HOW TO HANDLE THE MARGINAL ACCOUNT

It would certainly be a miracle if your marginal customers could become creditworthy overnight. However, even though marginal customers are a greater risk, they can also be a profit generator for your business.

Regardless of how hard you try to justify open account privileges, there always remains that element of doubt about having made the correct credit decision. So, where do you draw the line before you turn away marginal business, allowing it to become your competitor's dilemma rather than yours? The answer is clear, not until you make every effort to manage this kind of business.

Conversely, marginal customers rejected by your competitors have the potential of becoming your welcome and profitable customers once you learn how to handle them. Dealing with a marginal account is not an easy task. Here are some ways you can manage the process:

- Frequent communication is a must.
- Familiarize yourself with your customer's business.
- Get the necessary collateral security that enables you to anticipate and respond to problems that impact your customer's business.
- Suggest mutually beneficial ways to remedy problems.
- Always listen with an open mind.
- Give the benefit of the doubt.

Follow these suggestions and you will win your customer's loyalty, confidence, and appreciation for consistently making this kind of effort. Your indebted customer will turn into your "captive account," trusting your judgment and respecting your decisions.

Remember that doing business with a marginally risky customer will always require more active involvement on the part of the credit and sales departments. When a specific credit decision is made, it should be explained to both the customer and salesperson, making certain that everyone is aware of the exact terms and conditions assigned to the transaction. Many disputes about payment can be eliminated if everyone involved remains informed.

If you build a good relationship with a marginal customer while things are going well, that customer will feel comfortable talking to you when problems develop. If you do not build these relationships, your company may be the last to get paid, or worse yet, suffer a crippling loss caused by a bad debt. Make every effort to listen and communicate with marginal customers and you will be able to mitigate losses.

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