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Collections 101

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PERENNIAL SOFTWARE 20TH ANNIVERSARY
Makers of SedonaOffice and AlarmBiller®

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Collections Overview

Collecting on delinquent customer accounts is a part of everyday business. Establishing, enforcing and monitoring company collection policies and procedures is essential in minimizing past due situations.

The Collection module within SedonaOffice provides tools to track, manage and report on customer delinquencies as they occur, as well as the ability to set up the Collections module to avoid delinquencies from occurring.

SedonaOffice customers subscribing to **SedonaSync** (automated event driven email notifications), are empowered with an additional tool to manage and prevent delinquent customer accounts.

The Collections option within the Client Management module provides the ability to:

- Set up/maintain Collection Profiles – Business rules which identify levels of payment delinquency, and high risk customer accounts.
- Collectors record collection activities as they are performed.
- Enter Follow-up dates for streamlining the day to day duties of a Collector.
- Enter/View Collection Notes entered by Collectors.
- Generate Collection Letters.

A complete Collections history is displayed within the Customer Explorer record for customers who have ever entered into a Collection Queue. This is valuable information for spotting trends in chronically slow paying customers so that your company may plan for more proactive measures for these types of customers.

While a customer is in a Collection Queue, the Customer Explorer record displays the *Collection Status* and the name of the *Collection Queue* in which the customer currently is listed. This is to alert any User accessing that customer record of the delinquency situation.

The *Collection Status* of a customer in collections is also displayed in bold red text on the Notifications page of the Service Ticket form when creating a new Service Ticket or working with an existing Service or Inspection Ticket.

Note: A customer can only be in one Collection Queue at a time; if delinquent, the customer will be placed in the collection queue for the rules that meet the most delinquent customer invoice.

Notes

Retention Queues

The Collections module may be used for purposes other than identifying delinquent customer accounts. Collection Queues (Non-Sequenced) may be setup for the purpose of Customer Retention.

When a Customer call is received indicating a desire to cancel their services, if the account cannot be saved during the initial phone conversation, the Customer account may be manually placed into a "Retention Queue" to be processed by another individual or department within your company.

Using the power of SedonaSync, internal and external emails may be sent in an effort to save the Customer account, as well as update the "Collection Status" of the Customer.

Notes

Collection Module Definitions & Terms

Collection Profile

A set of business rules which identify when a Customer should be flagged as a Collection account.

Collection Status

Descriptive words assigned to the customer's account when the account is placed into a Collection Queue; automatically or manually.

Collection Queue

A list containing Customers who meet the defined set of criteria of a Collection Profile.

Sequenced Queue

Sequenced Queues determine in which Collection Queue a Customer should be placed based on the setup criteria of the Collection Profile. With Sequenced Queues, Customers are placed in the appropriate queue each time the Auto Refresh Process is run for the Collection Queues or when a payment or credit is applied to the Customer.

When creating Sequenced Queues the sequence number is very important, as this will determine the Collection Queue in which the customer will be placed. The lowest sequence number indicates the most delinquent rules and the highest sequence number indicates the least delinquent rules.

Notes

Non-Sequenced Queue

Non-Sequenced Queues are manual Collection Queues into which a customer may be moved from a Sequenced Queue. Once a Customer is placed in a Non-Sequenced Queue the Customer will remain there until it is manually removed from the queue. Non-Sequenced Queues are typically used to escalate a collection customer to a senior management staff member when normal procedural collection efforts have been exhausted.

Non-Sequenced queues may also be used to identify specific situations:

- Customer sent to an outside Collection Agency
- New Customer
- Management Review
- Collection Note
- A note specific to a Customer

Manual Event

A record created by a User for the purpose of tracking an action taken to pursue the collection of funds from a Customer within a Collection Queue.

Collection Activity

Words to describe an action taken by an employee working with a Customer within a Collection Queue.

This setup table is controlled by SedonaOffice; additional choices may be added to the list by contacting support@sedonaoffice.com.

Mail Merge

Using Microsoft Word Mail Merge templates; merge data within a Collection Queue to generate letters to Customers.

Notes

Collections Setup

Collection Profiles

There are two types of Collection Profiles in SedonaOffice, *Sequenced* and *Non-Sequenced*.

