

5 KEY STEPS TO GETTING PAID *EASILY*

...and what to do when you don't!

HOW WE HELP

COLLECTIONS

Whether you want to outsource your monthly collections or have an ongoing arrears situation, we can provide a comprehensive solution as part of our Law and Enforcement Consultancy Services.

INVESTIGATIONS

Has your debtor done a disappearing act? We offer 3-levels of tracing services, helping you to do a little magic of your own by locating a rogue tenant or disappearing debtor.

SECURITY

Our security expertise grew out of securing land against trespassers, protesters and squatters, keeping the area secure whilst our officers carry out their work. We found the average security company invariably let trespassers back in - we couldn't allow that! Today we offer everything from securing property from access to mobile patrols and guarding. As strategic partners to Vapor Wake K9s, we are able to extend our security service to include a unique approach to weapons detection. Ask us for more details.

HIGH COURT ENFORCEMENT

Every business owner hopes they will never have to deal with the enforcement side of business, however, it is likely that at some point, everyone will have to deal with the unpleasant side of ownership at least once during their career.

We offer solutions for everything from Enforcing Commercial Rent Arrears (CRAR), Process Serving to Carrying out Evictions on your behalf.

ABOUT SHERGROUP

In an uncertain world, we're keenly aware of the day to day challenges faced by the business communities we serve.

At Shergroup our mission is to give our clients peace of mind, by being a constant, dependable, reliable and reassuring presence. As a Security and Enforcement Consultancy with a fabulous heritage and a progressive approach to its future, we're on a mission to work with our clients to deliver more than the average company.

From our base of operations in London, we are growing our footprint by delivering consistent and professional business services to our long standing and new clients. Leaning on our heritage, our simple mission is to keep innovating and to deliver 100% on our key performance indicators.

At Shergroup we want to make it easy for our clients to source all their security and enforcement services from one expert Vendor.

ONE SIMPLE MISSION.

New solutions to problems that seem unsolvable.

Contact Us | For more information on Shergroup please visit our website

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INTRODUCTION |

Late payment is a real problem to business whether you're the owner, part of an in-house team or an advisor.

In an ideal world, everyone would pay on time and there would be no knock-on effects for late payments.

Everyone is looking for the best way to collect money from late paying customers, and here at Shergroup we get involved in the sharp end of collecting money by enforcing judgments.

This gives us a unique perspective to see how our clients have tried to collect payment before it even gets to us, and whether we can advise them on how to strengthen their procedures so that they don't actually need to use us.

We are not worried about running out of work, because it's the nature of business that there will always be judgments, and there will always be unpaid invoices. But what we can do is help you stop the easily recovered debts getting into our system, so that you use us to concentrate on more difficult unpaid situations.

There are really only five key steps to getting your process right to collect payment.

Let's look at how these five key steps fit together, and what you can do with each of them to improve your chances of recovery.

5 STEPS TO GETTING PAID...*easily!*

**STEP 1 |
Credit Control and the
Sales Process**

**STEP 2 |
Using a Collections
Agency**

**STEP 3 |
How to Escalate to Legal
Proceedings**

**STEP 4 |
Enforcement of the
Judgment**

**STEP 5 |
Bringing it All Together!**

STEP 1 | Credit control and the sales process

When you sell goods and services to a customer, you should do what you can in your due diligence to find out if the customer is good for the money.

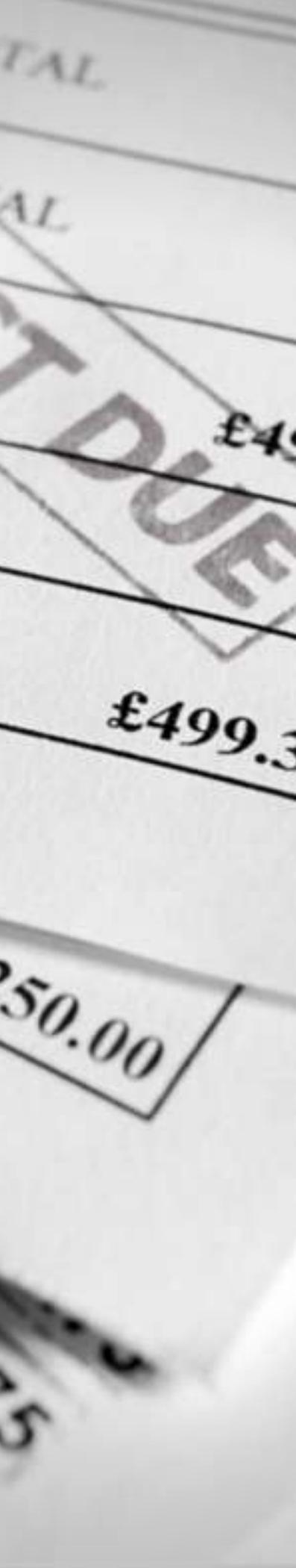
In some businesses, this is easier said than done. So you have to look at how you offer credit to your customers. Are you satisfied you are closing some of the gaps on your knowledge about the customer, to ensure that when you effectively “lend them money” that you are satisfied you are going to get it back?

