



BUSINESS PAYMENTS, COVID, & COMPASSION:

How to Reframe Government
Collections Approaches

Best Practices for Better Outcomes



Canadian businesses are facing unprecedented economic challenges as a result of COVID-19 operating restrictions. As government economic stimulus programs continue to shore up the economy, attention is now focused on the work of rebuilding and adapting to the “New Normal.”

For Canadian Crown corporations and other government agencies with missions involving revenue collections, the “New Normal” is driving many to reconsider how data-driven methods can bolster such initiatives — and why it’s important to do so with compassion.



Why Change Is Crucial

The traditional approach of prioritising collections by “oldest and biggest” simply won’t work in such trying times. Your methods of working with businesses to collect payment need to change.

Now is the time to provide more support to businesses, which includes taking a more compassionate approach to the collections process. And now, more than any time before, decision-making needs a foundation of business intelligence from data sources other than those internal to your organization or provided by a business establishment directly.

External data sources are the key to supporting a pandemic-sensitive reprioritisation of collections activities. Those activities include:

- ✓ Determining the current operational status of business establishments
- ✓ Identifying firms based on their ability to recover from the pandemic
- ✓ Identifying firms and locations impacted directly by the pandemic
- ✓ Updating profitability and financial viability models of target businesses to adapt collection approaches as needed
- ✓ Developing profiles of firms experiencing significant financial distress prior to the pandemic

Consider the following five best practices you can use to carry out compassionate collections in a highly targeted way during the pandemic.

BEST PRACTICE #1

Segment Your Portfolio Differently



To better understand today's new risk landscape, segment your portfolio based on company viability.

Reprioritising collections based on this new risk landscape can yield insight into which accounts should be contacted and provided payment options and which businesses remain healthy enough to meet their financial obligations.

Portfolio management can prove even more valuable when it's not exclusively focused on businesses with open, active accounts receivable. You should consider the entire agency master list – which should include all active accounts – to which you've granted a loan or guarantee, or which have a tax liability or a license obligation.

BEST PRACTICE #2

Choose a Softer Touch with Past Due Accounts



Once you can more clearly see which businesses are now at a higher risk of failure, you'll be better prepared to practice compassionate collections. If a business seeks to renegotiate loan or debt terms, you'll know if you can be more flexible.

There are many businesses that have historically been low risk that are now experiencing hardship and financial stress. If they become high risk because of the pandemic, you may want to continue to keep their accounts in good standing based on data Dun & Bradstreet can provide.

Use emails and phone calls to keep in touch regularly with the companies with which you work. These interactive communications offer opportunities to collect information and hold creative discussions about bouncing back from the pandemic.

BEST PRACTICE #3

Create New Campaigns for Individual Segments



Portfolio segmentation based on financial risk can help you create new collections campaigns in response to COVID-19 setbacks. You can determine which businesses are still operating healthy establishments but are missing your collections goals. Triangulate that segment to revisit the overall business relationship to see if you can convince companies to move your agency to a more preferred or critical vendor status, potentially getting payments in more quickly.

Businesses—even healthy ones—are worried about and focused on working capital right now. Applying some creativity to help ensure your organization is viewed as key or critical can accelerate payments and reduce time to achieve revenue collection.

BEST PRACTICE #4

Plan for Longer-Term Monitoring of the Business Environment



The economic recovery will emerge, but it may require several years of effort by the public and private sectors. The business environment is likely to remain volatile, with developments almost daily, which underscores the importance of updating your processes for monitoring changes among your business account portfolios.

Invest the time now to prepare your agency for:

- ✓ Increased numbers of business bankruptcy filings
- ✓ Business failures where a firm fails to meet its credit obligations
- ✓ Businesses that cease operations without bankruptcy protection
- ✓ Changes in operational status
- ✓ Merger and acquisition activity
- ✓ Consolidation of existing real estate or addition of new locations

BEST PRACTICE #5

Keep Calm and Carry On — Graciously



Beyond the concern you have for the businesses with which you work, be sure to consider the impact of these trying times on your staff. Certain strategies and campaigns can decrease stress levels among your employees during difficult situations. Collections work can be a thankless job, so guiding your team properly right now is very important.

You don't want collectors arbitrarily creating their own workflow. They may contact the wrong companies or use aggressive tactics based on past experiences that aren't appropriate at this time.

Given a more data-driven and targeted approach, government leaders have an opportunity to free up staff time, which might be best used to catch up on administrative work, reconcile disputes, address adjustments, and provide updates and reports.

Collectors have a tough job, so don't neglect to show compassion to your team. Our collective ability to find positive experiences during trying times is what can help motivate and encourage colleagues and teammates.



Canada will overcome the pandemic, and our ability to succeed in a post-COVID world will depend on how we work collectively to interact and conduct business today.

For more details or discussion on how Dun & Bradstreet can help, see our [resources for the public sector](#).

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