Sequenced Profile

Sequenced Profiles will automatically place a Customer into a Collection Queue based on the business rules assigned to the Collection Profile. Once a Customer is placed in a Sequenced Queue they will remain in that queue until they no longer meet the business rules of the Collection Profile, is manually moved to a Non-Sequenced queue, or manually removed from the Queue.

Collection Profiles are created based upon your company's internal business processes.

- A/R Aging Buckets (30, 60, 90, 120 days past due)
- A/R Aging Buckets by Branch
- A/R Aging Bucket with intermediate groupings (15, 30, 45, 60, 75, 90, 120 days past due)
- Commercial or Residential Customers
- Customer Number range

Notes

Non-Sequenced Profile

A Non-Sequenced Profile is used for special handling situations.

Customers will only appear in a Non-Sequenced Queue when a User manually moves a Customer from a Sequenced Queue, or manually added for a non-collection Customer. Once a Customer is placed in a Non-Sequenced Queue, they will remain there until manually removed by a User.

Notes

Collection Status

A label attached to a customer in a Collection Queue which identifies the delinquency/action to be taken when non-collector and non-accounting staff are speaking to the customer.

When a Customer first enters a Collection Queue as a result of the automated refresh or manual refresh process, the Collection Status associated with the Collection Profile is automatically assigned to the Customer.

Collection Statuses may be manually updated on Customer accounts according to your company's policies and procedures.

Notes

Collection Activities

This setup table, which is pre-populated with values, is controlled by SedonaOffice (not available from SedonaSetup). Your company may request to have additional values added to this setup table to better identify activities performed by your staff.

Description	Description
Auto Put in Queue	Update Collection Status
Manual Put in Queue	Auto Remove From Queue
Called for Payment	Manual Remove From Queue
Left Message	EFT Payment Entered
Sent Letter	EFT Payment Removed
Flagged For Follow-Up	Removed Posted Credit Memo
Posted Payment	Removed Posted Unap Cash
Updated Payment	Removed Posted Adv Dep
Deleted Payment	Profile Closed Down
Posted Credit Memo	Credit Request Generated
Posted Unapplied Cash	Credit Request Approved
Posted Advance Deposit	Credit Request Denied

Notes

Collections Planning

Prior to setting up any Collection Profiles, it is best to first map out how delinquent customers will be escalated and when, and ask yourself the following questions:

If your company is operating under multiple branches, will collection profiles be created with rules for each branch?

Do you need to set up Non-Sequenced Queues, and if so for what purpose and how will they be labeled.

Have Collection Status been created that are descriptive enough to communicate to non-accounting type staff what to do when encountering a customer in a particular collection queue?

Below is a sample chart of information that is required setup for each Collection Profile, to assist your company in mapping out a Collections setup plan.

| Profile Name	Resi, Comm or Both	Min. Days Past Due	Max. Days Past Due	Min. Amt. Past Due	Default Collection Status	Auto-Sequencing Number
Over 120	B	121	400	5.01	Refer to Accounting	10
Over 90	B	91	120	5.01	Service Hold	20
Over 60	B	61	90	5.01	C.O.D. Service	30
Over 30	B	31	60	5.01	Over 30 Days Past Due	40
Legal	B	999999	999999	5.01		Non-Seq.
Manager Review	B	999999	999999	5.01		Non-Seq.

Collection Profile Planning Chart

Profile Name	Resi, Comm or Both	Min. Days Past Due	Max. Days Past Due	Min. Amt. Past Due	Default Collection Status	Auto-Sequencing Number

Collections Workflow

Below is a simple flow chart of the Collections process. Typically the activities that occur throughout the collection process are managed according to your company's policies and procedures. In SedonaOffice, once a Customer enters the Collections process by meeting the business rules of one of the Collection Profiles, the Customer will stay in Collections until payments are received to take the customer balance to a point where it no longer is eligible to be in Collections or the customer is manually removed from a collection queue. As Customers become more delinquent they are escalated to the next highest Collection Queue for which their delinquency meets the rules.

