

CollectionBASICS

BY MICHELLE ZERVOS

Collecting Your Small Claims Court Judgement: The Debtor's Examination

SMALL CLAIMS COURT IS A VALUABLE collection tool for minor bad debts, such as NSF checks, "delayed CODs" or non-payment on open accounts. If properly used, the court process will minimize the company's outside collection costs for agencies and attorney's fees.

As credit professionals, obtaining the judgment is rather easy. Collecting the judgment is the challenging task. So how do you proceed to collect the judgment? You can contact the judgment debtor by letter, stating the amount owed, judgment date, the legal debt and that you expect payment in full. Ask them to contact you and state that this letter gives them the opportunity to work out a payment arrangement amicably, before involuntary collection actions occur.

In my experience, the demand letter seldom achieves payment and we are forced to seek other legal remedies to col-

lect the judgment. We have used Abstract of Judgments and the Writ of Executions with money judgments, such as bank levies, till taps and wage garnishments. These are necessary, effective tools. But, there was one step we had ignored that would have better prepared our collection efforts and enforced the seriousness of the judgment. The procedure— a primary step— is the Debtor's Examination. The examination is your chance to question the debtor in court, as to his/her ability to pay the debt owed to you.

The Order to Appear for Examination is scheduled by the small claims court in which you obtain your judgment. It may be necessary to schedule an examination in a more proximate court of the judgment debtor's residence or business, if different than the judgment court. Ask the clerk for distance restrictions and the procedure to change courts, if necessary. The judgment


debtor must be served with the Order to Appear and the court must receive proper verification of this service within an allotted time.

Appear before the court at the designated time, date and place. If the debtor fails to appear, the judge may issue a bench warrant. If the debtor appears, he/she will be sworn in, and you and the debtor will conduct the examination informally and privately. If the debtor is uncooperative, you may go into the court and ask the judge to hold the examination in open court.


Remember, the examination is held to question the debtor(s) about their ability to pay the debt owed to you. You may approach the judgment debtor(s) as though you are trying to assist in finding a solution to their debts. However, it is a fact finding mission. You may ask about their current employer, the location of their bank accounts, personal assets, automobiles registered in their name, life insurance and even the amount of cash on hand (ask the judge to order the debtor to turn over that cash). All the information gathered may assist you in the immediate collection of your judgment in the event a payment plan cannot be adhered to by the debtor.

The penalties for non-compliance on the Order to Appear are harsher than the original small claims hearing and subsequent judgement. The debtor's examination brings you face to face with the judgment debtor, reinforcing the legal obligation of the debt and that you expect payment in full. It is your opportunity to do what you as a credit professional do best—get paid!

Michelle Zervos is credit manager of Superior Sod, Tehachapi, CA.



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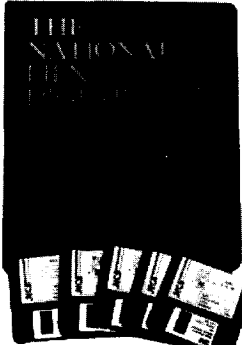


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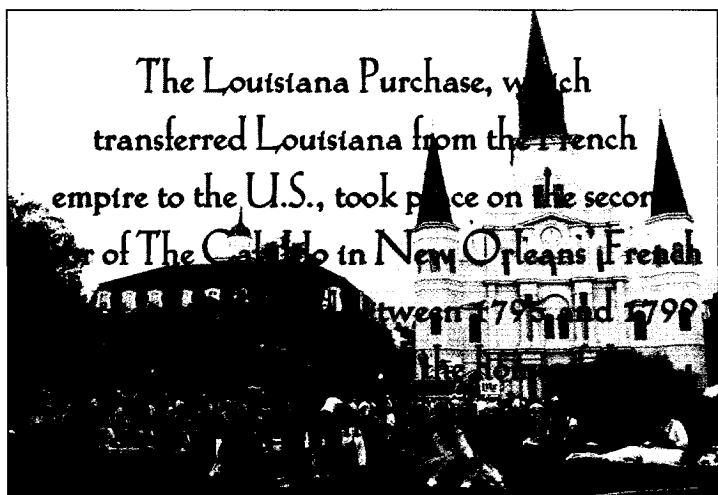
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Creditnet

BY STEVE



It has been approximately two years since NACM rolled out the national website and, during that relatively brief time period, business communications has unarguably changed. Technological evolution continues at a dizzying pace, defying accurate forecasting of how fundamental credit department tasks will be accomplished even five years from now.

Two years ago, select NACM members were utilizing online communications as a first level change in their work process, by changing the tools and not methods, to complete their day. At that time, a high level of interest was in simple website listings with financial or database capability.

Now the Internet and the World Wide Web is mainstream culture for many of us and is beginning to affect the processes that we use to complete research, analysis and collection duties. CreditNet will feature anecdotes of credit professionals "thinking outside the box" and using the Internet as a fundamental part of their regular activity, because it makes sense to do so. In response to many requests at seminars and by e-mail, this column will also cover the essentials of daily Net usage, starting with the number one question—how do I find what I'm looking for? Finally, CreditNet will close by featuring one or two websites with a brief overview.