One of the easiest ways to close any gaps in your knowledge is to have a **comprehensive customer application form**. This can now be created online so that the customer fills in the necessary information on your website, or just using their phone.

In this application form you are trying to find out whether the customer can pay you, and whether you can verify them as a proper person in law. They may be an individual, sole trader, partnership, company, or an unincorporated association, such as the local rugby club.

Simply Ask Yourself these 5 questions in sequence:

1. What does your internal sales and credit control process look like?
2. Do you outsource payment of your invoices to a specialist debt collection agency when you have exhausted your inhouse procedures?
3. If none of that works, do you escalate unpaid invoices into legal proceedings so that you can compel your non-paying customer to pay you?
4. Have you found that legal proceedings have resulted in judgments being entered on your behalf, but these are still not paid?
5. Finally, have you had to resort to enforcement action to get paid - either by asking bailiffs to knock on the door, or taking other enforcement action, or even taking insolvency action against available assets?



We encourage you to look at every customer as potentially defaulting on you, so there are no surprises!

For sole traders and partners, ask them for full information about their income and expenses where you can. Find out if they own their own property and whether they have a salary or are self-employed. This will help you ultimately determine how to enforce your judgment against them.

For partnerships and companies, it becomes easier to verify that they do actually exist and are trading. Companies have to go through quite strict compliance in terms of filing accounts, and having a registered number. So use Companies House website, and use credit reports (visit www.shergroup.com/credit-reports for a easy cost effective solution) to verify exactly who you are trading with.

Also do **some practical things** like searching social media, and telephoning the company number and seeing if somebody answers. In addition, look at the company address on Google maps or street maps, which will give you an idea whether the company is really just trading from a terraced house, or if the address is just a demolition site (we have had that in the past)!

All in all, reassure yourself that the customer that you are extending credit to is good for the money, and you know enough about them to be comfortable with your decision to extend credit.

If you are not comfortable, then extend less credit or ask for payment upfront, but don't extend thousands and thousands of pounds to a company or entity that you haven't checked out.

If you need help in making these checks to verify who your customers are, Shergroup has a service for this through its collections team, so don't worry about being stuck on where to go for a service.

Use your credit control team to run reports on your entire sales ledger to know what debts are the longest outstanding. Build a process on how to tackle these debts once they get to a certain stage in your process.



For example, at 45 days you may decide that your internal credit control has come to an end and you want to escalate it to an outside agency for them to handle the collection process. Or you may want to escalate it to a legal claim by issuing a claim through Money Claim Online (<https://www.moneyclaim.gov.uk>) or using solicitors. But for each customer on your ledger, and for each invoice on your ledger, you should have a strategy. If you are not sure what strategy to adopt, we can help you.

STEP 2 | Using a Collections Agency

For some businesses, when it comes to actually escalating the collection of an invoice and getting tougher with the customer, they shy away.

They may want to continue to trade with that customer and they don't really want to have to get into the nuts and bolts of why the customer hasn't paid.

Or they may find that they have come to the end of the customer relationship, and they just want to outsource the collection to a third party.

There are numerous reasons why people outsource, and all of them are justified. Just be aware that there is a cost to outsourcing collections, so the more you can do in-house, the better for your own bottom line.

But if you decide to outsource, then **look for a team that are going to sound and look like your business, but tougher.** There is no point outsourcing to a third party if they are just going to carry on trying to collect payment the same way that you have done, and which hasn't worked.

Their process has to dovetail with your process, so with that in the mind of a late-paying customer, this is an escalation and everybody can see that you really are serious about getting paid.



What you should expect from the outsource collection:

1. Ensure the team offers a service and **a system better than your own**, because this is their specialisation.
2. You should **receive regular reports designed to help you** understand what they are doing and achieving. These reports should include the amount of money recovered and updates on debts that have not been paid.
3. You should also ask for the reports and remittances at intervals that suit you. Whether you need them **daily, weekly, or monthly, all are sensible options.**

Keep track of how you work with the collection agency and what results they are getting on your behalf - they should be a natural extension of your team

STEP 3 | Legal Proceedings

With the best will in the world, not every collection process is going to deliver you a 100 percent result. But if you know somebody who does deliver 100%, then stick with them.

In our experience there is always going to be some intransigent debtor/customer who uses the system to avoid paying until the very last moment, so legal proceedings have to be taken as a step towards judgment, and ultimately to the knock on the door from the enforcement agent.

DO IT YOURSELF

You can issue legal proceedings yourself by setting up an account with Money Claim Online (<https://www.moneyclaim.gov.uk>). You pay for your court fees as you go along, and really unless the case becomes defended (or there is a counterclaim), then it's a very straight forward way of issuing a legal claim, entering judgment and getting you ready to enforce that judgment.

You don't need to be a solicitor or be legally trained to use Money Claim Online.

