the reqd trg?

THIS W/S IS TO FILL THE GAP

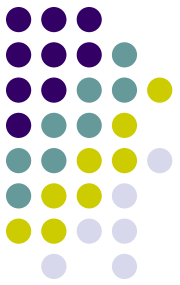


Why more and faster collection?

- / What will it do for us and for our company? For our reputation and for our company's growth?**

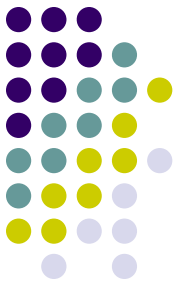


**We may also have
organisational constraints –
ones that come in the way of
timely collection.**



AIM

To upgrade our knowledge
and skill in the area of collection of outstandings



***We are doing a good job
against many odds
We deserve full credit.***



A FEW QUESTIONS:

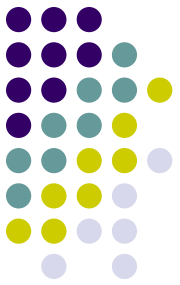
Is good good enough?

Are we comfortable?

What is desirable?

What is feasible?

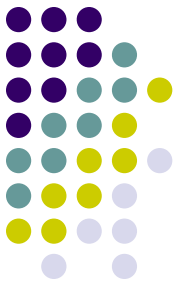
Will every rupee-in matter?



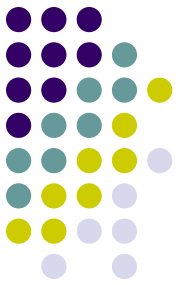
WILL IT BE ENJOYABLE?

The joy of collection

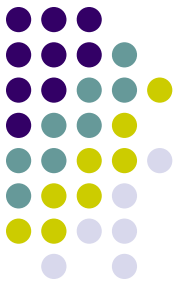
Bill into bill into thrill



Will it be beneficial?
We need money to pay our bills
otherwise, we have to borrow
at current interest rate



**We need money
to pay for our growth**



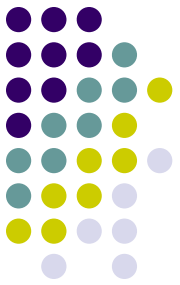
OUR CHALLENGE HERE:

How to collect a little better

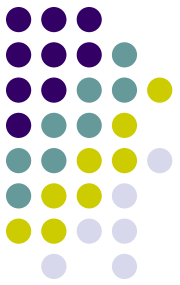
How to collect a little more

How to collect a little faster

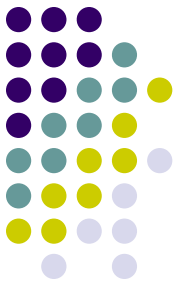
How to collect a little smoother



**Sales can happen
Collections
we have to make happen**



Can we learn from others?
Can we learn from ourselves?



Are we selling well?

**The answer depends upon
what we mean by a sale.**

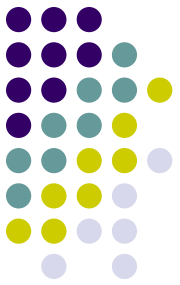
Is it a kutchra sale or a pucca one?



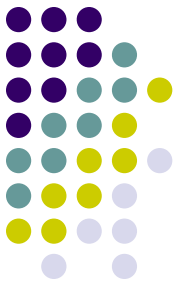
Siemens story:

WHAT IS
A COMPLETED SALE?
Orders booked?
Goods delivered?
Bills submitted?
Money collected?
Partially? Completely?
Nett money realised?

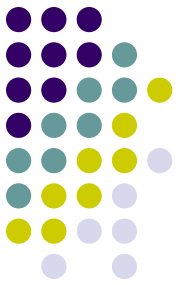
Collection at optimum cost
completes a sale



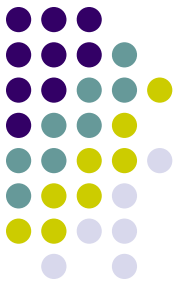
**We are here to together
reflect. consolidate.
explore. revise and thereby
raise the collection status**



Who is responsible for collection?
Who can influence collection?



What sale?
What collection?
What per centage in time?

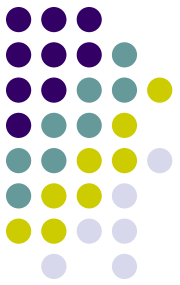


How much due?
As a % of sale? In amount?
How much borrowing?
How much interest?
How cash starved/liquid?
**How is it affecting our reputation
and the company's health?**

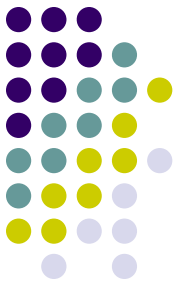
How many customers?
How many credit customers?
How many overdue customers?
How long overdue?
How much we have lost on each?
How much we lose each day?
A day's delay means

Usable information





FACTORS AFFECTING COLLECTION



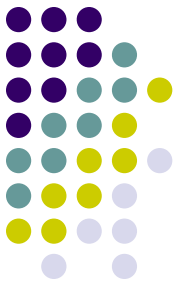
Economics of collection
Sociology of collection
Psychology of collection
Strategy of collection
Politics of collection
Mechanics of collection



"THREE KEY SECRETS OF SUCCESS OF A BUSINESS"



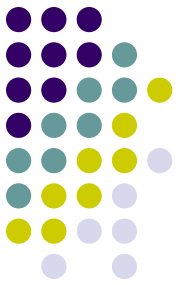
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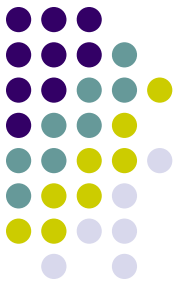
CASH

CASH

CASH!



