

Caine & Weiner

Presents

“Stop Doing Business With Strangers”



Building a Strategic Partnership

“Caine & Weiner and NACM Connect have formed an incredible relationship that is of great benefit to our members. The scope of their operation is such that they are able to offer our membership service that few can rival, like legal representation in each and every state - something only an elite group of agencies can match. Most importantly, Caine & Weiner gets results. And if you’re a member of one of the NACM Connect affiliates, those results come to you at a very favorable rate. NACM Connect continues to be extremely proud of our relationship with this outstanding firm.”

Phil Lattanzio, CCE, President & COO, NACM Connect



About Marc Davenport



- Marc Davenport is a seasoned business executive, serial entrepreneur, and wealth strategist with a remarkable track record spanning five decades. Throughout his career, he has been instrumental in helping businesses improve their sales, performance, and profits.
- Additionally, Mr. Davenport has been actively involved in raising capital for entrepreneurs looking to introduce new services, products, or production methods into the market, facilitating their successful commercialization.
- As the AVP of Customer Experience at Caine & Weiner, Marc is dedicated to improving cash flow, reducing daily sales outstanding (DSO), and ultimately increasing the profitability of the businesses the company serves. Moreover, he skillfully manages the Midwest region for our esteemed NACM Connect alliance, which is now celebrating its 30th year of success.



"A key strategy for debt recovery is, of course, not to incur the debt in the first place. For this objective, there are definite measures a business can take to prevent past due receivables. It starts with securing the right documentation at the point of sale. I refer to this as establishing your "Terms of Business" (TOB)."

- Marc Davenport



Negative Trends



Consider these facts:

- According to collection industry research, the average delay for a due payment is 55 days for large firms and 66 days for small and mid-sized firms.
- Just 10% - 15% of small businesses insist their terms of payment are met and rely on third-parties such as collection agencies and attorneys for assistance with their outstanding receivables.
- The larger the outstanding balance owed, the less likely the debt will be collected internally.



“The Best Defense: A Strong Offense”

Preventing loss starts with the right documentation & establishing your company’s **“Terms of Business” (TOB)**. Include:

- Timelines and Expectations for the Client.
- Outline your commitments to the client.
- What you expect in return including: payment amounts, payment due date(s).
- Penalties- Interest, Collection & Legal fees, other costs or consequences.



Internal Support of TOB



It is imperative that everyone at the company, not just the AP/AR staff understand and **support** your *Terms Of Business*.

- Sales - Must understand their role in the collection process:
 - a) Openly share information regarding your clients.
 - b) Act like a “sale” is not complete until payment is made.
 - c) Do not interfere in “collection” efforts or undermine decisions do not be “Good Cop”.
 - d) IF....IF they have the ability, help collect \$.
- Inform and Educate ENTIRE staff on TOB & any special commitments for companies. * Keep your commitments*
- Receptionist, Installers, Clerical, & ALL other staff: Need to know when companies are “on credit hold” etc.



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Don't Let Sales be Afraid of TOB!



- A technique that works well is to present the sale of your company's product/service as representing a win-win for both organizations.
- Show sales how good communications of terms garners a prospective client's respect and does not jeopardize a sale, but conversely, strengthens it.

"Get Your Sales Force On The Team"

- Companies who hold commissions "until the deal is paid for" help develop a committed and educated sales culture. It is amazing how well salespeople adjust when they understand their success, is tied to the company's financial success.... Not the clients!



Red Flags - What to watch out for



- Payments via post-dated check's
- Routinely late payments
- Frequent turnover in accounts payable department or management positions of ANY kind.
- Failure to respond to requests for financial information particularly to incomplete credit applications
- Frequent bank changes.



Red Flags - Continued



There are also several commonly used excuses that are clear indicators of trouble ahead, including:

- The check is in the mail
- Co is experiencing cash flow problems
- We never received the invoice
- We're experiencing a computer problem
- The accounts payable manager or owner is traveling
- Disputing the amount shown on the invoice
- Suddenly disputing the quality of the service
- Overall industry taking a hit due to current market conditions



There are Only 3 Reasons



“The Psychology of a Debtor” vs. Reality

While it is important to understand the psychology behind a “debtor” it is more important to understand what is really happening.

What is the real Problem?

Usually there are only 3 reasons why you have not been paid.
It is important to identify what has happened so you can respond appropriately.

- Cash Flow Problems - Depending upon the industry 70-80%
- Disputes - 10-15% of collection issues have some legitimate misunderstanding or problem
- “Dead Beat”- Liquid firms with no intention to pay are almost non-existent. Just 5% - 10% of delinquencies fall in this category.



Effective Debt Negotiations



The negotiation must stem from core principles:

- Establish Common Ground, avoid instant aggression.
- Do nothing to make debtors feel “justified”.
- Listen, Rephrase, Counter.
- Nothing is given without getting something back- This includes non-monetary concessions.
- Use Documentation & TOB - Show you have “kept our commitments”
- Maintain Moral High Ground- Don’t Take The Bait.



The Art Of Negotiations



Silence

- One very overlooked tool in your communication and leadership toolkit is...silence.
- Not overtalking. Not explaining your perspective from a zillion different angles.
- Silence is..... the pause. Silence creates a..... gap.
- Silence is the blank space between the words that spark true understanding and insight."



The Art Of Negotiations



Time to Negotiate

- Always let the other side go first. Going first is never a good idea.
- When it's your turn the goal is to get the other side to agree with you. If you can get them to agree with you three times you will win.
- When someone says you're right what they're really saying is, they want you to go away.



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The Art Of Negotiations



Always Control The Narrative

- Ask open-ended questions
- Brief verbal affirmations like I see, I know, Sure, Thank you, or I understand”
- Asking specific questions to seek clarification
- Waiting to disclose your opinion
- Disclosing similar experiences to show understanding



The Art Of Negotiations



Negotiations Stem From Core Principles

- Nothing is given without getting something back - This includes non-monetary concessions.
- Leverage Your Terms of Business – (Co Policy).
- Use Documentation - Show you have “kept our commitments”
- Maintain The Moral High Ground - Never Take The Bait.



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“Reducing the frequency and severity of your aged receivables is as important as finding new customers.”