

# An Ineffective Collection Process can be Expensive

## *an Interview with Jan Knutzen*

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*A growing number of companies experience that even good customers defer payments, and the risk for loss is increasing. There is hope - the collection process with XLEDGER.NET mitigates risk through smart techniques in a comprehensive system that includes everything from bill processing to payment collection.*

### **Serious money can be lost**

“Selling on credit always includes some element of risk, especially in tough economic times,” credit manager of XLEDGER Jan Knutzen, points out. He is responsible for the collection process with XLEDGER.NET and has years of experience in the collection industry.

“Through the years I have seen how much companies can lose on their receivables due to inefficient collection processes,” he continues, and gives an example; “With a contribution margin of 20% and a loss of 10,000, one needs a new sale of 50,000 to cover the loss. And a write-off totaling 10,000 is not rare these days - I expect that collection agencies will reveal much bigger losses.”

### **Necessary to sell on credit**

-But we also have to take into consideration that selling on credit is a part of being a player in the market. Exposure to risk is inevitable in business, and extending credit is a significant part of that. This in itself should not be a problem, but in downturns many good customers slip without warning. In these difficult times we are in, how can one minimize risk and get a full night’s sleep?



Jan Knutzen, credit manager of XLEDGER

### **Reducing risk**

A sophisticated collection process can help reduce this risk. The collection process with XLEDGER.NET does just that, as well as helping companies extend credit. All transactions are processed immediately to keep accounts receivable up-to-date.

This updated information enables the user to see if a customer is starting to push their limits beyond the payment terms.

### **A comprehensive system**

To ensure the best possible safeguard in all parts of the process, XLEDGER.NET has a comprehensive collection system that handles procedures from bill production to payment processing. It is also integrated with a professional collection agency and their systems. Thereby, the whole process from billing to receipt of payment is handled in a safe and secure way.

### **The collection process with XLEDGER.NET:**

- Easy transfers of overdue accounts to a collection agency
- Automated up-to-date accounts receivable with little manual involvement
- Access to competent attorneys and collection agents
- A key account manager in XLEDGER acts as a liaison with the collection agency
- Web access to accounts receivable
- Customers get access to all the advantages of being a member of the Collection Agency