

# SedonaOffice

The #1 Financial Software for Security Companies

# Collections

## Reference Guide

Last Updated: January 16, 2009

## SedonaOffice Collections Reference Guide

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## Overview

The purpose of this guide is to review the collections process within SedonaOffice. This guide will review how to create a collection strategy, goals of a collection program, using the collection queues and using the mail merge features.

## Definitions & Terms

### Collection Queue

A queue that contains Customers who meet a defined set of criteria for collection purposes.

### Sequence Queue

A Collection Queue that auto assigns Customers to it that meets a defined set of criteria.

### Non-Sequenced Queue

A Collection Queue that either a Customer is manually placed into or meets a defined set of criteria (if you use the Sequence Queue option, then these should be used for manually entered Customers only).

### Collection Profile

Where you define the rules of a Collection Queue.

### Collection Status

A status code that is assigned to the Customer when they are placed into a Collection Queue.

### Collection Note

A note specific to a collection event for a Customer.

### Mail Merge

The process of merging data within a Collection Queue to create letters to Customers.

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## **Goals of a Collection Program**

Before you setup a collection program, define the goals you wish to accomplish. Here are a few for consideration.

### **Collect Money**

Let's make no mistake; the primary goal of any collection program is to collect money. As they say "Cash is King" and the goal is to bring in the cash.

### **Account Retention**

While we need to collect our receivables, we also need to retain our customers. There's tremendous value in our Customer base, so while we need an aggressive collection program, we also need to ensure we keep our clients ours.

### **Make it Easy for the Customer to Pay**

Customers need options to pay their invoices, whether it's by check, credit card or ach. They also need multiple means to initiate a payment, such as mail, phone and internet. Customers are used to options and it's most important to provide them with the avenue they desire.

### **Stop Providing Services for Deadbeats**

Providing services for deadbeat Customers is a drain on any organization. A collection program needs to identify the deadbeat clients so we stop wasting our resources on them. There comes a time when we have to let go of the client and move on.

### **Go after the Cancelled Accounts**

When a Customer is cancelled we need a means to collect the remaining money they owe us, including the balance of contract.

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## Create a Collection Strategy

A collection strategy defines every step from the initial creation of an Invoice through the entire collection process.

## Define your Aging Buckets

Most organizations use aging buckets as follows:

- Current - Invoice is current, owed but not yet past due.
- 1 -30 Days - Invoice is between 1 and 30 days past due.
- 31 – 60 Days - Invoice is between 31 and 60 days past due.
- 61 – 90 Days - Invoice is between 61 and 90 days past due.
- 91 – 120 Days - Invoice is between 91 and 120 days past due.
- Over 120 Days - Invoice is over 120 days past due.

**NOTE: In SedonaOffice the Aging Buckets for past due Invoices are definable. You should give thorough thought to how you want your Aging Buckets defined.**

## Terms

The Terms on an Invoice will determine when it becomes past due. An Invoice will age based on the Term Code assigned to it. The Term is essential in defining how you want your Invoices to age and show as past due. Give this the attention it deserves.

### Age on Aging Date

If the Term Code is based on the Aging Date rule, then it will be current through the Aging Date assigned to the Invoice, then it will begin aging past due each day after the Aging Date.

### Age on Invoice Date plus Days Past Due

If the Term Code is based on the Invoice Date rule, then the Invoice will be current through the Invoice Date plus the days past due as defined in the Term Code. For example if the term is based on 30 days, then the invoice will be one day past due 31 days after the invoice date.

## Aging Reports and Collection Queues

Both the SedonaOffice Aging Reports and Collection Queues use the terms on a Invoice to determine which Aging Bucket it needs to be placed in. The reports and collection queue base this on the current Aging of the Customer.

## Auto Aging

Use the SedonaOffice Server Side Utilities to setup an Auto-Aging of Customers each night.

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## Example of a Collection Strategy

The following is an example of a collection strategy. *(This strategy will vary company by company, this is an example, you should create one that best fits your needs)*

### Invoicing Terms:

- Net 30 Days based on Invoice Date. In our example Invoices are dated on the Month the Cycle is being generated for. By using this strategy the Invoice will be Current through the month it was generated for. It will not appear in the 1 – 30 days bucket until the next Month.

## Collection Steps

### 1 Day Past Due – Send Statements

When the Invoice is one day past due (actually 30 days based on the Invoice Date) send out a Statement of the past due charges.

### 15 Days Past Due – Call the Customer, Place in Collection Queue

When the Customer reaches 15 days past due we want to Call the Customer and mark the Customer with an “In Collections” status.

### 30 Days Past Due – Past Due Collection Letter, Place on Service COD

When the Customer reaches 30 days past due we want to send out a non-threatening past due collection letter and flag the Customer’s account with a Service COD flag, this way we know we need to collect past due money before doing any work for the client.

