

## Newsletter Winter 2009

### *Collecting a Debt – Strategies for Success*

In these challenging economic times, many businesses are finding themselves with customers who cannot or will not pay their debts. Non-paying clients are an unfortunate fact of business and almost every business person will confront this problem at some point. This can be a frustrating experience and anger-inducing business. However, the following tips can help you avoid having too many problems with collections and keep your cool in the event of a non-payment.

1. **Take some money up front.** Depending on the nature of your business, it is a good idea to collect some money for your work before you begin the project. This way, you know the prospect is serious about buying, you do not advance your own funds to buy materials, and you are insulated from a total failure to pay. You also limit your risk of defaulting on your own bills by preserving positive cash flow.

2. **Get It in Writing.** Have your customer sign a contract or issue a purchase order for your product or services. When you have a written document signed by the customer, it reduces the possibility of misunderstandings, memorializes the agreement to pay, and gives you something beyond a verbal agreement to take to court, if necessary.

3. **Bill Regularly and Keep In Touch with your Customers.** Don't wait long periods of time to bill for your services. Ideally, your business should have a routine time when it sends out its bills to be sure clients are aware that they owe you money. For those clients who seem to be non-payers, consider offering payment plans or incentives to ensure that the debt is collected.

4. **Consider Small Claims Court.** Business owners with debts owed of up to \$3,000 per debtor can sue a debtor in small claims court. A business owner can represent himself in small claims court, even if the company is a corporation or a limited liability company. Be aware that collecting on the debt can sometimes still be a challenge, even after winning in small claims court.

### *Employment Issues – Things To Consider When Laying Off Workers*

- **Contracts** – determine whether any contractual promises were made to employees. These could be found in employment agreements and possibly the employee handbook
- **Discrimination** – consider whether a worker could raise a discrimination claim because a person is a member of a protected class. Protected classes include members of certain races, age groups, gender, and/or nationality.
- **Performance** – decide whether there could be a performance-based reason for the layoff. Performance-based layoffs are often the most defensible in the event of suit.

### *Client Corner*

**QUESTION:** Why should I call my insurance broker when times are tough?

**ANSWER:** It is a good idea to review all commercial coverages every so often to be sure that all coverage is still in effect and that insurers are still in good financial health to actually pay out on a claim if needed. Also, cutting back on insurance is not a good way to save money. You never know when a claim might be made.

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