

Lunenburg County on the South Shore of Nova Scotia is a well known part of the country — it's where the famous Bluenose schooner on the Canadian dime was built and sailed into yacht-racing history during the 1920s • It's also where there's no such thing as a Snap-on customer with an EC arrears •

That's because Bridgewater, N.S., Dealer Eric Pettigrew simply doesn't let it happen. "I've always run a good EC business, and part of running a good EC balance is staying on top of each and every customer and their present situations. When you sell a customer today on a two-year payment plan, sometimes things happen down the road and it's important to always have a good channel of communication with the customer to be on top of any curve that might be thrown your way."

Currently Eric services 291 customers, 55 of whom are ongoing EC customers — about 20 percent of his business. His monthly EC balance averages \$142,000. He collects 90 percent of EC customer payments himself.

"It's what I've done for the last 13 years and I'm comfortable with it. We didn't have

Farewell to EC Arrears in Nova Scotia

available to us back then the new opportunities of PAPP ... But I always offer my customers the opportunity to take advantage of PAPP. Some have, others have not."

Lunenburg County covers 2,880 square kilometres of Nova Scotia's South Shore, which means there's a significant amount of driving involved. Eric spends three days a week calling on bi-weekly customers, and two days visiting weekly customers. Depending on which group they're in, Eric's EC customers are on weekly or biweekly EC payment plans.

"I personally use the weekly payment plan for 90 percent of my customers because I feel they can understand and afford a weekly or biweekly payment better than a once-a-month payment. They know they owe \$26 next week when I'm in for their EC, and depending

on their RA balance, another amount for me."

Maintaining zero EC arrears is about having a plan and the self-discipline to make sure it's carried out. "For me, it's finding out what the customer can afford comfortably, collecting the first payment up front, and making sure his weekly commitment is collected every trip; if he happens to miss a payment, collect it as well as the regular payment next week."

"My goal is to have all EC customers paid by the 15th of the month. Does it happen? Rarely. But if they are not paid by the 15th, they definitely are by the 30th."

Eric says one of his most important tools for maintaining zero arrears is his Extended Credit Collections Report. Every day, Eric transfers customers' monthly amounts due to his prelist from the ECCR.

"When I get to my customer, a quick look at my prelist ... helps me keep on top of his status of EC payments in comparison to the time of the month and how many more times I'll see him before I have to have his payment submitted and processed.

"Transferring from the ECCR to my prelist has helped me greatly in gaining more control and being able to stick with my plan ... If the customer knows you're on top of the situation and he's

not going to get off the hook [for a missed payment], the situation will usually be resolved before month end."

There are a few other practical things you can do to prevent EC arrears, Eric notes. Collect post-dated cheques; get the customer's Visa number and keep it on file for processing a payment if he's not there when you call; put EC customers on PAPP; make sure you regularly verify the EC balance you show in DSS against your ECCR, so you know EC payments are being credited to the right customers.

Keeping your customers satisfied by calling regularly and making sure you're meeting their needs, also plays a critical role. "If they're happy then there's no reason for them not to make their regular payments to you," says Eric.

Maintaining a zero EC arrears consistently has major benefits for both Eric and his customers. It gives him ability to write new ECs or add-ons without worrying about whether they'll be approved; for his customers, it means they have a good credit rating, and can get the tools and equipment they need.

If you are running EC arrears, there has been a breakdown in communications. You need to look at who the customers are and why they're in arrears, and work with both them and Credit Sales to find a solution. Because the only thing EC arrears does is hurt your business. Says Eric Pettigrew: "The bottom line is that your arrears is extremely important for you to maintain your Paid Sales average, and if you can't write ECs, that's affecting your paid sales average." ♦