CASH - OXYGEN OF BUSINESS



CASH FOR SURVIVAL CASH FOR GROWTH

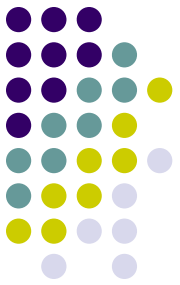
Where does it come from?

The sales pie – economics of collection

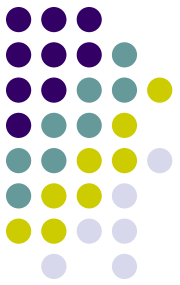
It is provided by
the last ? Percentage

Collecting 98%

is therefore not enough
if we wish to survive and grow

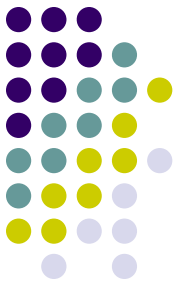


**If we don't get 100% in time
what are the implications?**



ESSENCE OF COLLECTION M

To get
our money
in our pocket
in agreed time



**Collection is
the crux of sale.
collecting in time that is**

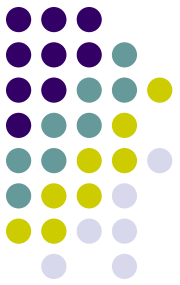
**KNOW SOME TRICKS
AND
WORK THOSE TRICKS**



Data power

If we keep our records the conventional way, namely,
over 45 days/60/90/180.
they only help us to feel bad

Make it collection-oriented

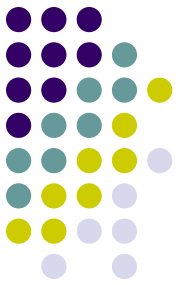


DATA

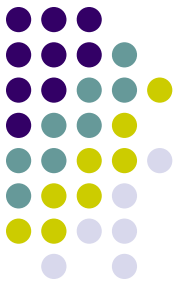
**Outstandings
by customers
by deals**

**How much lost already
on each transaction
and how much losing each day?**





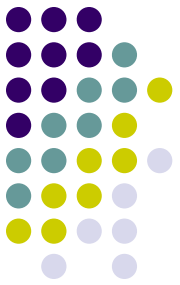
Have use-oriented data.
Who are the A type customers?
And who B type?
And who C type?
Basis: Not gross sales
but net payment in time



**A-type customers
pay in time
and their percentage is 20?**

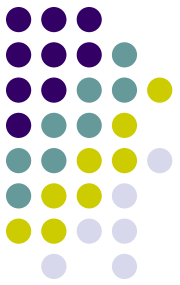
**B-type pay after due date
with much effort
from our side
and they are 70%**

**C-type does not pay
for a long, long time
and they "kill" us**

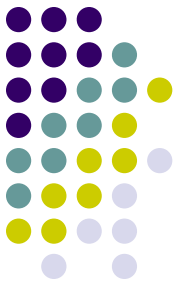


AIM

1. To progressively increase the size of A type
2. To upgrade the B to A type
3. To eliminate the C type from the credit category



AIM
To get paid
in full
on time
at least cost
without
losing valued customers



Examine current practices
Some of them are bringing
the money in time
And some of them are not
Let us review which is which
and why is what



FACTORS AFFECTING TIMELY COLLECTION

Controllable by us -

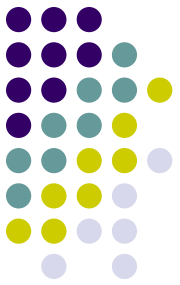
controlled by us

and not controlled by us

Not controllable by us

Accepting it

or struggling with it



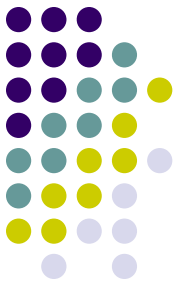
How to enlarge the results of

We know (what and how) we do

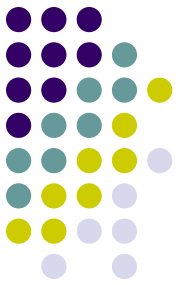
We know and we don't

We don't know and we try

We don't know nor try



Use ASK power.
We ask for orders.
Why not ask for money?
Our money?



SOME GUIDELINES

Be selective in giving credit

Have a clear contract

Do your part

Make your paperwork pucca

Remind in time

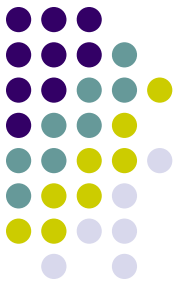
Facilitate payment

Act in psychological time

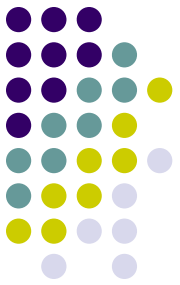
Renegotiate if needed

Monitor

Collect in time



Exercise your rights
Be pleasant but persistent
Prevent. Cope. Fight
Collect the last pie – in time



Collection

is everybody's business

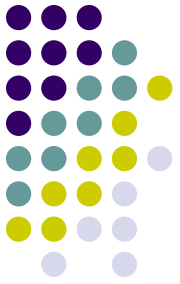
ALL of our colleagues should have been here.

Every one affects

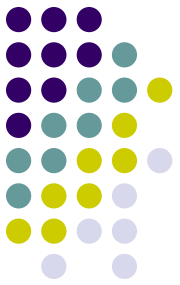
the performance in this area.

Request needed help

ACTION PLAN



SETA GOAL





PLAN COLLECTION
PERFORMANCE/ACHIEVEMENT
THE THRILL OF ACHIEVEMENT COLLECTION
IS NOT
HUNDRED VS TEN OR LESS

GIVE CUMULATIVE PROGRESSIVE REPORT



CELEBRATE

