

2. Collection Letters

Granted credit, customers sometimes are unable to pay the amount owed on the agreed due date. It is necessary that businesses suffering from uncollected debts write a collection letter. Collection letters are letters that request customers to pay the amount owed after a grace period is exceeded. Creditors usually prefer to collect the amount owed and maintain goodwill. There are at least four degrees of collection letters: gentle and friendly reminder, friendly but **firm** letter, a letter that appeals to reputation and pride, and the ultimatum that threatens legal action.

The following are examples of a gentle and friendly reminder:

Payson Supplies
78 Foley View Avenue
Dallas, TX 78432

We have not received your January payment, which was due on December 20. Please send it to us in the enclosed envelope. Thank you.

Credit Department

Bloomingdale Inc.
1872 Dallas Parkway
Dallas, TX 73241

Have you forgotten to send us your last monthly payment? If you have not already mailed it to us, please do so today. Use the enclosed envelope for your convenience.

Thank you.

Credit Department

In case the first reminder fails, creditors usually write the first collection letter after the amount owed is around four weeks overdue. The language used in the first letter is polite but urging the debtor to pay the amount due. Please note that a reminder is different from a collection letter in that the former does not need any elements necessary for a business letter, while the latter does.

The following is an example of the first collection letter:

Payson Supplies
78 Foley View Avenue
Dallas, TX 78432

10 July 19..

Mr. Bob Delan
Franklin Supermarket
100 Frank Street
Hampton, Massachusetts 84321

Dear Mr. Delan:

ACCOUNT NO. 67543

According to our records, you have not yet settled your account for electronic equipment supplied to you on 1 April 1997. We sent you a detailed statement of your account on 5 May 1997, but as this may not have reached you, we are now taking this opportunity of sending you a further copy of this statement, The outstanding amount is \$575 which was due on 5 June 1997. If you have settled this account since receiving your most recent statement, please accept my apologies for troubling you.

We believe that the quality of our product is satisfactory to your needs and would welcome your early settlement of this account.

We are at your service at all times.

Yours sincerely,

Thomas Jones

Thomas Jones, Manager

As **seen from** the example, it is essential that you put all necessary details in a collection letter. Notify your debtor of the amount due and the account referred to. The first collection letter contains at least three paragraphs as follows:

Paragraph 1 The writer refers to the unpaid account, but the payment may be crossed in the mail. Therefore, the writer may add a sentence of apology in case the debtor has already made the payment.

Paragraph 2 The writer emphasizes the quality of his/her products and gently reminds the debtor to pay his/her debt.

Paragraph 3 The statement ending the letter shows goodwill. The writer hopes for further business deals in the future.

Four weeks after you have sent the first collection letter and you still have not received any reply or payment, you need to send the second collection letter. The language style will be more concise and more factual. However, politeness prevails.

The following is an example of the second collection letter:

Payson Supplies
78 Foley View Avenue
Dallas, TX 78432

10 August 19. .

Mr. Bob Delan
Franklin Supermarket
100 Frank Street
Hampton, Massachusetts 84321

Dear Mr. Delan:

ACCOUNT NO. 67543

On 10 July 1997, we wrote you about the unpaid account of \$575 for electronic equipment supplied to you on 1 April 1997. We sent the statement of account to you on 5 May 1997, but we have not heard **from** you. I now enclose another copy of your statement for your reference.

We are surprised in not hearing from you since you have been our good and reliable customer for many years. We would be happy to answer your question about the statement. However, if the statement is in order, we will expect to receive your payment as soon as possible.

Yours sincerely,

Thomas Jones

Thomas Jones, Manager

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Please note **that** the language used in the second collection letter is still polite. However, the writer drops the last paragraph that shows **goodwill** as well as the intention to provide service in the future.

The last collection letter is an ultimatum that shows the writer's impatience. The language is short, direct, and to the point. The letter specifies the necessity for the writer to take legal action.

The following is an example of the third collection letter:

Payson Supplies
78 Foley View Avenue
Dallas, TX 78432

10 October 19. .

Mr. Bob Delan
Franklin Supermarket
100 Frank Street
Hampton, Massachusetts 84321

Dear Mr. Delan:

ACCOUNT NO. 67543

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We have waited patiently for you to pay the balance of \$575 which is more than three months overdue. We have written to you several times without any answer. We have also tried to contact you by other means, but again without success.

If we do not receive the total of \$575 due on your account by 30 October 1997, we shall have to ask our lawyers to collect through court proceedings.

We prefer to avoid legal action. but you leave us no choice unless you remit the entire amount due.

Yours sincerely,

Thomas Jones

Thomas Jones, Manager

The last collection letter that threatens legal action usually works. No business people would risk losing their credit history through unpaid debts. If unable to pay back the entire amount owed, the debtors may write a letter that asks for terms for the settlement of the debt, or by installments.

