

Spotlight on Education – Get the Most from your Accounts Receivable Management Program

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Ayala, a Senior Sales Agent for Transworld Systems, shares the following best practices with the education institutions he counsels.

Accounts Receivable Best Practices for Educational Institutions:

1. **Prevention**
 - The school must keep students informed of their pending balance at all times. The best chance to collect money from a student is when he/she is still attending classes.
 - Once a student leaves the institution with a balance, they have a “choice” to pay you or someone else they may owe money to.
2. **Expectations**
 - Make sure you have a concise financial policy.
3. **Follow through on non-paying accounts in a timely manner**
 - Make sure your follow-up is varied. Don’t make the same phone call or send the same letter even twice to a student. If they ignored it once, they will ignore it again.
 - Instead of contacting a student once a month for three months, consider contacting students twice a month for two months. Also, try visiting the classrooms to talk with students or send a list to the professor with the students who need to be contacted. Try different approaches to collect from students when they are still active in school. The frequency of contact gets results.
4. **Get non-responsive accounts to a professional collection agency early**
 - If a student is ignoring your follow up or breaking promises, his/her account needs to go to professional collections.
 - You are losing 0.5% per day on delinquent accounts over 90 days.* It does not pay to hold onto accounts. Statistics show that nearly all of the accounts which are delinquent at 90 days will still be delinquent at 6 months.

**Department of Commerce*