If a customer is manually removed from a sequenced collection queue even though they still qualify for being in collections, the next time the collections queues are refreshed, the customer will automatically be placed into the appropriate collection queue.
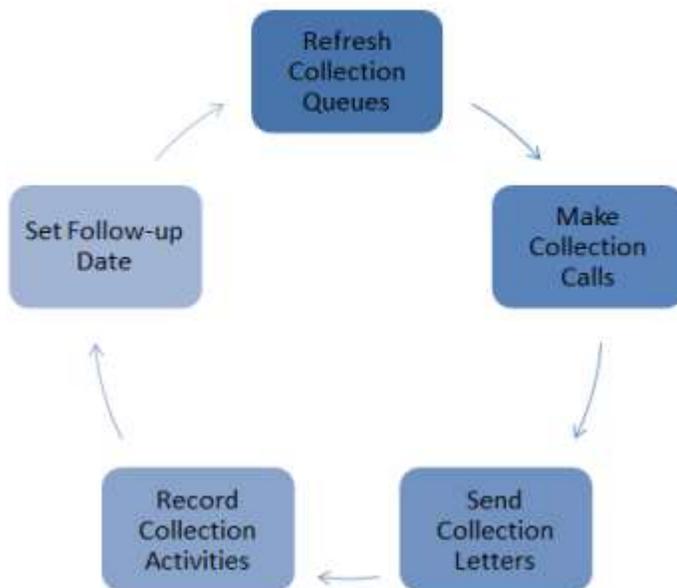
Notes

Working within a Collection Queue

At the top of a Collection Queue are several function buttons providing options for actions taken by Collectors.

Notes

Notes

Mail Merge Letters from the Collection Queue

From the Collection Queue you have the ability to create a Mail Merge letter for one Customer, selected Customers or all Customers within the Collection Queue. Prior to generating letters, letter templates must first be created in MS Word and saved with a file type of document template.

Once template letters are created and saved, they are uploaded to the SedonaOffice Template Server. The Template Server is not a piece of equipment, rather the location where the Microsoft Word template letters are saved for use when generating letters from a Collection Queue or from the Customer Query Builder.

After Collection Letters have been generated by the Mail Merge function within the Collection Queue, a Collection Event is automatically saved to the Customer's Collection history.
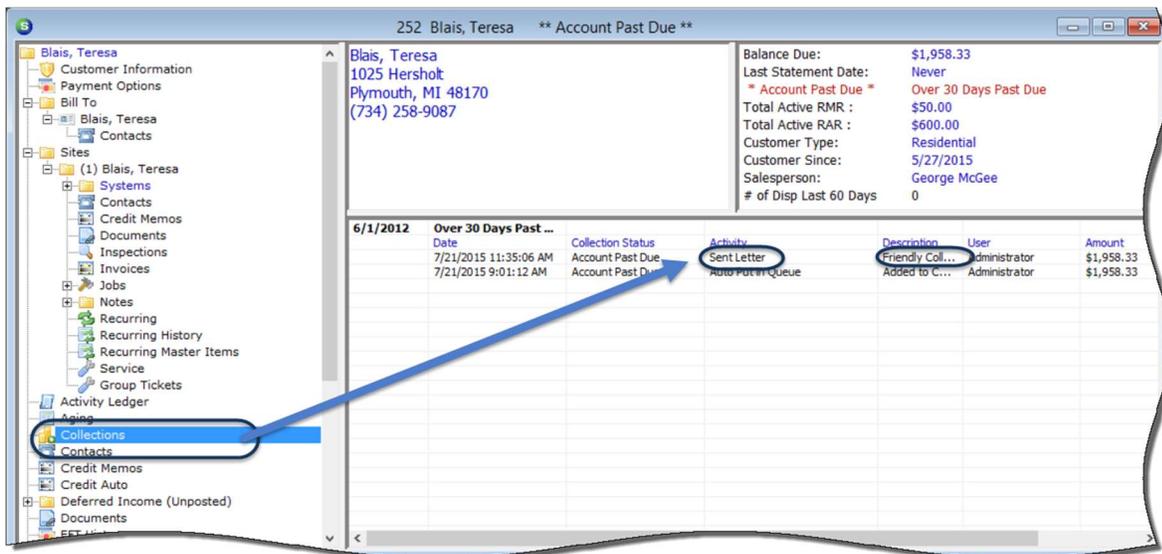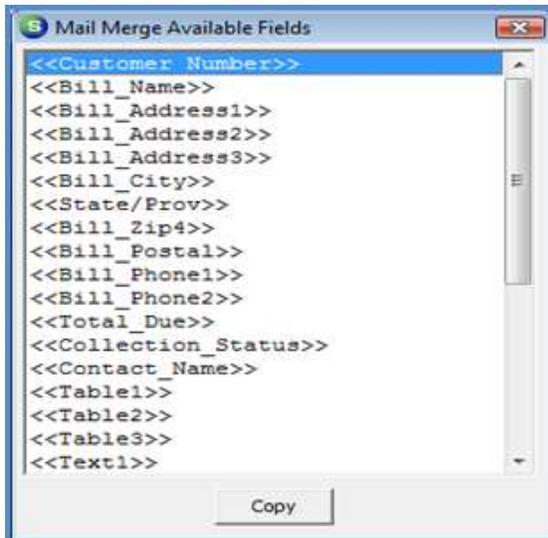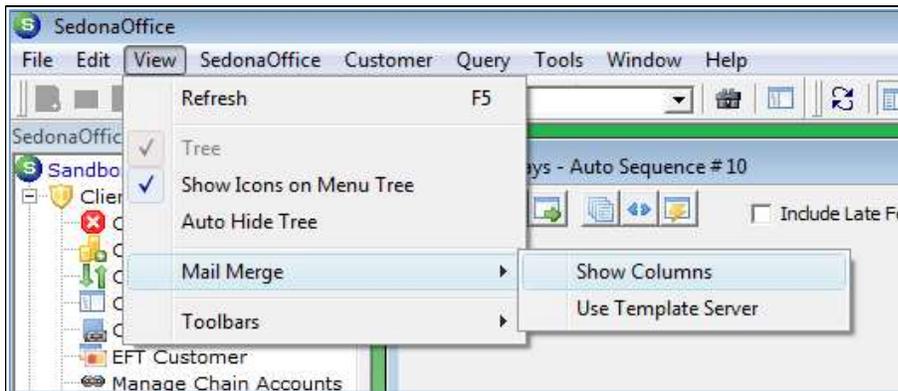