IF YOU NEED HELP

But you definitely don't need to do it alone, some things are better left to those of us that do it daily. The Shergroup team are more than happy to help you complete the application and get the ball rolling. Then when you have your judgement, we are on hand to help you to enforce any judgments that you obtain through the Money Claim Online system.

WHAT NEXT?

The debtor has 14 days in which to pay you, once the money claim has been issued, and a further 14 days if they decide they are considering defending the claim.

If your credit control and collections procedures are strong, then you should be aware if a potential defence is coming, and in those situations it's always best to try and negotiate to achieve a settlement rather than litigating.

But 1000s of claims are issued every year in England and Wales, and it's a very straight forward process; indeed we think it's one of the best in Europe.

www.shergroup.com

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Scotland, Northern & Southern Ireland, or Europe:

Just as a point, if you have debtors in Scotland, Northern Ireland, Southern Ireland or elsewhere in Europe, and they have an address for service in England and Wales (or outside of England and Wales you know their address) then ***always issue proceedings in England and Wales.***

If you don't get paid, you can transfer that judgment to the country in which your debtor is residing or carrying on its business.

We do not encourage issuing proceedings elsewhere outside of the jurisdiction of England and Wales wherever possible, because the systems for legal and enforcement procedures are more complex and more costly outside the areas.

STEP 4| Enforcement of the Judgment

Get your money judgment in place is no guarantee you will actually get paid! You now need to enforce that judgment to compel payment.

This is where we feel very comfortable helping you get your payment. As you can see, you may have followed quite an in-depth process to get to this point. But if the intransigent debtor or debtor business still hasn't paid, you need to compel payment by using one of the enforcement procedures.

The thing about enforcement is that actually, if you apply a little matrix, it's very easy to use.

Instead of worrying about what the legal procedure is, think about and visualise the assets that your debtor actually has, and you probably know more about your debtor by now than you realise.

The things you are looking for are:

- * Goods... be it a car, business machinery, office furniture, posh lawnmower, caravan, speedboats, antiques, stock in a shop.
- * Salary
- * Property
- * Bank accounts
- * Shares
- * Pension or life insurance lumpsum
- * The prospect of an inheritance
- * Cashflow in the debtor's business

Getting You Paid!

All of these things can be subject to a court procedure to get you paid.

So that's why, when you start your customer relationship, you need to understand whether the customer has any of these things, because now those assets are going to be very valuable to you when it comes to choosing the right method of enforcement.

*Now if you are not sure which method of enforcement to go for, there is a procedure called '**an order to obtain information**' procedure, which puts the debtor under oath about their assets.*

Personally, we are not very keen on that procedure because it's long winded, and we think that a knock on the door from one of our agents is a better way to establish exactly what is going on with the debtor.

Once we know what assets the debtor has or you think they have, we then encourage you to use our agents to knock on the door and verify that information, if you haven't already done so.

And a lot can be gleaned from social media such as Facebook, LinkedIn, Google, and Instagram, about what the situation of the debtor really is.

So, in the last 10 years the way to track a debtor's assets have improved for creditors – it just takes a little planning and ingenuity!

Call us TODAY to discuss and we'll help you review which options are best for your circumstances.

STEP 5 | Bringing it All Together!

Over 50,000 businesses go bust each year because of late payment, which depresses the economy by about £2.5 billion. And there are around £500 billion worth of unpaid invoices at any given time in the UK.

Late payment is a cost to your business, and the way to avoid it is to put yourself in the driving seat right from the time your sales person or sales process achieves a sale for you.

Create processes to find out as much as you can about your customer (who is a potential debtor) before you start to extend credit.

If you still end up with an unpaid invoice, or worse still a court judgment, use the information gleaned at the start of the customer relationship to help you compel payment at what might be the end of the customer relationship.

It's expensive and difficult to win customers, so even if you have to enforce payment never think that it's the end of a customer relationship. If a customer really wants your goods or services, they will come back.

It only takes a very expensive mistake on lending money to customers to make you sit back and think – *there must be a better way. Trust us – there is.*

Invest time in reviewing your own credit control and sales process to see how and when you extend credit.

www.shergroup.com

MOVING ON

TOP TIP: Go back over your old cases where it cost you money, and look at how you could have done things differently. Learn from the gaps you have had, and close those gaps in the future by implementing a better process.

We all learn from mistakes in business and this is just another area where you can improve your bottom line.

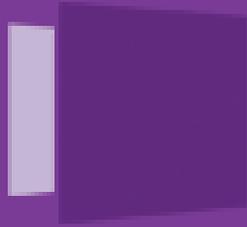
LAST WORD FROM OUR CEO

Good luck, and here at Shergroup if there is anything we can do to help you solve your problem of late payment, then please don't hesitate to speak to one of our Business Solutions Advisors, as we have a solution for anything we have mentioned in this guide.

Claire x

Call us TODAY to discuss and we'll help you review which options are best for your circumstances.

0845 890 9200



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