

Richardson Riley & ASSOCIATES



Third-Party Collections • Asset & Liability Investigations • Private Lending

COMMERCIAL COLLECTIONS UPDATE NOVEMBER 2009

We at Richardson Riley & Associates strive to provide our clients with the highest return on their outstanding accounts receivable whether collection efforts are being performed internally or are outsourced to us. To that end, we provide monthly updates on trends we are seeing in the industry and collection tips that may be helpful. We hope you find our updates topical and of assistance. This month's topic is:

CUSTOMER OR DEBTOR?

At the outset of any new business relationship, everybody is eagerly looking forward to a long-lasting, prosperous association. Vendors have a new client and potential source of new income and the new client has another source of product or service and fresh credit. As all of our clients have experienced, however, business relationships can quickly morph into headaches and, even worse, bad debt. There is no mathematical formula or scientific equation for determining when a customer or client is morphing into a debtor – such determination is more an art-form than a science.

However, there are significant and distinct warning signs of which every vendor should be aware; warning signs that reveal themselves as early as the initial underwriting and credit application stage. Of course, even a customer or client that presented well during the application stage may become a debtor. Since precise prediction of which customer or client will become a debtor is elusive, it is imperative that every vendor not only be aware of the vital warning signs, but act quickly and decisively once a red flag is raised. Our extensive experience with debtors may be of assistance in the identification of red flags and creation of strategies to reduce exposure. For more information regarding this topic, please contact your Richardson Riley & Associates representative immediately. If you do not currently have a contact at Richardson Riley & Associates, but would like to discuss this month's topic or any collection related matter, please contact us at (302) 449-4970 or moneyrecovery@richardsonriley.com.