

Managing Delinquent Dues In a Tough Economy

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WITH THE UNEMPLOYMENT RATE INCREASING nationally and credit card debt still on the rise, it is getting harder and harder to collect delinquent dues. If you aren't in the habit of tracking how much your members owe you or have been forgiving members who haven't paid, you could easily find yourself behind the 8-ball. Now is the time to get systems in place to start recovering what is owed to you.

On average, a well-managed club typically experiences a 3-7% return rate on their monthly billing. This means that you are only receiving 93-97% of your dues. Because of the economy, even well-managed clubs are reporting higher rates of returns. Creating or using a system to manage your delinquent account will help ensure that you realize all of the income your club deserves.

KEEP TRACK OF YOUR OUTSTANDING DUES

Whether you do your own follow-up or are using an agency/service to collect on delinquent accounts, you need to be tracking them through your club management software. Running reports is a must!

To be successful at managing A/R balances, you should be running a series of reports monthly to list your outstanding accounts, aging on each and who the repeat offenders are. By doing this you can decide if you want to cancel a membership or accelerate the



overdue balances. A staff member assigned to this responsibility should be diligent in sending notices, making calls and providing the feedback necessary to make cancellation decisions. Check with the Fair Debt Collections Practice Act in your state to be sure you follow their guidelines.

If you aren't interested in directly contacting your members to collect their unpaid dues, you might think about outsourcing. In many cases, outsourcing the collection process is much easier, less expensive and more effective than handling it in house. Your billing company may offer these services. Be sure that the outsourcing company is affiliated with your software/billing provider—that you are working with a known entity and not a separate company altogether. If you use your billing company for this service, it is usually streamlined within the billing process itself. This means that once the item is declined, the follow-up begins immediately. Letters are sent out on behalf of the club and the phone calls begin. Immediate follow-up is the key to collecting unpaid dues.

Keep in mind that you want to use an external company that treats the member with respect: You want to keep the member a member! In addition, services like these not only collect the unpaid amount, they can also get new/updated billing information, keeping your member data up to date and viable. Don't pay a contingency fee—only accounts that are collected should have an associated fee. Very often you will find that the recovery fee is paid by the member so you don't have to pay anything out of pocket.

Now is a good time to evaluate your efforts and systems for collecting unpaid dues. Don't leave money on the table! Talk to other club owners and ask for recommendations. Whatever you decide, be sure your system is both effective and fits with the image that you want to project to your members.

THE IMPORTANCE OF PCI-DSS COMPLIANCE

Some recent credit card returns can be attributed to credit card security breaches. Be sure you and your credit card processor are PCI-DSS compliant to prevent this from happening to you. See MJ Laliberte's article *How Secure is Your Club Members' Data?* - available through the Search feature on ClubSolutionsMagazine.com - for more information about securing your members' data.

balance (in most cases you have to notify the member that you have the right to do this – check with your attorney for regulations in your state). Accurate reports and an efficient invoicing system can assist with the process of performing the follow-up.

Your software can also alert you whenever a member checks in and has a balance. This allows you to address the member as they enter the club and have them pay the balance or risk not being admitted. Having accurate A/R balance information at your fingertips helps you answer member questions quickly and settle past due balances without causing undue embarrassment.

RECOVERING OUTSTANDING DUES

Your club management software can help you continually send notices by email and/or snail mail to inform members of

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