

Business Collections

Recovering What You Are Owed



The Collection Process

While an attorney can be a powerful tool in helping you collect amounts owed, collecting on your accounts receivable has to be seen as a process. Epiphany Law works with clients to develop this process to minimize collection costs and to maximize receipts.

Most businesses have a flawed concept of collections. They send out an invoice and patiently wait six months or so to see if they receive payment. When payment is not received, they either write off the debt or send it to an attorney or a collection agency. This is a poor process and is guaranteed to produce failure.

How Epiphany Law Can Help

The most important step Epiphany Law can assist your business with is developing the form letters and scripts for your business to use in its own collection process. Developing an internal system to collect most debts is the most cost-effective method.

In cases where your efforts are insufficient to motivate your customer to pay you, Epiphany Law can assist by drafting initial collection letters. In many cases, a well-written letter on a respected law firm's letterhead will produce results. Finally, when all else has failed, Epiphany Law can assist in the determination of whether to write off the debt, send it to a collection agency or commence suit.





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What can and can't we do when collecting a debt?

The rules regarding debt collection are complex. Unfortunately, there seem to be more laws protecting debtors than the business that is owed the debt. Additionally, the penalties for violating debtor protection laws can be exceedingly harsh including loss of collection rights, penalties and payment of the debtor's attorney's fees. The result can be that your business ends up owing the debtor.

Is an attorney always the best tool for collections?

No. The reality is that attorneys are expensive. While certainly there are times when an attorney is the best tool for collecting a debt, more often the best tool is a proactive in-house approach developed with the assistance of an attorney. Businesses that develop standard routines to address collection issues before they explode are the most successful.

We always send our accounts out to a collection agency. Why would we need a business attorney?

Collection agencies can be wonderful tools, however, they have limitations. The first is the cost of collection. Collection agencies often charge 33% to 50% of the amount collected. While that may be a bargain on a \$100 collection, it is often highway robbery on a \$10,000 collection. In addition, a letter from a collection agency often doesn't carry the same weight as a letter on an attorney's letterhead. Thus, while collection agencies can be a good fit for certain debts, they are only a partial solution. A complete solution should be developed by your business in consultation with a knowledgeable business law firm.

Rely on Epiphany Law as your source of business law expertise for your growing organization.



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