



THE CREDIT DEPARTMENT, INC.
SMART BUSINESS. STRATEGIC VALUE.

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“Improving cash flow and earnings through strategic credit management.”

Are Your Customer Deductions Growing Out of Control?

Experts have estimated that deductions are a \$10 billion a year problem and growing annually by 20 percent. Deductions make up a great portion of commercial debt collection impacting all areas of your business.

Ask yourself these questions to determine if your business has an effective deduction management process:

- Is your deduction team resolving the deductions as they are taken?
- Is your company collecting more **unauthorized deductions** each year to keep pace with your customer's more aggressive deduction practices?
- Can you state exactly where each deduction file is at any given time and do you have a tracking system to note where "bottlenecks" exist in the clearing process?
- Do you have a clearly-defined process for solving each type of deduction issue?
- Are your "tolerance levels" (automatic write-offs) small enough to catch chronic offenders paying invoices short?

If you can't answer "yes" to each of these questions, you have opportunities to improve your **deduction management** area.

In addition, an **effective claims management team** will significantly increase the recovery of unauthorized deductions, reduce write-offs, and improve customer service.

The Credit Department, Inc. can help you manage your credit needs through professional credit management outsourcing and consulting. For more information, contact us at 800.451.0164, email info@TCD.com or visit our web site at www.TCD.com.

The team must have the ability to solve all types of claims, from pricing and freight issues to promotional allowances. Specialized teams are best equipped to deal with managing the deduction process.

We recommend these strategies to take control of your deduction problems:

- **Centralize the functions.** Make sure deduction management is the top priority for a particular person or group.
- **Involve the sales group sparingly.** Salespeople should be out selling, not administering deductions.
- **Set up a system to track every single file.** You don't need to spend hundreds of thousands of dollars to do this. It's critical that you track every file to solve the problem and prevent future problems.
- **Aggressively counter unauthorized deductions.** Pay special attention to these and follow-up weekly until they're repaid. It'll send a message that your company is on top of the process and will improve your profitability.

For more information on reducing your deductions e-mail us at info@tcd.com or phone us at 800-451-0164.

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