

# Effective Debtors Management

## Module 1: Understanding of Business Processes

- Working capital, planning, purchase, production, sale and collection
- Profit vs cash flow

## Module 2: Business Model & Financial Statement analysis

- Business positioning
- General vs focus
- Importance of business branding
- Financial statement analysis: -
  - Vertical & Horizontal analysis
  - Gearing ratio
  - Profitability ratios
  - Liquidity ratios
  - Operating Efficiency ratios
  - Securities and Guarantee



## Module 3: Customers Payment Pattern

- Customers payment history/ habits, tools like aging reports
- Company's prompt payment policy
- Cease delivery/ performance of services
- Stern actions taken on collection

## Module 4: Satisfactory Products and Services

- What are the customers' needs?
- Satisfy customers' needs
- Level of awareness and education

## Module 5: Business Collection skills and strategies

- Methods available for collection
- Ad hoc seasonal discount
- Customers relationship – they are not always right
- Single customer limit

## **Module 6: Collection Tools and Prevention**

- In house collection personnel
- Outsource to debt factoring agents
- Electronic medias
- Customers' common delaying tactics

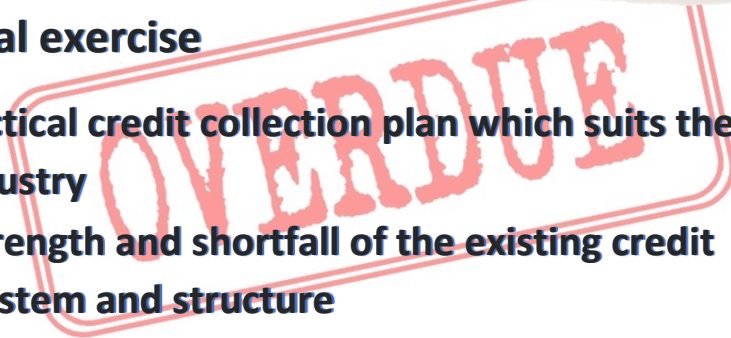
## **Module 7: Reference and Symptoms of Customers' Defaults**

- CTOS and CRIS
- Industrial and local community references
- Casino
- Banking facilities vs cash based
- Underground economy
- Symptoms of debtors suddenly disappear



## **Module 8: Practical exercise**

- Develop a practical credit collection plan which suits the company's industry
- Analyse the strength and shortfall of the existing credit department system and structure



## **Module 9: Double A**

- Action
- Attitude

## **Module 10: Legal Proceedings**

- Legal actions against debtors
- Enforcing judgment



## **Module 11: Accounting and Taxation**

- Accounting, Income tax and GST treatment on bad debts
- The crucial 6% GST

## **Module 12: Employees Commitment**

- How to motivate and increase employees' commitment and initiative?