Notes

Mail Merge Fields List

Fields available for including on a letter template are exposed by navigating from the main menu: View / Mail Merge / Show Columns.

The entire list of fields may be copied and then pasted into the Word Template document; once pasted, fields not needed may be deleted.

Sample Template Letter

SedonaSecurity
417 Forest
Plymouth, MI 48170
734.414.0760
www.sedonasecurity.com

7/21/2015   **Collection Notice**

                              Account Number <<Customer_Number>>
                              Total Account Balance <<Total_Due>>

<<Bill_Postal_Name>>
<<Bill_Address1>>
 <<Bill_City>>, <<State/Prov>> <<Bill_Postal>>

Dear <<Bill_Postal_Name>>:

Our collection department has been trying to contact you regarding your account balance of
<<Total_Due>> for services rendered.

Your good customer standing is in jeopardy. If there is a problem or circumstance of which we are
unaware, please contact us so we can remedy this situation.

If this is an oversight, we would appreciate your prompt attention to this matter and your remittance for
the past due balance.

Sincerely,

Mary Smith
Manager/Customer Relations

SedonaSecurity
417 Forest
Plymouth, MI 48170
734.414.0760
www.sedonasecurity.com

7/21/2015

Collection Notice

Account Number 252
Total Account Balance $1,958.33

Teresa Blais
1025 Hersholt
Plymouth, MI 48170

Dear Teresa Blais:

Our collection department has been trying to contact you regarding your account balance of $1,958.33 for services rendered.

Your good customer standing is in jeopardy. If there is a problem or circumstance of which we are unaware, please contact us so we can remedy this situation.

