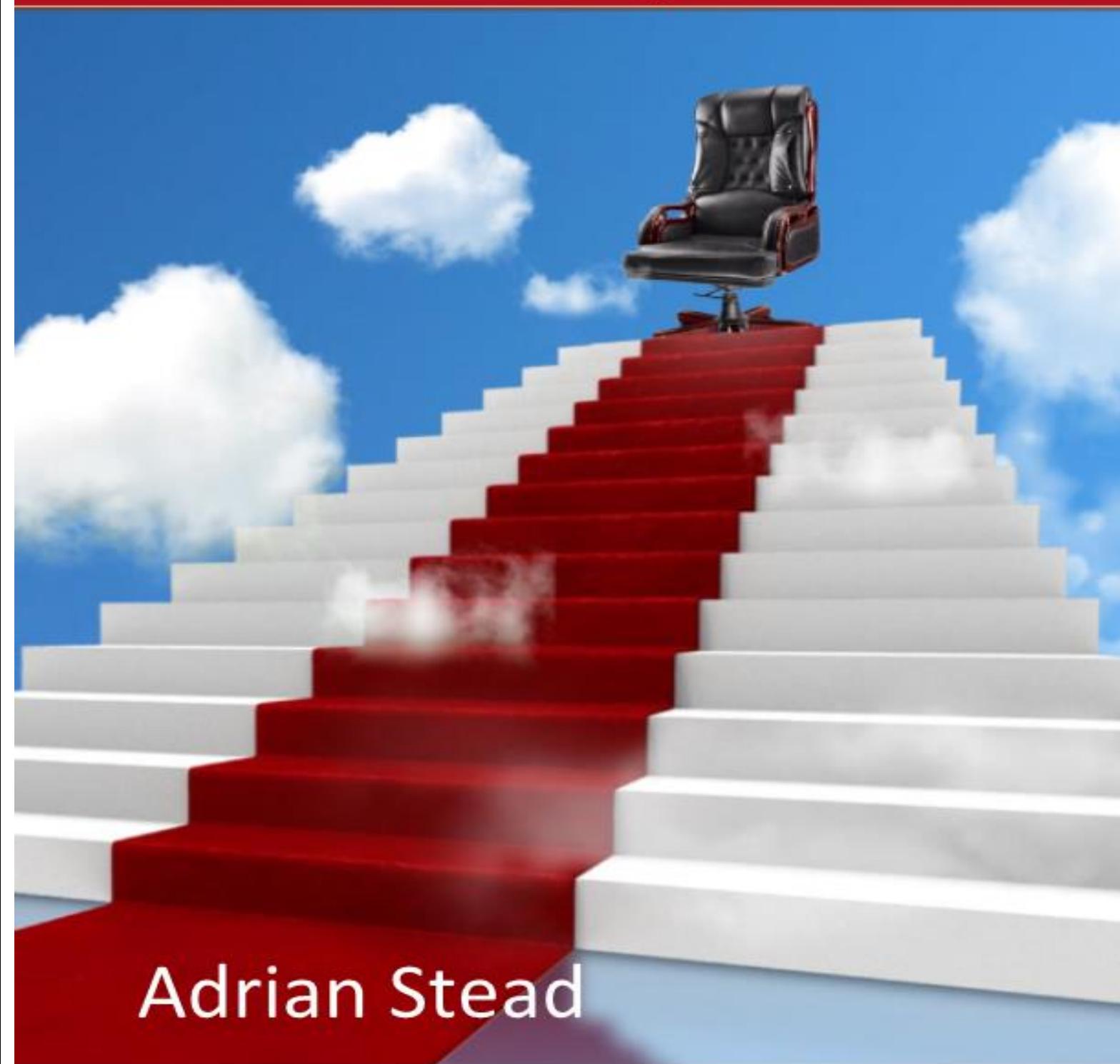


# Success with ACCOUNTS RECEIVABLES

A Skills Training Course



Adrian Stead



# Accounts Receivable Skills Training Course

Resources Book

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# 1

## INTRODUCTION

### About This Book

The contents of this book comprise the written word for each of the presented lessons that were contained in the online e-course [Accounts Receivable Skills Training](#), and more. That course is no longer available online.

