Collection Letter
The collection letter has two objectives: 1) get the money; 2) maintain the customer relationship. Most companies have their own formatted letters for handling collections. In addition, in most cases, attorneys are instrumental in the wording of such letters and in the timing as well. However, you should have some basic understanding of collection letters.

Most companies use a series of letters with the first stage being gentle reminders. The second stage is more than just a reminder and the third stage has a tone of urgency.

Stage One:
The goal is always to secure the payment; however, your goal is to maintain a relationship with the client so that he or she will want to pay the bill. This letter usually has two components and the tone is professional.

- Tactful reminder of missed payment. By suggesting that the missed payment is an oversight that he or she may have overlooked, you can provide the customers with options to save face.
- Remind your client of his or her excellent credit ratings and the need to maintain those ratings.
- Tactful request the payment. You can include a sales list and invite the customer to send his or her order in with the payment.

Stage Two:
In this stage, you are more than reminding the client. Your tone should be more firm than the first letter, and you should be more direct.

- Ask directly for the payment and remind your client of the need to maintain good credit. You might offer the client an opportunity to call you and discuss arrangements. If possible, work out a repayment schedule. If your company will allow you latitude with the payment, you might suggest removing any late fees or penalties.
- Remind the client that the relationship has been good in the past with your company delivering quality goods. Remind the client that he or she has had excellent or good credit with you in the past and you know that there must be a good reason.
- Offer an opportunity to make payment arrangements. Send a SASE (Self Addressed Stamped Envelope). Your tone should be firm but never rude or sarcastic.

Stage Three:
In this stage, you are going to remain professional but you are going to be firmer than before and make your demand for payment explicit.

- Urgent request. Explicitly ask for repayment and remind him or her of the past due state. Remind the customer of the generous extension of time and your offer to work with him or her.
- Point out how reasonable you have been and urge the customer to pay at once to avoid legal action. Include information about how this will damage his or her credit.
- You should remind the client of why he or she owes your company the money.
- You should state that once the bill goes to an attorney or to collections, he or she will likely be called to court. Give him or her a way out: Pay now and preserve your credit.
- Send a SASE and again offer an option for a response by giving him or her contact numbers. Give him or her a time limit before going to an attorney.