### 45 Days Past Due – Call the Customer, Place on Service Hold

At this point we want to call the Customer once again, and pressure to make the payment. Also want to flag the Customer as Service Hold, no more services unless they pay.

### 60 Days Past Due – Cancellation Process

At this point we want to send the Customer a Cancellation notice, without payment in 15 days there account will be cancelled and legal action will take place. Update the Customer with a Pending Cancel status.

### 75 Days Past Due – Final Collection Call, Try to save the Customer

This is our 3<sup>rd</sup> and last call to save the Customer.

### 90 Days Past Due – Cancel the Customer, Turn over to Collections

At this point the Invoice is actually 120 days past due, so it’s time to Cancel the Customer and turn over to a collection agency to collect the past due amount and balance of contract.



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## Collection Queues

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

### Sequence Queue

Sequence Queues will automatically place a Customer into a Queue based on the Criteria of the Queue. What's most important to know, is that once a Customer is placed in a Sequenced Queue they will stay in that queue until, there criteria changes or they are manually moved to another queue.

### Non-Sequenced Queue

A Non-Sequenced queue is one that a Customer will stay in until you remove them. These queues are best for the special processing of collections such as Legal/Collection and Support issues.

## Defining a Collection Queue

Select the Collections option then choose either New or Edit.

**Collection Profile Setup**

Description: 30 Days Past Due

Customer Type:  Commercial,  Residential,  Both

Branch Selection:  Cleveland,  Columbus,  Michigan,  All Branches

Customer Number Range: From: , Thru:

Access and Security:  Restrict Access to User Who Created Profile

Aging: Days Past Due: 30 Thru 60, Minimum Amount Past Due: \$1.00

Setup and Sequencing: Put in Auto Sequencing: , Auto Sequencing Number: 20, Initial Collection Status: In Collections

Notes: All customer between 30 and 60 days past due

Buttons: Save, Close

### Description

This is the Name of the Collection Queue. This will be used on the Display for of the Customer and is used in the CQB as a selection criteria field.

### Customer Type

Choose whether you want just Commercial, Residential or Both types of Customers.

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## **Branch**

Select the Branches for this Queue.

## **Customer Number Range**

This can be used to limit the Customer by Customer Number. Leave these fields blank to select all Customers.

## **Access and Security**

Use this option to limit who has access to this Queue. This is nice for a Collection Manager to limit a Queue to just there access.

## **Aging**

Use this section to determine the Aging criteria and Minimum Amount to qualify for this Queue. (If this queue is to be a Non-Sequenced Queue, then make the Aging Days 99999)

## **Put in Auto Sequence**

By selecting this option, this Queue will by a Sequenced Queue.

## **Auto Sequence Number**

This is the sequence number to use when evaluating what Queue the Customer should be placed in. Careful consideration needs to be used when assigning these numbers. Since a Customer can only be in one Queue at time, they will be put in the first Queue they qualify for when processing the update. Use the lowest number for the greatest Past Due queues.

## **Initial Collection Status**

This is the Collection Status that will be assigned to this Customer when first put into Collections if they meet this collection queues criteria.

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## Working the Collection Queues

Here are the options while working within a Collection Queue.

Over 60 Days - Auto Sequence #10

Include Late Fees in Amount Due

10007  
Fred and Wilma Flintstone  
Flintstone, Fred  
55 Bedrock Dr  
Chagrin Falls, OH 44022  
(999) 555-8877

Amount Due: \$37,498.58  
Credits: \$15,321.29

Last Late Fee: \$859.61

Customer #	Name	Phone	Last Activity	Follow Up	Status	Amount Due	Credits	Current	1-30 days	31-60 da...	61-9
10003	Lisa Loeb	(517) 890-3432	Posted Payment	9/10/2008	Called Customer	41,575.70	0.00	0.00	508.80	0.00	
10007	Fred and Wilma Flintstone	(999) 555-8877	Posted Advance Deposit		In Collections	37,498.58	15,321.29	516.58	26,223.64	0.00	
5550000	ABC Master Account		Sent Letter		In Collections	885.88	0.00	0.00	0.00	0.00	
10031	Fred Jones		Posted Payment		In Collections	2,555.36	0.00	0.00	800.00	0.00	
10032	Faybrick, Don		Sent Letter		In Collections	1,811.10	0.00	90.10	270.30	0.00	
10033	Johnson, Fred		Posted Unapplied Cash		In Collections	342.19	1,624.00	81.89	180.15	0.00	
99900	Master Account	(444) 888-9999	Sent Letter		In Collections	635.84	0.00	0.00	110.00	0.00	
10045	Moon Test		Sent Letter		In Collections	291.50	0.00	26.50	79.50	0.00	
10047	Paul Victor	(999) 123-4567	Sent Letter		In Collections	2,021.84	0.00	0.00	148.24	0.00	
10049	New Moved Customer		Auto Put in Queue		In Collections	14,360.00	0.00	0.00	50.00	0.00	

## Opening a Customer

Double click any line to open the Customer Explorer.