If this is an oversight, we would appreciate your prompt attention to this matter and your remittance for the past due balance.
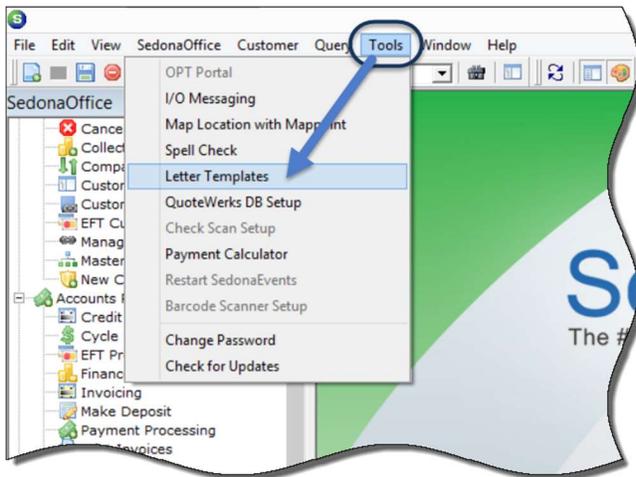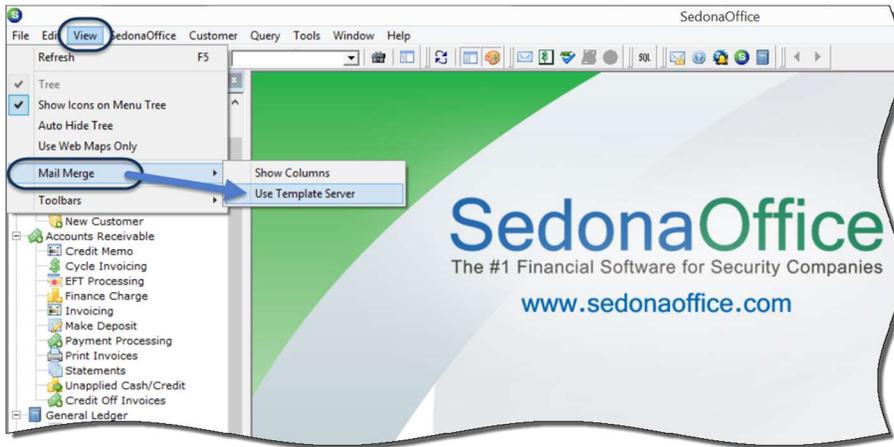
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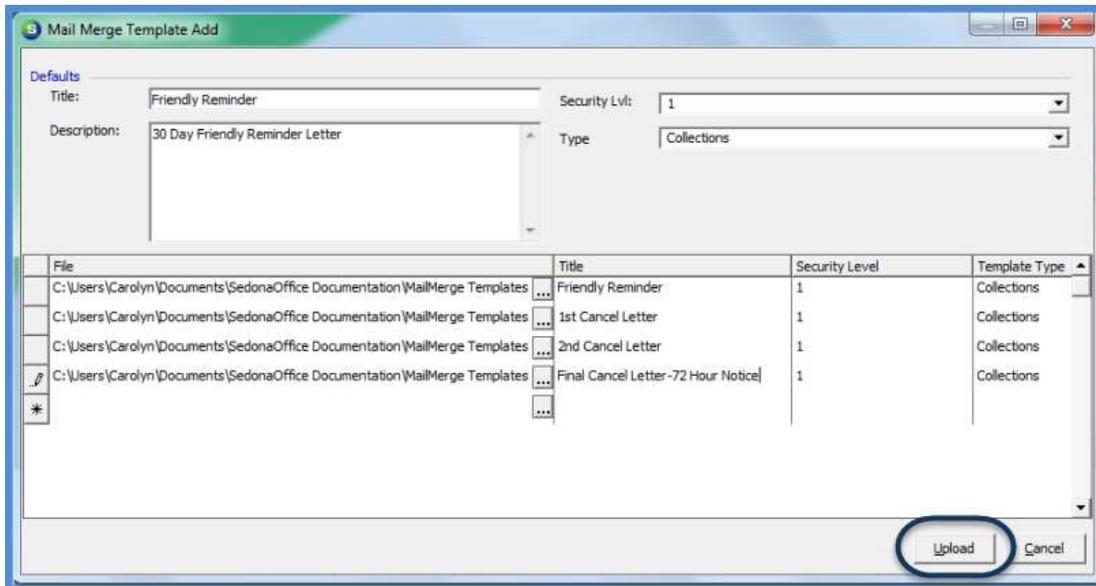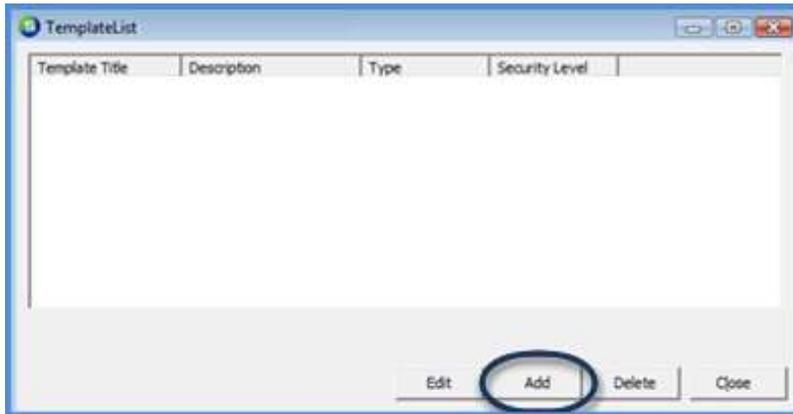
Adding Letter Templates