This book allows you to read the course as it was presented by me as a stand-alone reference document although, it goes without saying, that its effect would have been greatly enhanced by you taking the course as well.

I trust you will find the book of value and helpful in either your search for a position in Accounts Receivable, wherever you are in the World, or in the acquisition of knowledge and further skills to heighten your enjoyment of the role and to help make you eligible for suitable promotions within the Credit Management sphere.

Please note that all figures quoted, whether monetary or time-related, are correct at the time of writing this book, that is May 2017.

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# This Course

The book, and so the course, is concerned with businesses that sell goods or services on credit to other businesses. It is not about a person's own problems with credit cards, loans or other personal indebtedness.

There are ten Sections plus a bonus section taking you from the initial understanding of what Credit Control is to a detailed look at how to actually perform the role. There are forty-eight lectures throughout the course, some are very short, some are quite lengthy. All are important.

The course is a hands-on, practical guide to doing the job of an Accounts Receivable Officer (ARO) within an organisation or, with experience, in your own business – see Section 11 for more details. The course is not a theoretic examination of accounting principles. It is not therefore ideal for those seeking a career in Accountancy except for the understanding it provides such students through their degree and beyond of this function.

By working through the lectures, taking notes and practicing the methods used you will be able to perform the duties of an ARO competently and efficiently. Take your time. Understand the contents and receive a Certificate of Completion having demonstrated your newly learned abilities as explained in Section 10.

Will it guarantee that you will get a job as an ARO? No, but it will give you the knowledge and ability to put you in a better position than other applicants and enable you to show at interview that you know your stuff and should be taken on.

For those of you already employed as an ARO the course will enhance your knowledge and ability to perform the job well and also provide you with further expertise so that a promotion within the ranks of Credit Management is highly probable. Remember, however, that the Course is a basics course. There is so much more to learn to deepen your understanding of what it takes to be a Credit Manager. I sincerely hope you will enjoy the course. The

lectures are very different from one another and I know you won't be bored by them. Make sure you complete the exercises that you are given.

And don't be scared of asking questions. I will always be happy to assist, just send me an email at [adrian@arswa.com.au](mailto:adrian@arswa.com.au). I shall respond.

# Course Overview

This Course is a sound guide for those employees whose role in a company is or will be to collect monies from customers that have been sold goods or provided with a service on credit.

It will benefit those having:

- no formal training;
- and those seeking employment in the Receivables industry.

It is also suitable for those looking for fresh ways to improve their existing credit control skills.

The aim then is to improve the effectiveness of staff in acquiring payments and to help credit staff enjoy what many see as a difficult and stressful role.

All of which will place you in a position where your worth to your employers is elevated, leading to successful results, better pay and enhanced prospects for promotion.

You will, through applying the principles contained in this course, become a trusted and valued member of your department and you will be held in good stead for future promotions and greater career prospects.

It is important to recognise that there is a vast difference between a credit control role and that of a licensed Debt Collector and this course, other than paying cursory acknowledgment of the role of the Debt Collector, is solely concentrated on the Receivables function.

Indeed, if that function is performed well the need for Companies to send debts to a Debt Collector is greatly reduced, thereby saving considerable expense.

# Course Objectives

Upon completion of this course, participants will be able to operate a complete collections programme:

- with confidence
- trusting in their own abilities
- and trusting in the methods used thereby providing the Company with a consistent collections process which can form the basis of standardised procedures for anyone involved in the company's Accounts Receivable function.

You may consider some of the lectures rather too basic for you. I make no apologies for this, as refreshing your understanding of procedures and definitions already learned can lead to new ways of thinking about your subject.

We should – none of us – be so complacent as to believe we no longer need to re-visit matters learned long ago so I urge you to make sure you complete all the lectures in this Course.

## Why Should You Take This Course?

A Receivables officer (and then Credit Controller) is a vital part of any organisation's structure. Until the money's in the till the sale hasn't been completed – it is your job to ensure it is.

Done properly, the work of a Receivables Officer will place him or her in a position of respect and value to his or her employer, whether working alone or within a team.

At the outset of your career, an Accounts Receivable Clerk in the United States for example earns an average wage of \$14.03 per hour (for a 38 hour week, that is \$27,723 pa). The average pay for an Accounts Receivable Manager with Credit Control skills is \$52,744 per year.