## Manual Event

Use the Manual Event button to enter a Collection Activity Event.

Enter Manual Collection Activity

Customer

10032  
Faybrick, Don  
555 Main St.  
Miami, FL 33162

Activity Detail

Follow Up Date: 1/31/2009

Collection Status: Called Customer

Collection Activity: EFT Payment Entered

Notes

Took and CC payment over the phone.

Save Close

## Collection Note

Use the Collection Note button to enter a note.

## Move to Another Queue

Use this button to move this Customer to another Collection Queue. Note, you can only move them to a Non-Sequenced Queue.

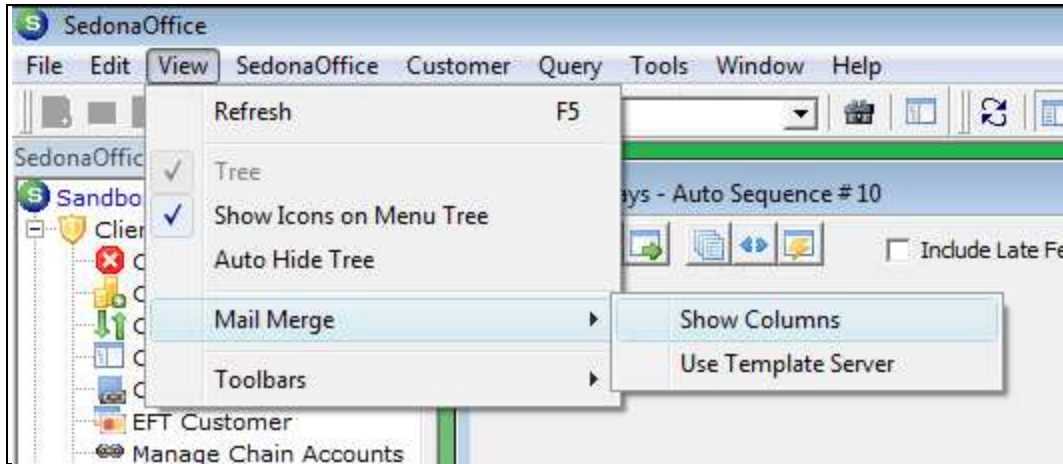
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## Mail Merge from the Collection Queue

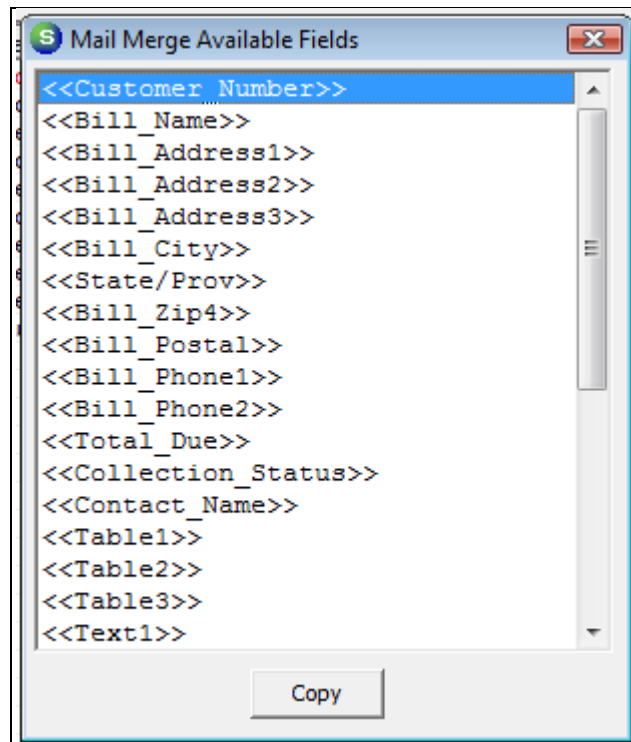
From the Collection Queue you can Mail Merge one Customer, a range of Customers or all the Customers.

## Mail Merge Field List

To view the Mail Merge Field List



Then select the Mail Merge option in the Collection Queue



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## Create a Mail Merge document in Microsoft Word

Here's an example of a Word Template file. Be sure to save the document as a Template.

