



17<sup>th</sup> August 2011

I was a fast sprinter in my younger days. As a result I would do well in sports that required speed, but not so well at football. I wasn't a technically gifted footballer; I would waste my energy running around like a headless chicken chasing the ball. I didn't score that many goals because I worked harder than the ball, 'let the ball do the work' my football coach would say. If he were to give advice to a business he would say 'let the money do the work'.

How do you let the money do the work? Simple you make sure you have procedures in place that avoid the business from running after money, wasting your time, energy and cost.

Do not offer credit without first inviting the customer to complete a credit application enabling you to credit check them so that you can be sure that they are good for it. Know your customer, if it is a franchise who is the franchise owner, if a company, do not take their word for it ask for their company registration number, if a firm who is the sole trader or partners. Track the risk of your key accounts. Have a set of comprehensive terms and conditions that ensure you have conditions in place that will help sustain cash flow.

I make it a rule not to issue legal proceedings for debts below £400 because the court fees and costs of enforcement are disproportionate to the debt.

How do I help businesses that have exposure to debts below £400, simple I tell them not to offer credit unless the customer wishes to open an account and give repeat business. Alternatively for one off business, for example tax returns with accountants I offer a Credit Card Authorisation Form. As a result the customer supplies their credit card details as security against the work. There are 30 million credit card holders in the UK, so if a customer doesn't have a credit card you can be pretty sure they're not good for credit or do not have a credit history.

If a debt isn't worth pursuing, I will tell you it isn't to save you from throwing good money after bad. In my experience a good business is not run on principles, it's run on cost versus reward. Where is the reward in paying a solicitor £2,000 to recover a £2,000 debt when you are not entitled to costs, conversely where costs are recoverable where is the reward in paying a solicitor £6,500 to recover a £10,000 debt when the debtor is insolvent.

Run your business by my rules and everything will happen on time, you will allow business to come into your life that is good not bad for you. If all else fails and you require my debt collection services you can trust my judgment.

If you wish to discuss any of the above or are in need of Credit Management or Debt Collection expertise call me on 01920 891547 for a free one hour consultation.

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