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Unusual Technique For Successful Collection Of Debts

By MalaMaal.com

Unusual Technique For Successful Collection Of Old Debts

Everybody, even people who are not involved in business, has on occasion lent money and has experienced difficulty in getting the money back. Business people are constantly plagued by this and, occasionally, a company is forced into bankruptcy as a result of it.

There are a number of procedures used to collect debts First, of course, are the mailing of statements and personal phone calls. Then an attempt is made to tease the debtor into paying by adding stickers to the statement with cute cartoons and funny captions. Some companies sell a series of collection letters and the buyer of these letters is instructed to send the first one out immediately (a very mild attempt at collection) to be followed weekly by each succeeding letter until payment is received. Each succeeding letter is stronger in its demand until the final letter which looks very legal and threatens the non-payer with legal action. When all else fails, the creditor either resorts to suing in small claims court or turns the account over to a collection agency which charges up to 50% of the amount collected.

Our collection technique is based on an old vaudeville routine which I am convinced must have been written by an expert in human psychology.

In this routine, Larry Lender runs into Danny Deadbeat on the street. It seems that Danny had borrowed \$50 several years ago and has just never gotten around to repaying it. Larry decides that he must psych out Danny if he is to get his money back. He knows that a straight request for payment will only result in stalls and excuses by Danny. REMEMBER, THE AMOUNT OWED IS \$50. Let's eavesdrop.

Larry: Well, how are you, Danny? It sure has been a long time. Are you still working at the same place?

Danny: I'm still at the same job even though the boss is a rat. The problem is that I don't know of another job where I could get that kind of money.

Larry: Speaking Or money, Dan, how about paying my back that \$125 you borrowed three years ago?

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Danny: What do you mean, \$125? It was exactly \$50 and I borrowed it from you just two years ago last August. I only owe you \$50 and that's all I'm going to give you right now. Here is the money and I want a receipt from you showing that we're square.

You will also find this technique used by the police, district attorneys, lawyers etc. Let's watch a movie on the late show:

A suspect is being interrogated by a detective who really has very little to go on but is trying to out-bluff the suspect. He says, "We can prove that you murdered the victim and then took his wallet and watch. You'll fry in the chair for this." (remember this movie was made 20 years ago. In the modern version, the threat would be at least 2 or 3 years imprisonment for the dastardly murder). The suspect immediately screams, "No, you're not going to pin the murder rap on me. All I did was take the wallet and watch. Somebody else killed him before I even came on the scene."

Here again the subject has been bluffed (or manipulated) into admitting to the lesser crime,

Now that we've given you enough background material, let's examine the technique in collecting a debt. In this case, the amount of the debt is \$27.39. After the first three or four statements have been ignored (and the account has stopped frequenting the store and taken his business elsewhere), the store sends out a statement showing an amount due of \$73.29. There may also be a statement to the effect that this account is long past due and legal action will have to be taken if the entire account is not paid up immediately.

The debtor immediately calls the store and is put through to the manager. He calms down the debtor (let's call him D.D.) and tells him that nobody wants to take advantage of him or cheat him. He suggests that D.D. bring all his records to the office and that he, the manager, will personally get the matter straightened out.

D.D. brings his records to the store and the manager examines the records, checks his own and agrees that the correct amount owed is only \$27.39 and not \$73.29. D.D. pays up the account or at least makes a partial payment (if he doesn't do this voluntarily, the manager convinces him).

This is probably the first time that D.D. has been back in the store since running up the unpaid bill. The creditor has been doubly penalized. He not only doesn't get his money but also loses out on future business because the debtor goes elsewhere for his purchases.

At this point, the manager must make a decision. Since everybody is quite friendly at the moment (the account is paid up and D.D. is happy that he is not being dunned for approximately \$50 more than he actually owed) it would be quite easy to get D.D. back on the books with another purchase. The manager must decide whether or not this would be wise.

There is always the possibility that our debtor just doesn't have the money to pay off his bill. In this event, the manager may suggest that D.D. leave something of value as collateral until the debt is paid.

Most businesses do not avail themselves of one form of protection in making charge sales. This is the

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conditional sales contract which is always used by companies selling expensive items such as furniture, major appliances, automobiles, etc. In the event that the debtor either refuses to pay or a judgment is awarded to the seller, then the seller can repossess his property. In essence, title to the merchandise remains with the seller until the bill is entirely paid. If the purchaser resells the merchandise that has not been fully paid for, the seller has some recourse.

It would probably be a good idea for all merchants to have a simple sentence added to the bottom of all invoices. This might read, "Title to the above merchandise remains with the seller until bill is paid in full." This, followed by the buyer's signature, should offer much more protection than most businesses now have.

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Debt Reduction Strategies

By Cynthia Crown

There are many ways to reduce debts and some of the options by which you can reduce debts are

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1. Decreasing the expenditure 2. increasing the revenue streams 3. paying back the debts which are overdue instantly 4. making use of a debt settlement agency

It's important that you budget the expenses corresponding with your income or revenue. If you spend more than you earn, then you need to take debts to cover up your expenses. If you earn more than you spend, then you have savings. It's very difficult to increase revenue or income, therefore to reduce debts you must reduce your expenditure also. Budget for the necessary and the emergency expenditure that you may have. Prioritize the list of expenditure. If something can be delayed till the next month, then do so. In this way, you wouldn't need to take short-term loans such as payday loans to cover the shortfall.

It's difficult to increase the revenue streams but it can be done. This can mean that you take up a night job in addition to the day job or switch over to another job that pays well. Or somebody in the family may have to take up an additional job. In this way you can quickly repay your debts and thus reduce the loans.

Pay back overdue debts immediately. Don't be laid back on paying back the debts such as mortgage loan charges, car loans charges etc., as they might take away the financial asset and you might also lose the collateral. Therefore you lose on both counts.

Debt settlement agencies help to reduce the debt amount. They can reduce the loan amounts, the interest charges as well as debt / loan tenures. Thereby there is a less outgo of your financial assets. They can reduce the debt amount to 75%, however this is dependent on an individual case basis.

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