HOW TO HANDLE OBJECTIONS FROM DELINQUENT CUSTOMERS

Why don't your customers pay on time? The fact is that delinquent customers have many reasons for not paying. Sometimes customers have money but do not pay simply because the invoice is wrong. Since they owe money to you, they are perfectly happy to wait until you call them to resolve the issue.

So, when you call to collect, if you feel the customer is stalling, listen carefully to what is said. They could be giving you an excuse. But maybe they are telling you valuable information about financial or operating problems in your company:

- Did you ship something the customer didn't order?
- Did you send the wrong quantity?
- Was the invoice sent before the product was shipped?
- Did your sales staff offer special terms for delivery or price and forget to tell the rest of your staff?
- Did you have the correct address for invoices?

If the objection is valid, you need to fix the problem.

Of course, many customers cannot pay because they have financial or systems problems within their own company. They will try to distract you from collecting by bringing up unrelated issues that you cannot control or fix. Here are some common objections:

- "The service or merchandise wasn't really what I wanted."
- "The service didn't really help me."
- "I can't sell the merchandise."

The best course of action is to politely remind your customer of your sales terms and agreement. You may in fact be able to help, but you should get an agreement for payment before offering any other business assistance.

Remember that your primary goal is to get the customer to agree to a payment plan. If you offer assistance first, you validate the excuse and make the situation worse. Other business issues really have no place in your collection discussion.

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Emergent Partners is a management consulting firm specializing in helping companies define and execute operational and financial excellence, devise effective strategies, and align those strategies with actions enabling them to take advantages of opportunities in their markets.

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Here are a few other things to remember when dealing with delinquent customers' excuses:

- You can retain a loyal customer if you do not panic.
- Truthful debtors are eager to cooperate.
- Deceptive debtors often become belligerent and uncooperative when you begin asking questions.
- "We are going out of business" is not an excuse. You are being told why you are not being paid. You must take immediate action. You have no time for broken promises when you know the customer is going to cease operations.

As a business your priority is to collect what is owed you in order to keep your company financially healthy. Having a conversation with a customer and really listening to what is said and then making the determination on how to proceed is the key keeping a good relationship with your customer and maintaining a financially healthy company.

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