

**SECTOR: BUSINESS SERVICES**

**SUB-SECTOR: BUSINESS SERVICES**

**RTQF LEVEL 4**



# **BUSDR401 DEBTS RECOVERY FROM BUSINESS CUSTOMERS**

RECOVERY FROM BUSINESS CUSTOMERS

ELEMENTS OF COMPETENCE

## **1. Record list of debtors**

1.1 Accurate making a list of debtors according to their payment status

1.2 Proper classification of debtors according to their payment dates

1.3 Proper classification of debtors according to the number of days of non-payment.

## **2. Respect days of informing customers when due**

2.1 Proper making of a list of customers according to their payment dates

2.2 Careful identification of customers in accordance with due payments

2.3 Regular contact of customers according to their respective payment dates and according to due payment

## **3. Provide summarized recovery status**

3.1 Accurate making of a list of debtors according to services rendered or products sold.

3.2 Proper listing of payments received in line with debts to be recovered.

3.3 Proper making of a list of debtors in line with promises to repay

3.4 Careful providing of recommendations in line with findings.

## **L.U.1: RECORD LIST OF DEBTORS**

### **Learning Outcome 1.1: Make a list of debtors according to their payment status**

**Definition of debtors:** A **debtor** is a person, company, or other entity that owes money. In other words, the **debtor** has a debt or legal obligation to pay the amount owed.

- ✓ **Debts recognition agreements**
- ✓ **Debtors Name**
- ✓ **Debt amount**
- ✓ **Date of contracting debt**
- ✓ **Payment date**

### **Statement of Account**

#### **Statement of Account raised for:**

[NAME]

[COMPANY

NAME]

[ADDRESS]

[City, County,

Postcode]

[Phone]

#### **Invoice details**

Invoice Date:	
Account Reference:	



Debtors may be divided into four classes, each requiring different treatment. These classes are as follows:

(1) **Good pay:** This class comprises those debtors who either pay their accounts voluntarily on or before the due date, or pay when their attention is called to the fact that the accounts are due, or within a reasonable time thereafter.

(2) **Slow pay:** The slow-pay class of debtors is usually large, and its membership is recruited from many classes and callings.

(3) **Bad pay:** In this class of debtors are found those who are able to pay, but who will not pay unless and until payment is forced. Among these are men who are really hard up and who defer all payments except those which press hardest.

(4) **Execution proof:** Debtors of this class have no disposition to pay their debts, and, having no property, cannot be forced to do so. The accounts coming under this head comprise the residuum from the other classes the accounts which the credit department have so far utterly failed to collect.

**Description of customer's source of income:** Consumer **income** is the money that a consumer earns from either work or investment, such as dividends distributed by companies to its shareholders and the gain realized on the sale of an asset, such as a house. When you combine these **income sources**, it's often referred to as aggregate **income**.

**Learning Outcome 1.3: Classify debtors according to the number of days of nonpayment**

**Listing debtors with delays in payments**

**Determination of number of days of non-payment**

**Categorization of debtors according to delays in payment**

(see practical exercises)

**L.U.2: RESPECT DAYS OF INFORMING CUSTOMERS WHEN DUE**

**Learning Outcome 2.1: make a list of customers according to their payment dates**

**Definition of customers:** A **customer** is a person or company that receives, consumes or buys a product or service and can choose between different goods and suppliers.

### **Description of listing mode**

Status  Classes  Value of amount due  Alphabetical order  Graphic

### **Determination of payment dates:**

### **Differentiation of payment and due payment:**

**Payment:** A **payment** is the trade of value from one party (such as a person or company) to another for goods, or services, or to fulfill a legal obligation. The most common **means of payment** involve use of money, cheque, or debit, credit or bank transfers

**due payment:** **Payment due** date. The **payment due** date is the monthly date when at least a minimum **payment** is **due** to be paid on a credit card account. It may not fall on the same date each month.

### **Payment mode:**

- **Cash**
- **Cheque**
- **Credit card**

### **Transfer payment:**

1. **Bank transfer:** A **bank transfer** is when **money** is sent from **one bank account** to another. **Transferring money** from your **bank account** is usually fast, free and safer than withdrawing and paying in cash
2. **Mobile money:** **Mobile money** is an electronic wallet **service**. This is available in many countries and allows users to store, send, and receive **money** using their **mobile phone**
3. **Western union:** **Western Union** provides a **means** of moving money from person to person and place to place for people who may not have options in the traditional financial world
4. **Money Gram:** **MoneyGram** is a money transfer service similar to Western Union. It provides services such as money transfers, money orders and bill payment to people who

don't have bank accounts or don't want to use their normal bank account. Then, you use cash, credit or debit card, or a bank account to give **MoneyGram** the money

### **Learning Outcome 2.3: Contact customers according to their respective payment dates and according to due payments**

#### **Introducing customer contact**

**Contact database**

#### **Ways to contact customers:**

**Telephone**  **Email**  **use letters**  **Home visit**

#### **Identification of customer location**

### **L.U.3: PROVIDE SUMMARIZED RECOVERY STATUS**

### **Learning Outcome 3.1: Making list of debtors according to services rendered or products sold**

#### **Definition of key words**

**Services:** A type of economic activity that is intangible, is not stored and **does** not result in ownership. A **service** is consumed at the point of sale. Examples of **services** include the transfer of goods, such as the postal **service** delivering mail, and the use of expertise or experience, such as a person visiting a doctor

**Products:** a **product** is an object or system made available for consumer use; it is anything that can be offered to a market to satisfy the desire or need of a customer.

#### *Filling information for debtors*

#### **Reconciliation of debtors control account with debtor's individual accounts**

- ✓ List debtors according to services rendered or product sold

### **Learning Outcome 3.2: Report changes necessary to maintain service standards**

#### **Identification of necessary changes to be made**

o Determination of service standards

(see practical exercises)

**Learning Outcome 3.3: Maintain records and reporting procedures to compare changes in customer satisfaction according to the organizational targets**

Introduction to customer's record maintenance

Terms and conditions of customer's record maintenance

License Grant

Authorized Users

Secure/Remote Access

Updates to the Service

Supplemental Terms

Variations in Content

Fees and Payments

Rights o Term o Remedial Action

Service Level

Limited Warranty and Disclaimer of Warranty

Limitation of Liability

Entire Agreement

Rating of customer satisfaction

Who should be interviewed? o What should be measured? o How should the interview be carried out? o How should satisfaction be measured? o What do the measurements mean? o How to use customer satisfaction surveys to greatest effect?

**Learning Outcome 3.4: Provide recommendations**

**Recommendation in business:**

**Recommendation.** If you give someone a **recommendation**, you're saying, "try this, it's good" or "this is the best way to proceed," or "this person will do a great job."

**Purposes of recommendations:**

A **recommendation** report is a paper that compares two or more products or solutions and makes a recommendation about which is the best option. Because the purpose of the report is to recommend a course of action, it is called a recommendation report

**Modes of providing recommendation**

There are three basic categories of recommendation letters: academic recommendations, employment recommendations, and character recommendations. Here is an overview of each type of recommendation letter along with information on who uses them and why.