

# Peaceful Co-existence: Account Payables and Receivables

By Susan Savoie



**W**e are so optimistic when we start our businesses that we hope to be bullet proof; but inevitably a time will come when the revenue we are generating isn't quite enough to cover the debts we owe. Panic can set in; fear of how to get through the situation becomes overwhelming — I was introduced to this phenomenon following the hurricanes in the fall of 2005. Of course, I can in no way compare my plight to that of the stores in our industry that experienced the brunt of the devastating storms during that time.

Our hearts continue to go out to those still struggling to get life back to normal. There are many of us who were fortunate enough to have suffered no physical damage, however, some of us were nonetheless significantly impacted. In my case we experienced a sharp downturn in commerce in our Houston store as a result of the influx of storm survivors putting a huge burden on the economy. We felt an immediate impact as the teachers in the area became overwhelmed with new students. Classrooms were bulging and shopping with us was definitely not a priority. I soon discovered how frustrating it is to realize that something completely beyond your control can cause you to feel like such a financial failure. As more time passed and sales remained significantly down I realized I wasn't going to be able to continue to cover my debt in a timely manner and I needed to create a game plan.

Though I neglected to make the first

move to inform my vendors and creditors that there was a developing problem, I quickly came to the conclusion that they would begin contacting me and I should figure out a way to deal with it. Human nature gives us the fight or flight impulse and our first instincts are to avoid this kind of conflict. I feel fortunate to have learned a long time ago that facing conflict, head-on, makes it go away much faster than avoiding it. I had never found myself in this position before but I was confident that my reputation would precede me and everyone would trust that I fully intended to make good on my debts. Wow, was I wrong!! It didn't take me long to surmise that more times than not I was presumed guilty until I proved myself innocent.

As I prepared for the long haul I was under pressure to call in some of my receivables to help cover the debt. Suddenly, I was on the other side of the issue and I began to be aware of how I spoke to my customers when I wanted to collect debt owed to me. I very quickly deduced that you do indeed

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attract more flies with honey than you do with vinegar. My strategy to make it through this difficult time immediately changed. I put myself in the driver's seat and decided that even if no one else believed it, I knew I would come through this and hopefully be a stronger business owner for it.

As I assumed the role of both accounts receivable and accounts payable, it humored me to realize that these two departments are able to peacefully co-exist within any given company; but split them between two separate companies and they are suddenly at odds. Upon realizing this I made it my mission to maintain the good relationship I have had with my vendors all of these years by being honest, telling them exactly what I intended to do and then doing it! I knew that it was up to me to set the tone for each confrontation with any given credit department and convince them I was telling the truth. Of course, we are all people with different personalities and lives. You never know who will be on the other end of a call and our mood each day can be determined by something as simple as a mishap on the way to work so I realized this might be a challenge. I was aware of what I had to do, but how was I to deal with creditors that might assume I was delinquent from the start?

I knew how to approach this subject from my perspective but I also thought it wise to get insight from an experienced credit manager. Over time, my ordeal had put me in contact with dozens of accounts receivable personnel. None were more understanding and reasonable than the staff in the credit department at TREND enterprises. Because of this, I felt compelled to get some input from the head of their department, Bob Des Lauriers. I was curious to find out how he trained his staff to initiate a call, how they were to maintain the civility of a conversation should it become difficult, and what were his greatest obstacles in the credit profession. Finally, I asked what advice he might have for other vendors who lack adequate conflict resolution skills in these situations.

Des Lauriers has been with TREND for 13 years and his experience reso-

nated in his response to my questions. He stressed that positive image is of utmost importance to TREND as it should be for all companies and that, "A credit department also provides a service to the customer." I was encouraged that he stated the goal is not to portray an "us versus them" attitude, but rather present a, "How can we help to resolve this situation?" scenario. He insists that his staff never assume a customer is planning to "rip them off." Always approach the customer with the belief that the issue can be something as small as a misplaced invoice and go from there.

When I asked how he trained his people to handle a call that turns "nasty" or meets strong resistance his answer reiterated the positive image strategy. His associates are instructed to stay level-headed and professional as not to perpetuate the hostility. You never know if the person on the other end of the phone has had one of those bad days mentioned before. In an extreme situation, a truly belligerent customer is given a chance to cool off until another attempt can be made to talk to the individual. If phone calls fail to reach a solution, more stringent collection measures may result. However should the opposite be the case and the accounts receivable person becomes difficult or rude, we (dealers) do not have to endure a call from a "nasty" representative. There can certainly be difficult accounts receivable personnel out there and it is up to us to take the high ground and remain businesslike. The resolution of these issues is truly a two way street and we have to learn how to talk to each other.

I asked Des Lauriers to elaborate on what he perceives as the biggest obstacle encountered when attempting to resolve a credit issue with an account. He stated that in most cases the speedy resolution of credit issues is usually thwarted by a lack of cooperation from the accounts payable representative with whom they are dealing. He feels strongly that we as dealers should understand that most credit departments realize customers may be embarrassed in these instances. This is especially true in an industry where so many of us are small, "Mom

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and Pop" operations and we all know each other so well. I know in my case, I was extremely embarrassed and felt as though everyone knew my situation and would judge me for something that was beyond my control. If we as dealers learn nothing else, it should be that we have the ability to be in control of these situations and there is nothing wrong with being honest and dealing with it head on. The embarrassment will go away as relationships are built.

Lastly, I asked Des Lauriers what advice, if any, he might have for vendors or creditors that may be lacking conflict resolution skills exhibited by him and his staff. His answers were common sense yet profound, as we try to achieve that "peaceful co-existence" between our accounts payable department and their accounts receivable department. Des Lauriers suggested to:

**1 Be compassionate.** Remember these are people with feelings and lives we know nothing about, and give them the benefit of the doubt.

**2 Listen to what people are saying.** In addition, be flexible to alternative solutions.

**3 Be respectful.** Even if you can't give them the answers they want."

**4 Be positive.** Realize that a peaceful resolution is the ultimate goal and in the best interest of everyone involved.

I believe the truth in all of this is that we should have loyalty to our companies, their success and survival is our utmost priority. Each of us has a job to do and the difficulty comes when we try to meet in the middle and reach the mutually agreeable goal for all parties involved. I learned so much during this time. My desire is that others might escape this experience in the life of their business. If it does happen, just know there is a way out for everyone involved. It is so important that we just communicate with each other and resolve these issues before they ever get out of hand.

Perhaps I should have titled this article, "Successful Businesses and Mutual Relationships," because one can not exist without the other.

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