Once Letter Templates have been saved, you may then upload to the Template Server. This is a two-step navigation process:

- From the main menu: View / Mail Merge / Use Template Server
- From the main menu: Tools / Letter Templates

Notes

The Template List will be displayed. New Letters may be added, edited or deleted.



Notes

Generating Letters

Single Letters

To generate a single letter, highlight the desired Customer row within the queue, then click on the Mail Merge button.

Multiple Letters

To generate letters for all Customers within the Queue, click on the Select All in Queue button, then:

- If all Customers in the current queue are to receive a letter, click on the Mail Merge button.
- For selected Customers only, click on the first Customer row, then hold down the CTRL key while clicking on additional Customer rows. Click the Mail Merge button once all selections have been made.
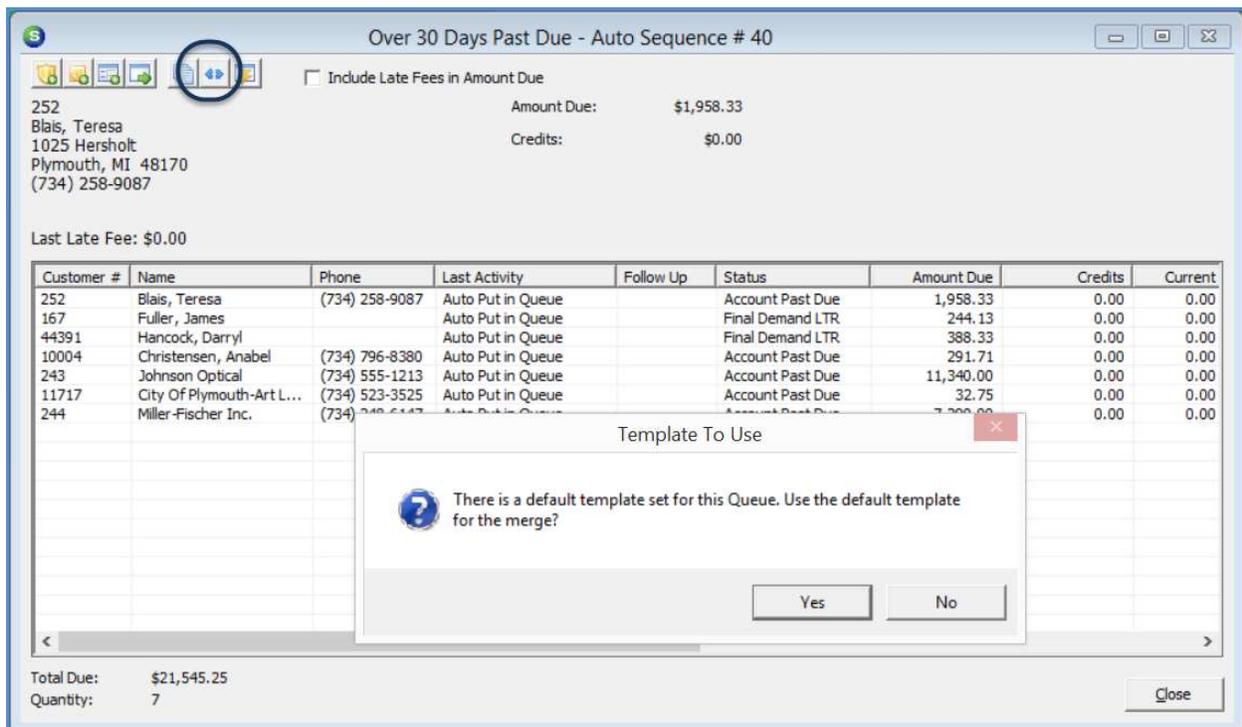
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