**CHECKLIST**

**METHODS TO ENHANCE COLLECTION OF ACCOUNTS**

It is unavoidable that some customers that you lend credit to are going to be late with their payments. Actually, it is certain that some of those customers are not going to pay you at all! The following actions can help improve your chances of collecting your accounts.

* Demand payment by cash or credit card whenever possible.
* Encourage customers to pay sooner by offering discounts for payment within a specific period of time. For instance, you could offer a two percent discount if an account is paid within ten days rather than thirty. Discourage customers from paying late by charging interest or late fees on delinquent accounts. Be sure to consult with your attorney first to ensure that you are adhering to your state’s usury statutes and applicable federal laws.
* Personally visit your customer to discuss a past-due bill, or talk to your customer when he or she visits your business, whenever possible.
* Call your customer about the past-due bill in situations where you cannot personally visit them.
* Send a few “reminder” letters to your customer if talking to him or her personally is impractical, or if the amount unpaid is relatively small. The first reminder can be friendly in nature. The second letter can be a little more forceful. The third letter can be a “final” demand before you turn the account over to a collection agency or to your attorney.
* Use a collection agency to collect a past-due account if attempting to collect the account takes too much time or if you have previously failed to collect. Collection agencies often charge a significant percentage of the amount of the debt as its fee.
* File suit in small claims (conciliation) court if the dollar amount of the past due account is below the maximum amount allowed for such claims.
* If the amount owed by your customer is higher than the amount allowed by your local small claims or conciliation court, request that your attorney file a lawsuit to collect the account.