Two recent employment ads in Britain for Credit Control Clerks shows them earning between £17,784 and £20,000 pa. while a South Africa ad for a Credit Control starter shows an annual pay rate of between 108,000 – 180,000 Rand.

In Australia, an Accounts Clerk in Sydney can earn an income of around \$55,000 - \$60,000 a year.

This course will put you on the road to a great career and will form a solid foundation for further Business Studies. To succeed in this Course you will need ...

A means of taking notes;

A Positive, Can Do, Will Do Attitude

A good disposition/nature

Evidence of course completion to obtain your certificate

### Who I Am ...

My name is Adrian Stead and I run a business called Accounts Receivable Solutions in Western Australia. Instead of businesses employing their own in-house staff to perform the credit function, they outsource the work to me and I, one of my staff members or franchisees act as their employee, without being on the payroll.

I conduct training sessions for those businesses that prefer to keep the job in-house; teaching staff to be proficient and effective in their roles. Much of the training programme is included in this Course for you.

Having a wealth of experience as a Commercial Manager for manufacturing companies in Australia, I have also been involved in numerous senior roles in the Banking and Finance Industries in both Australia and England, including Customer Service and Fraud Investigations.

My educational qualifications include a Bachelor of Business (majoring in Economics), a Bachelor of Arts (in English and Comparative Literature) and I am a qualified senior school teacher.

I love what I do and I have enjoyed putting this course together for you and sincerely hope you will share the same pleasure as we work through the lectures.

## 2

# WHAT IS CREDIT CONTROL?

## Definitions

In beginning our consideration of what Credit Control is, it is imperative we understand who the main characters in our play are.

The first and most important is:

<b>THE DEBTOR</b>	<p>A person or business that owes you money. The Accounts Receivable Department will contact the debtor and ask them to pay.</p>
<b>THE CREDITOR</b>	<p>A person or business to whom you owe money Your Accounts Payable Department will be contacted by their Credit Controller if payment is not made by you.</p>
<b>THE INVOICE</b>	<p>Is a piece of paper – though electronic versions are replacing paper – showing what has been purchased by the customer, the amount due, and when payment is to be made.</p> <p>It must carry your company details, including any Company Registration Number. It should have an Invoice Number and be dated. It must also be clearly shown to be a Tax Invoice if you are eligible to charge any Goods and Services / or Value Added Tax.</p> <p>It may, often on the reverse side of the document, state your Terms and Conditions of Trade but it is more important that these have been supplied at the time of the purchaser applying to become a credit customer of your business.</p>
<b>TERMS OF TRADE</b>	<p>The basis upon which sales activity will be carried out. It will be a legally drawn up document stating the rights and obligations of the parties entering into a credit arrangement. We will look more closely at this later.</p>

<b>THE STATEMENT OF ACCOUNT</b>	Is a piece of paper – still often physically mailed, but now more often emailed – showing all invoices which have been raised for a given customer and which remain unpaid. The statement is usually issued monthly and enables customers to reconcile their records to yours.
<b>THE CREDIT NOTE</b>	Known more today as an Adjustment Note, is issued when the invoice is incorrect, such as if there is a problem or dispute requiring an amendment to the invoice price, or after goods have been returned to you.

**KNOWING THE DIFFERENCE BETWEEN A DEBTOR AND A CREDITOR IS THE MOST IMPORTANT ASPECT OF THESE DEFINITIONS**

# Why Companies Sell on Credit

The ideal situation for any business is to sell their product or service and receive payment on or before delivery. No payment, no delivery. Simple.

But in reality this is only feasible when every supplier does it and that in itself is not reality. Many times it is impractical to receive a Cash On Delivery payment, for instance when goods are being delivered to a Warehouse site which is located away from the Accounts Department; where goods are taken on a Hire basis and so on.

Yet it is not sufficient to provide credit to your customers simply "because everyone else gives credit". A company needs to evaluate what it must achieve from its credit sales i.e.

- Increased sales
- Improved profitability
- New customers
- Increased market share

Remember, a business wants customers to come to it for the product first, and then for its credit terms: not the other way around (although unfortunately it very often is).