Real World Cybercredit

John Bennett is the International Credit Manager at Goulds Pumps, Incorporated in western New York State. Goulds Pumps

is a worldwide supplier of commercial/industrial pumping equipment for chemical, water, waste and other substance movement needs. Over the past 10 years, both John and his employer have proactively used the communication changes the Internet has provided to enhance business operations, especially in their Asia Pacific and Latin American markets.

About three years ago John and the overseas sales force began regular usage of Internet e-mail to communicate on traditional issues between the two functions; requests for more information, updates on customer status, clarifying orders and the like. Net traffic replaced telephone messages left from time zones half way around the world, and cut down on fax transmissions (and the connection problems inherent with overseas facsimile traffic). Both sides of the company enjoy the time management possibilities and "not having to write things down." Sales and credit continue to communicate more effectively in this manner at present—one salesperson has actually established a direct satellite dish link from his remote area to bypass a poor local communications infrastructure, and gained a business advantage over the competition!

John and Goulds personnel built on these obvious basics and aggressively went after Internet e-mail links with both

their distributors and direct customers in the far east. About 18 months ago, customer Net traffic in typical daily credit and collection matters began to increase, and continues with pricing, line item clarification and routine billing-activity messages with dozens of customers. Today credit application information and up front screening data regularly arrives in the credit department by e-mail.

Many NACM professionals deal with major corporations through Internet messages, but John has found that the Goulds Asian customer with this capability often is a smaller firm by comparison. Telecommunication backbone providers in this part of the world parallel this observation—countries with less developed networks tend to leapfrog the "developed" countries like the United States, simply because they have no prior paradigm to break or existing equipment that resists obsolescence, and the smaller firms build on this advantage with less required investment.

Goulds Pumps' base product is customized as needed for usage as equipment is built to customer specifications, and now accepts orders from select customers through Net, via e-mail file attachments. The e-mail attachment is received by a macro template configurator program that, in turn, defines material usage and feeds the production area. This cuts many traditional steps and decreases cycle time. John finds the same customers enjoy using file attachments to transmit documents too complicated for regular e-mail, and the Goulds business staff doesn't stop there. . .

Full internal management reporting within the company now takes place using similar file attachments through the

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<http://www.nacm.org>

Net, carrying information on account receivable turns, reserve analysis and regularly required statistics to establish financials that support strategy decisions. The Goulds Pump operation benefits from the openminded attitude John Bennett and his coworkers demonstrate in their acceptance of technological change. This example of heavy industry adapting 21st century work methods should establish that cyberspace can leverage our professional standards to higher levels.

Newspaper Websites

When we have attempted to obtain background or late breaking financial information in the past, we obtained a daily print newspaper for the customer's area or searched the archives of same at the local main public library. It took a lot of time, but here are two ways to do that more efficiently:

www.newsworks.com

The NewsWorks website is a collaboration of nine major print newspaper chains, and you can search more than 100 newspapers in major U.S. cities by keyword. You'll receive hundreds of hits as text articles over the last six months, often accompanied by related website links also based on your keyword.

www.mediainfo.com

Editor and Publisher Interactive is a "crossroads" site, allowing you to search for more than 1600 newspaper websites worldwide based on country, state or publication name. Each member has e-mail and telephone contact information to enlist assistance, or you can simply jump to the website and try whatever search functions exist there. You'll find interesting stories relating to the Web and electronic publishing on the home page—when I last checked, the stats from a recent GAO survey found more than 4,300 federal government websites and 1.7 million federal Internet e-mail contact accounts (and you don't surf the Net yet?).

Bob Steve is credit manager of Allen-Bailey Tag and Label in Caledonia, NY, and chairperson of the Rochester NACM RANC group. You may share your Net usage and discoveries in future CreditNet columns by contacting him at bobsteve@aol.com

Search Engines and Boolean Logic

You've logged onto your Internet service provider, understand the basics of your browser program, and have dialed up all the websites featured in your daily print newspaper or favorite magazine. You've started to look for the individual solutions we all arrive at on the Net, and have found one of many search engine programs like Alta Vista, Webcrawler, Lycos or HotBot. You've entered keywords into that little box, and out come 342,176 matches to choose from.

Next time we'll discuss the differences between the popular search programs, but for now we'll tackle the input language common to all—Boolean logic. Although each gives different results (a factor of their sort structure and website URL databases) all search engines use essentially the same method to determine what it is you really want, and Boolean identifiers are easy to remember.

To search only for a key phrase without any variations, put quotation marks around it—"big brown dog" finds only those three words in that sequence. The entry of big brown dog finds any topic with any or all of these words in any sequence, so you may find a big house with a brown rug with a little white dog on it. If you search for big AND dog NOT brown you will find all the hits that address enormous size and pooches (not necessarily related phrases), but whatever it is will not have brown as a characteristic. When you enter "big dog" NOT brown you will locate all big dogs except of that color. The identifier OR is also used in a common sense application—big OR brown finds phrases with either word.

Once you have figured the above out, check the Help feature on the search engine for more information. Many have exclusive features that assist you in narrowing your search. Keep in mind that most sort by declining accuracy, so out of the 342,176 choices, the first 10 or 20 (at most) are probably what you need to look at on multiple word searches. Another way to narrow your choices is to add additional relevant words once you see possible but numerous results—if big brown dog has a lot of good prospects try big brown German Shepard female dog (but remember if you overdo it in the beginning you may miss some close matches or not find anything at all).

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