



A Different View

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with



First of all, an apology that this column is one month later than it should be but, as announced in last month's magazine, I am now the proud father of twins, so I think my excuse is a good one!

Do not be afraid to take an loss early in the process.

Clearly it's all change in the Stran household and this has meant that we have had to review the things that we do on a day-to-day basis, and why we do them. It seems to me that exactly the same should be true of the credit management world as organisations adapt to the massive changes that have taken place in the financial landscape over the past six months.

There is no doubt that collections and recovery processes have to evolve to match the times that we are living in and, as something of a 'war veteran', having done a full tour of duty in the early nineties, I am going to take the liberty of outlining what I think progressive organisations should do to mitigate the risks they now face:

- Accept the scoring systems that you have in place will have been weakened by the speed of the change in the economy generally. Scoring is a fantastic tool but in times of volatility there is a need to be wary.
- Understand speed and regularity of contact are of the essence. Do not leave it too late to visit a customer and absolutely make sure you invest in maintaining a relationship, creating a rapport and ensuring that you have up to date contact details.
- Do not be afraid to take a loss early in the process. A commercial settlement at an early stage is almost always more cost effective than a nominal payment on a long term debt management plan.
- Align your collection activity and decision making with your provision model and empower your staff using the provision as an 'underpin'. What I mean by this is if you have an account being provisioned for at 50% and you accept a settlement of 51% it's not a loss, it is a 1% profit.
- Make sure you have credit professionals running professional credit management teams; now is not the time to run your collections area like a call centre!

Tear up the rule book, expand your mind and seize the opportunity.

● Be commercial and imaginative. There will be a need for bespoke solutions to individual problems and this may involve re-structuring and modifying agreements. Domicile this activity in a dedicated team well away from the generic collections process to avoid any confusion.

● Understand that you need to sell a solution – collectors are retailers competing for a share of the wallet and need to have a mindset that reflects this.

- Be honest with your credit committee.
- Make it easy for the debtor to do business with you. If they are an internet bank user why do you think that they want to talk to you on the phone or write to you? Think retail!

● Don't think outside of the box; think 'what box'?! Finally the best thing you can do is to contact us here at Clarity and we will help you with all of the above!

These are exciting times to be in debt collection; tear up the rule book, expand your mind and seize the opportunity. The winners over the next two years will be the thinkers.

Stran's snacks

If you still have time to eat given how busy you all are, I am delighted to bring you the next edition of Stran's Snacks.

This recommendation is a strange one as I'm going to do something I never thought I would and recommend a chain of restaurants, namely 'Brewers Fayre'. Those of you who know me well, would not see me as a 'Brewers Fayre' type of guy, but when the twins were in hospital we needed food and it was the closest place to go and boy did we get a pleasant surprise!

The eatery we used was The Telford Lodge in Kettering. We ate there at least a dozen times over two and a half weeks and never had a bad meal; great choice, great quality and amazing value. If the rest of the chain is up to this standard you can't go wrong!

On a personal note an amazing thing has happened over the past couple of months in that a few people have contacted me and said how much they enjoy the column; a big thanks to them. If you do enjoy it please let me know and I'll keep writing it. If not, I may as well hang up my pen!

That's it for now but I am about to start my new column for Nappy Changers Weekly; I'll let you have the details next time ...

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