The following is an example of a letter that asks for late payments:

**Franklin Supermarket
100 Frank Street
Hampton, Massachusetts 84321**

27 August 19..

Mr. Thomas Jones
Payson Supplies
78 Foley View Avenue
Dallas, TX 78432

Dear Mr. Jones:

We are very sorry to be late in settling our payment for the last consignment you sent to us. We did not plan to do so, but last month a fire broke out in our store. As a result, we lost half of our consignment and could not send the products to our cash customers.

We are forced to write you this letter to ask you for a favor in allowing us to pay our debt in the next four weeks.

As our accounts with you have been promptly settled, we hope you will grant us late payment. We would appreciate your kind understanding and look forward to hearing from you soon.

Sincerely yours,

Bob Delan

Bob Delan, Manager

In certain circumstances, the creditors understand the situation and allow for late payment as in the following letter:

Payson Supplies
78 Foley View Avenue
Dallas, TX 78432

29 August 19. .

Mr. Bob Delan

Franklin Supermarket

100 Frank Street

Hampton, Massachusetts 84321

Dear Mr. Delan:

We have received your letter explaining your unfortunate situation. We are sorry to hear that and because of our long standing business relations as well as your prompt

settlements of all amounts due in the past, we are going to extend the time for your payment by another four weeks.

We would like to express our sincere sympathy once again and hope that you will soon recover from the loss.

Sincerely yours,

Thomas Jones

Thomas Jones, Manager

Sometimes, it is possible that the creditors are not able to allow late payments and insist on the debtors' settlement in full.

The following is a letter declining a request of late payment:

Payson Supplies
78 Foley View Avenue
Dallas, TX 78432

29 August 19. .

Mr. Bob Delan
Franklin Supermarket
100 Frank Street
Hampton, Massachusetts 84321

Dear Mr. Delan:

We are sorry to learn about your **difficulty** in receiving payment from your bankrupt customers which has led to your inability to settle your accounts due with us. We fully understand your situation and would like to grant your request of paying four weeks late. Unfortunately, we are tightly engaged in our commitments with other companies and we also have to settle them by the middle of next month.

Your request is reasonable and would have been granted if we had been able to do so. Because of the circumstances, we hope you manage to settle the amount due as originally agreed.

Yours sincerely,

Thomas Jones

Thomas Jones, Manager

It is important that you as a business correspondence writer learn how to write credit and collection letters. Asking for credit is necessary for any business transaction since it allows customers to have a cash flow to run a business.

Consumers also tend to write credit letters asking for credit from department stores and other places of service. It is more convenient to pay by credit cards than to pay cash. Credit cards somehow enhance purchasing power as well.

Learning how to write collection letters is as necessary as learning how to write credit letters. Mastering writing skills in various tones and degrees of language will enable you to write appropriately for each stage in the process of sending collection letters.

Activity 2 A

Write the first collection letter from Southwestern Bell, PO Box 90245,

Arlington, TX 76004 to Jane Hander, 1783 Peachtree Street, Dallas, TX 76110.

Ms. Jane Hander owes \$143.68 for her telephone bill.

3. Grammar Review: Future Tenses

Future tenses are important in writing business correspondence. They indicate future plans and actions which will be taking place. You need to master and understand future tenses to be able to write an effective business correspondence.

Activity 3 A

Underline the correct verb in each sentence.

1. The Rotund Group (celebrated, will celebrate) its anniversary next October.
2. When the manager (arrives, will arrive) at the airport, his partner (is, will be) there to meet him.
3. We (are going to play, play) golf on Saturday if it doesn't rain.
4. The marketing agent (consulted, will consult) the designer before he proceeds.
5. Mr. Adams (has to go, has gone) to Washington on a business trip unless his associate volunteers to go.
6. Before the two women expand their business, they (need to calculate, are calculating) their increased overhead.
7. Consumers usually (demand, are demanding) products of good quality.
8. Hem-y (should not apply, is not applying) unless he is qualified.
9. Ms. Kitchens (may move, moved) to the United States if she obtains a good position.

10. The sales manager (expected, expects) to take a business trip to Alaska.

Activity 3 B

Fill in the blanks with the correct form of future tenses.

1. When Jane arrives at the office tomorrow, Anne and Barbara (work) diligently at the report.
2. We must not disturb him after 2.00 P.M. because he (prepare)
..... his income tax form at that time.
3. Mr. Pickers (report) the progress of his new project tomorrow.
4. By the time Christmas is over, our stock check (complete)
5. By ten o'clock, I (type) this research for three hours.
6. At this time next week, the president (finish) this campaign.
7. The deficit is growing so large, we (have) to pay additional tax
next year.
8. He (be) a manager in this company for ten years next June.

9. Mrs. Tanner (shop) while her husband is attending the meeting.

10. By the time he arrives, the manager (leave)

Words themselves, whether spoken or written, are only part of what contribute to the understanding. Your understanding is influenced by your attitudes, values, education, and experiences. Because meaning is constructed by readers, as a writer you need to be especially careful to select words and visuals and then organize information so that readers construct a meaning that is similar to the one you intend.

Rebecca E. Burnett

Technical Communication, 3rd ed., 8.