TELEGRAMS ARE AN EFFECTIVE COLLECTION TOOL

“No One Ignores a Telegram” And This Principle Is More Effective Than the Customary Dunning Letters Or Even Telephone Calls

By Joseph Arkin, M.B.A.

Western Union, grand daddy of the telegram, no longer advertises that it is in the telegram business. The company actually tries to hide this part of its business, despite the fact that telegrams and telegraph represent 15 percent of its annual revenue.

If you paid attention to the Watergate and Iran-contra hearings, you would have noticed that thousands and thousands of telegrams poured into Washington, D.C. on both occasions.

Telegrams? Yes, telegrams that in bygone days were delivered by a young lad, clad in olive drab uniform, astride his trusty bicycle. He would hand deliver the wired message in a yellow envelope and ask the recipient to sign his receipt book.

“No one ignores a telegram,” used to be the proud boast of Western Union. Many psychologists and students of human behavior claim that the telegram, unlike letters, has a certain aura and receives immediate attention through a special mental stimulus.

If you are tired of sending dunning letters to delinquent accounts and having them thrown away, try telegrams.

Experience showed that when collections were made there was a cost of almost 50 percent for collection fees.

An executive of the firm suggested that telegrams should be used on a test basis. Ten accounts were selected at random. The results were astounding. All ten of the accounts paid in full within a two week period. The average cost of collection by wire was only 3 percent to 5 percent of the outstanding balance.

There are Federal laws governing collection methods, but almost all of these regulations concern the commercial collection agencies, not the creditor trying to collect on his own.

Keep in mind that people who owe you money don’t target you. They usually owe money to others. Your polite series of collection letters usually end up in the wastepaper basket along with other requests for payment of overdue accounts.

Here are some suggested messages for use. In a study conducted years ago by Western Union these were found to be effective:

“Please advise if check concerning your past due account has been mailed.”

“You have apparently overlooked making payment. May we have your check promptly please?”

“Only immediate payment by (date) will retain your good credit rating.”

“Please wire your intentions in order to assure future shipments on credit.”
If your threats as previously enumerated are taken seriously your dead beat will not want the pressure of your message hanging in there all day.

“Urgent we receive your check immediately. We don’t want to resort to legal action.”

“Must have your remittance at once. Non-compliance will leave no choice but to start legal action.”

“With holding shipment of open orders until we receive payment of overdue accounts.”

(Note: Pronouns can be changed to suit)

The phone number of your nearest Western Union office will be found in the black and white pages of your directory. When calling you can give precise instructions. Best is to have the message telephoned to the debtor at his place of business. If you know home address and telephone number, have message delivered by phone at supper time.

If your threats as previously enumerated are taken seriously, your deadbeat will not want the pressure of your message hanging in there all day. Hopefully it will result in a check being drawn and sent to you, or a telephone call being made with promises of partial payment, followed by balance of payment.

Can you legally dunn by telegram?

At one time the Georgia Court of Appeals had to rule on this subject and said: “. . . it is plain that a creditor has a perfect right to send a debtor a telegram, in good faith, and threaten legal action if the default continues.”

Western Union’s legal department researched the issue and came to the conclusion that there was no violation of Federal law. However, you must send the telegram prepaid, never collect.

What is your cost? The FCC can raise or lower rates of the companies it regulates. Check with Western Union when you want to start a flow of messages. At time of this writing you could send messages to states for $13 for 15 words. And, the follow up mail message is free. (Toll free WU number is 800-325-4000).

Rates are attractively low and if you haven’t used the “punch” of a telegram to collect delinquent accounts, now is the time to give it a try.