**SandBox Security Company**  
123 Main St.  
Chagrin Falls, OH 44022  
(440) 555-4587

January 19, 2009

<<Bill\_Name>>  
<<Bill\_Address1>>  
<<Bill\_City>>, <<State/Prov>> <<Bill\_Postal>>

RE: Past Due Balance

How about paying your past due balance of <<Total\_Due>>?

Thanks,

Collection Department

## Highlight the Customers you want to Mail Merge

Select the Customers to receive the letter

Over 60 Days - Auto Sequence # 10

Include Late Fees in Amount Due

5550000      Amount Due:      \$885.88  
ABC Master Account      Credits:      \$0.00  
555 main St.  
Chagrin Falls, OH 44022

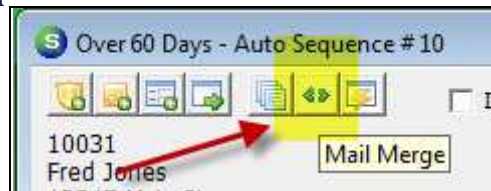
Last Late Fee: \$116.96

Customer #	Name	Phone	Last Activity	Follow Up	Status	Amount Due	Credits	Current	1-30
10003	Lisa Loeb	(517) 890-3432	Posted Payment	9/10/2008	Called Customer	41,575.70	0.00	0.00	50
10007	Fred and Wilma Flintstone	(999) 555-8877	Posted Advance Deposit		In Collections	37,498.58	15,321.29	516.58	26,22
5550000	ABC Master Account		Sent Letter		In Collections	885.88	0.00	0.00	
10031	Fred Jones		Posted Payment		In Collections	2,555.36	0.00	0.00	80
10032	Faybrick, Don		Sent Letter		In Collections	1,811.10	0.00	90.10	27
10033	Johnson, Fred		Posted Unapplied Cash		In Collections	342.19	1,624.00	81.89	18
99900	Master Account	(444) 888-9999	Sent Letter		In Collections	635.84	0.00	0.00	11
10045	Moon Test		Sent Letter		In Collections	291.50	0.00	26.50	7
10047	Paul Victor	(999) 123-4567	Sent Letter		In Collections	2,021.84	0.00	0.00	14
10049	New Moved Customer		Auto Put in Queue		In Collections	14,360.00	0.00	0.00	5

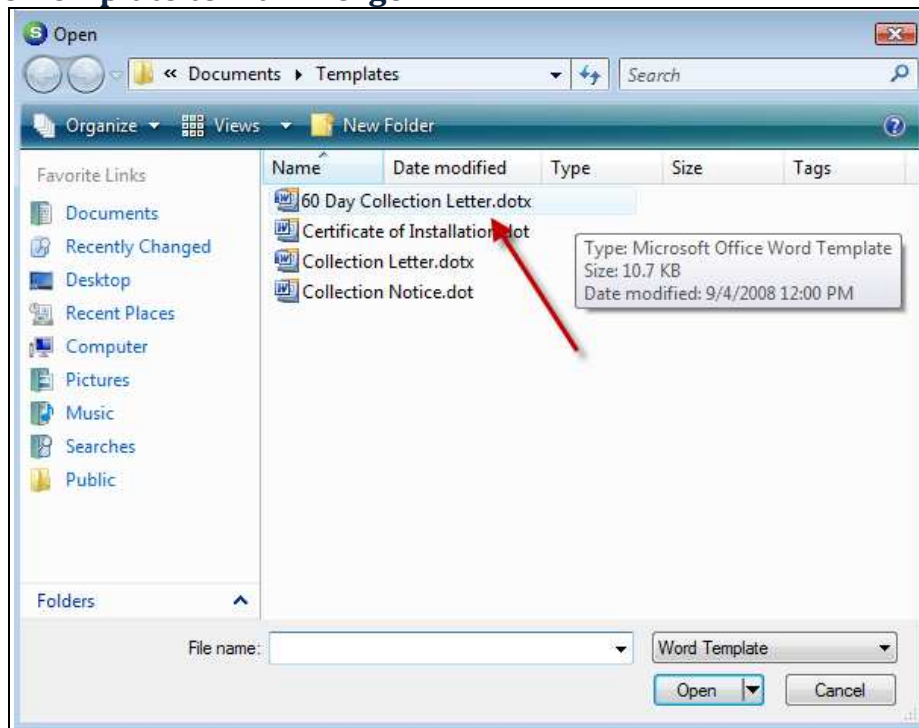
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## Press the Mail Merge Option



## Choose the Template to Mail Merge



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View your Documents

### **SandBox Security Company**

123 Main St.

Chagrin Falls, OH 44022

(440) 555-4587

January 19, 2009

Faybrick, Don

555 Main St.

Miami, FL 33162

RE: Past Due Balance

How about paying your past due balance of \$1,811.10?

Thanks,

Collection Department

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Notes: