

When will the good times end?

Despite the daily negative news and the unstable political situation, business conditions in Australia are unbelievably good.

We are the best performing economy in the western world.

This is borne out by our recent Canary in the Coalmine survey of our over 57,000 SME client base from around Australia.

Asked the question: are you planning to cut costs or aim for growth in the coming year, 55% of respondents are planning for growth, 25.6% are in consolidation phase and only 19.4% are looking at cutting costs.

Notwithstanding the strong and

stable business conditions, 38% of respondents advised that profitability is their major concern, 28.2% put "cash flow" as their biggest concern and 24.8% had as their prime concern "unpaid debts".

Despite the high level of confidence, when there is a turnaround for the worst, it invariably happens out of left field and few people predict it. Thus, you need to operate your business cautiously, which means maintaining cash buffers.



Spurious Complaints

Every business has had customers who complain when there is really no basis to the complaint.

You must have experienced this many times yourself.

Be warned. Usually it is not just simply people who are difficult. In most cases, they are looking to get something out of you. Often, they will use the complaint as the basis for holding back some money or seeking a discount from you.

The tactics for dealing with this are clear:

- Follow up on unpaid accounts very quickly with a phone call and ask the question: "is there any reason why this account remains unpaid?"
- If there are valid reasons given relating to the service or product you have provided, deal with the issue there and then. Don't let it fester. If the complaint is serious, the customer will be keen to resolve it.
- It may be that 5% of what you have

provided is defective. In that case, request the customer to pay 95% of the amount due, on the basis that you will fix the problem quickly and when it is fixed, the remainder is to be paid.

- If a complaint is raised in the future, when the customer is being pressed to pay, you know that the complaint is probably a delaying tactic. The reason is that customers with genuine complaints feel aggrieved and want to have it dealt with quickly.

In summary, deal with complaints quickly and seriously. Treat spurious complaints as a sign that the debtor has no intention of paying.



GET GOOD NEW CUSTOMER INFORMATION - FREE FORMS FROM PRUSHKA

When you are advancing credit to a customer or client, you are in the same position effectively as a bank making a loan to a customer. That is, you will be owed money.

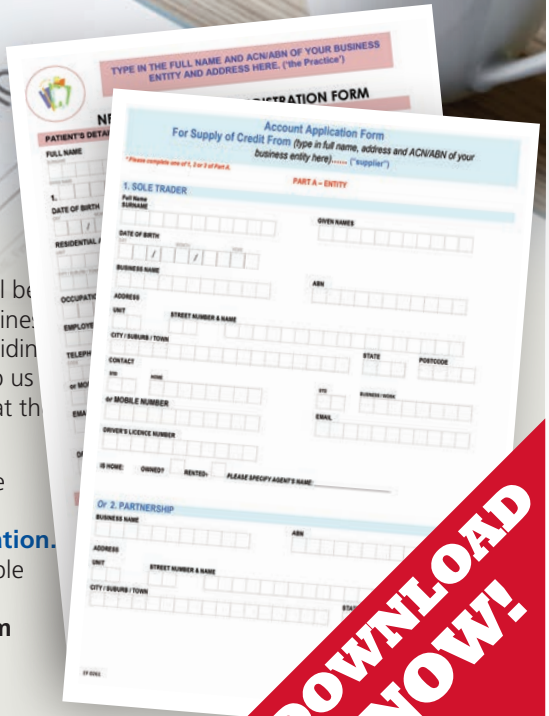
Every business should use well thought out, easy to use New Customer Credit Application Forms.

Utilizing our 42 years of debt collection experience, we have developed and refined forms for every type of business. They are in Word, so may be downloaded and amended to suit your business.

In line with current practice, our forms include email addresses, mobile numbers and dates of birth.

The information you will obtain will be invaluable in checking credit worthiness of your new customers and in providing us with information which will help us to collect the debt, in the event that the customer goes into default.

To obtain your free Form, click here https://www.prushka.com.au/forms/req_forms_CreditApplication.cfm and then click on the applicable business type. Alternatively, call the Prushka Client Services Team on 1800 641 617 or email info@prushka.com.au



SERVING STATUTORY DEMANDS ON COMPANIES

All legal enforcement steps firstly require that a judgment be obtained. However, there is one exception to this.

If you have a debt owing by a company which is for more than \$2,000.00 and is undisputed, it is possible to go straight to Statutory Demand.

The process is quick cheap and effective (our standard Fixed Price Fully Inclusive Legal Cost is \$790.00 Inc. GST, without judgment).

After service of the Demand, the debtor company has 21 days within which to either pay the amount demanded or to bring action in a court to obtain an order that either the account is disputed or to show that the debtor company is solvent. (Neither of these outcomes is likely to occur).

After 21 days, if no action has been taken, the company is deemed at law to be insolvent.



From this time, if the directors allow it to continue trading, they face the risk of being sued for future losses incurred by creditors on the basis of allowing the company to trade whilst insolvent.

At that time, it is then possible to proceed to a petition to wind the company up.

In our experience, serving Statutory Demands on companies is an effective, cheap process. To find out more about how this works, contact Sue Stevens on (03) 9872 7289 or email svs@mendelsons.com.au.

She will discuss this with you and provide you with information.



To get cash in for January and February... Send your debts into Prushka immediately.

The worst months for cash flow for most businesses are January and February.

The business is drained of cash by making large holiday pays and then there is either the slow-down or Christmas closure and the fact that many of the business's customers will be away until mid-January.

To get money in when you really need it, send your overdue accounts to Prushka **NOW!**

There is no need to complete an Action Form for each one. Simply email copies of your overdue invoices to clientservices@prushka.com.au or fax them to (03) 9872 4757.

Does your Customer work or is he or she a homeowner?

These are two really important questions to ask at the time you advance credit.

The reason is that if you know where your debtor works or if you know that he or she is a home owner, then your recovery chances have skyrocketed.

Don't forget to advise us of this information when you send overdue accounts to Prushka.

If your debtor works, we can sue, get judgment and then initiate a Garnishee Order. The processes and costs vary from state to state. For example, in New South Wales, the process is quick, cheap and effective. At the other end of the scale, South Australia does not effectively offer Garnishee.

The fact that there is a judgment enforcement path will usually result in us getting payment without the need to sue. The reason is that we can explain to the debtor that if they don't pay, they will be sued and if they get sued, substantial costs will be added to the debt and that ultimately, the amount of the judgment debt will be deducted by his employer from his pay package every week.

Similarly if the debtor has an interest in real estate, there is a legal enforcement path available for most states, which will result in most legal costs being added to the debt and the house ultimately being sold by the Sherriff of Bailiff.

To easily get this information, use Prushka New Customer Forms as detailed on page 2.

OLD DEBTS ARE LIKELY TO BECOME BAD DEBTS.

After 120 days overdue, a debt is fast becoming a bad debt.

The longer you wait, the more your debtor is feeling confident that you don't know what to do or are unprepared to take action and so your chances of him paying diminish. He will pay those who exert pressure on him or who have the power to impose penalties.

Don't let your debts become bad debts.

For most businesses, the account should be outsourced to a debt collection agency at no later than 60 days. This assumes that you have carried out internal debt collection processes up to that point.

Prushka have products which can help you isolate slow-payers from potential bad-payers and also obtain recovery without paying debt collection cost.

We recommend that you affix **Prushka Now Due, Overdue and Final Notice stickers** to your invoice and statements. The Prushka name is introduced so that your debtors know that further action will be taken if they don't pay.

By 60 days (90 at the latest), we suggest that you send a **PRUSHKA SELF SEND ONLINE DEMAND LETTER**. All you pay is the cost of the letter. If it results in recovery, there is no commission or other charges payable. The success rate of the letters is over 60%.

To order Prushka Self Send Demand Letters (you can even order just one letter), call the Prushka Client Services Team on **1800 641 617** or click here.



SMALL DEBTS!

Never, ever write off small debts.

Prushka collect debts from as low as \$50.00.

As our service is totally **NO RECOVERY - NO CHARGE**, you have nothing to lose, so send them all into Prushka, so send them all into Prushka.

GET WITH THE TIMES

Post is finished. It is being phased out, it is expensive, unreliable and slow.

When setting up a new customer, always obtain their email address and mobile phone number. If they don't have them, be wary (unless they are over 75).



ARE YOU A MEMBER OF ONE OF OUR PARTNER ORGANIZATIONS?

If you are a member of **AMA (Vic), Law Institute of Victoria, IPA, Queensland Law Society, Australian Funeral Directors Association** or any of the partners listed on the partner page of our website <https://www.prushka.com.au/forms/partners.cfm>, register as a Prushka partner.

Once registered, you will receive a discount of 10% off Prushka's commission rate. For example, if the commission rate is 15%, you will be charged only 13.5%.



Simple, effective tips which are guaranteed to improve your **CASHFLOW!**

YOUR FIRST CALL.

In this email and SMS age, many people do not feel comfortable making phone calls any more.

However, calling your overdue customers is critical. You will find out if there is a dispute or if they are unhappy with your service.

If they are unable to pay, that is the time to set up an installment arrangement.

Statements can be thrown in the bin, emails can be ignored but no one can ignore a phone call.

DEFAULT LIST YOUR DEBTOR

If your debt is undisputed and reasonable attempts have been made to recover it, Prushka can default list your debtor with Equifax, the major credit reporting agency (applies to business debtors only).

To use this service, call the **Prushka Client Services Team** on free call 1800 641 617 or email info@prushka.com.au

CHECK YOUR INVOICE.

Make sure that your invoice clearly details all payment options.

Highlight the option which suits you best, which will normally be payment by EFT. Make sure that this option really stands out and use large, bold print for all of the bank account particulars.

DO DEALS

If your customer is proving difficult, raising all sorts of issues and procrastinating, ask him the question: "how much are you prepared to pay right now in order to settle the debt?"

You may find the amount you have to discount is a lot less than you may have thought. As long as you can get payment on the spot, it is often worthwhile to go for it. However, you know that you will never want to deal with that customer again.

PRUSHKA
FAST DEBT RECOVERY
NO RECOVERY - NO CHARGE

Commission rates from as low as 11%... And that is all you pay. Across Australia.

Free call 1800 641 617 or email info@prushka.com.au