

## Collection Techniques

Are you having trouble collecting dues? Here are some ideas which represent a composite of many collection procedures used by TKE chapters.

- **REGULAR MONTHLY BILLINGS** This method sounds so obvious that many chapters overlook it completely. By sending every member a written statement of his bill each month, payment is more likely. A regular billing procedure is just as good a business practice. If you haven't tried it, take time to do it. Establish a series of friendly collection letters to follow-up delinquent accounts. In each case, leave the door open for explanations of any misunderstandings and set a definite date for action.
- **DISCOUNTS** Grant a discount to men who pay in advance. You might permit a 10 per cent discount to any frater who pays his entire quarter or semester dues in the first ten days of the quarter or semester. This will also permit adequate cash at the onset of a semester when it may be needed most. When budgeting, the treasurer will have to consider the number of fraters who will take advantage of this feature because it will mean a reduction in income for the chapter.
- **FINE OR PENALTY?** Probably one of the most widely used methods of aiding in dues collecting is the penalty or fine. Very simply stated, if you don't pay your dues, a fine or penalty is added to what you owe. Since this system adds an additional burden to fraters who are not able to pay, the treasurer should discuss the indebtedness with each man involved so that a schedule of payments may be set up.
- **BOARD OF ADVISORS** According to the Black Book, a member in arrears financially may be brought before the Board of Advisors to explain his problem and present a plan of payment. While this may seem like a trivial matter for a chapter's Board of Advisors to work on, it is an important responsibility of the Board. The treasurer should turn to this approach if he is unable to work out a plan of payment with the frater on his own.
- **LETTERS TO PARENTS** Another effective method may be a letter to the frater's parents. This method should be used only after you have tried to collect from the frater and have not been successful. It is also advisable to tell a frater that you will have to write his parents. Some chapters bill the parents instead of billing the member.
- **NOTES** Once an obligation has been established, and especially if the frater is leaving the chapter, have him sign a note. This promise to pay must have a date, location, amount, reason for the indebtedness, and be signed. An account is much more collectible in the form of a note rather than an open account because the member has acknowledged the debt. In most states, a note for room and board is collectible even if a member is not of legal age because they are necessities.
- **COLLEGE OR UNIVERSITY** Check with your college or university to see if they will hold diplomas, transcripts or grades until all obligations are paid. If they will, don't be embarrassed to give them your delinquent accounts and ask for help. If your college or university will not aid in this way, possibly your IFC could undertake this as a project.
- **PRO-RATING** Pro-rating is a technique which is designed to aid a treasurer because it puts additional pressure on the debtor. At the end of a collection period, the amount owed by all members is divided up among all the fraters who have paid their bills. They must pay this additional assessment, but will receive credit for their share when all of the delinquent fraters pay up. The bookkeeping involved in this system is quite complex. The principle, however, is to have all members put pressure on the few who fail to pay past due accounts. In effect, many chapters have pro-rating though they don't consider it as such. If a chapter permits members to pre-pay their dues and uses that money to pay bills, that chapter is pro-rating. When it uses this advance income, it is because other members still owe dues. As long as this condition prevails, the chapter is pro-rating.
- **REPORTING** This is another obvious technique that is often overlooked. A treasurer report to the chapter each month should contain the names of the delinquent members along with the amount they owe.

## The Discount Incentive Plan

1. At the beginning of each term or semester, each member is given a bill for the total amount of dues for the term.
2. A deadline is set for the payment of dues in full (usually the third week of the term).

3. All members who pay all of their dues by the deadline are given a discount of a certain amount. (For example, if dues are \$200 per semester, all fraters who pay before the deadline could be given a discount of \$25.)
4. Any member who cannot pay all of his dues by the deadline must make at least a one-third payment by the deadline. The remaining two-thirds is divided into two equal installment payments, due at the first of each of the next two months.

Example: Jim J. is a member of a chapter whose dues are \$180 per semester. He must pay the Crysochylos at least \$60 before the end of the deadline. The remaining two-thirds (\$120) is due in two monthly installments of \$60 at the beginning of each of the next two months.

TKE chapters throughout the country have proven time and time again that these plans are the two best methods for keeping Accounts Receivable to a minimum. Both plans offer some type of incentive for fraters to pay their dues on time.

Billing dues on a monthly rate quadruples the effort needed to collect dues. Paying dues in full at the beginning of the term is simpler, easier to enforce, and puts chapter income in the bank as soon as possible.

Even with these plans in force, some members may still fall behind in paying dues. This is usually due to failure of the officers to enforce the penalties for non-payment of dues.

Your chapter should have specific rules as to the penalties for not paying dues. These penalties should include ALL of the following:

A member who is behind in dues . . .

- . . . CANNOT play in intramural sports.
- . . . CANNOT attend any social functions.
- . . . CANNOT vote at meetings.
- . . . CANNOT run for chapter office.
- . . . CANNOT be a Big Brother.

These penalties should be a part of your chapter bylaws and should be enforced regularly and equally for every member, including officers.

### **The Penalty Incentive Plan**

1. At the beginning of each term or semester, each member is given a bill for the total amount of dues for the term.
2. A deadline is set for payment of the dues in full for the term (again, usually the third week of the term).
3. Any member who does not pay all of his dues by the deadline is fined a specific amount (usually 5% to 10%).
4. For any member who does not pay in full, the total amount (dues plus fine) will be divided into three equal payments. The first payment will be due at the deadline that was set up as above. The remaining two payments will be due at the first of each of the next two months.

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