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A Development of a Programed Instruction Manual for Fingerhut Manufacturing Company, St. Cloud, Minnesota

Barabara Ann Sveta
St. Cloud State University

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A DEVELOPMENT OF A PROGRAMED INSTRUCTION MANUAL
FOR FINGERHUT MANUFACTURING COMPANY, ST. CLOUD, MINNESOTA

A Thesis

Submitted to the Graduate Faculty
St. Cloud State College

In Partial Fulfillment
of the Requirements for the Degree
Master of Science in Education

by

Barbara Ann Svela
August 1963

Accepted by Thesis Committee:

James H. Marmo Chairman
Paul C. Ingwall

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CHAPTER I

THE PROBLEM AND DEFINITIONS OF TERMS USED

The process of developing skilled and productive personnel for business and industry is an element that has plagued management with its costs and results. As each person in an organization must be given the opportunity to develop the specific job skills necessary to adjust to the organizational and individual needs, management attempts to meet these needs with some type of training program.

The goals of a training program provide the opportunity for all employees to "(1) make a satisfactory adjustment to the demands of business and industrial operations from the first day of employment; and (2) progress as a productive force in the enterprise through continued development of needed skills, knowledge, and attitudes."¹

To achieve these goals, opportunities must be provided to develop the employee to his fullest capacity.

I. THE PROBLEM

Statement of the problem. It was the purpose of this thesis to develop a training program for the station operators in the Accounts Receivable Department, Fingerhut Manufacturing Company, St. Cloud,

¹ John H. Proctor and William M. Thornton, Training: A Handbook for Line Managers (New York: American Management Association, 1961), p. 12.

Minnesota. The programmed instruction method was selected, and a training manual based on the procedures of the station operator was devised. The processes used in the problem included: (1) a review of literature in the areas of training and programmed instruction; (2) a study of the operations of the Accounts Receivable Department by actual on-the-job training for approximately two months; (3) the development of a programmed instruction manual for the station operators; and (4) a pilot testing of the effectiveness of the manual.

Importance of the study. Fingerhut Manufacturing Company is a mail-order firm dealing with car furnishings. The main offices are located in Minneapolis with branches in Princeton and St. Cloud. The St. Cloud office, which is the main concern of this thesis, employs about 350 office workers. As a result of this large number of employees and a labor turnover of about six per cent, training of personnel is costly.

The training program in effect over the past years involved a method of individual instruction. Each new employee had a training supervisor that worked with her until it was apparent the trainee could perform the work efficiently. As a result of this costly method of training, the management of Fingerhut decided to test the possibilities of programmed instruction as a means of reducing the cost of training. Programed instruction, it was felt, would reduce the number of trainee supervisors needed, improve the quality of

personnel, and possibly reduce the amount of training time. The Accounts Receivable Department was selected as the first experimental area. The management contacted St. Cloud State College for help in the development of an appropriate training manual.

II. DEFINITIONS OF TERMS USED

Training. That process which, under company auspices, seeks in a planned, co-ordinated and continuous manner to develop in all employees those understandings, skills, and attitudes, which will maximize individual present and future efficiency and the effectiveness of the over-all company operation.²

Teaching. The performance of those activities, and the manipulation of those conditions, that produce learning.³

Programed Instruction (Learning). Programed instruction seeks to get the learner to participate actively in the learning process. It presents the information to be learned in small steps, each one designed to build on those preceding it and each one easily

²Frank A. DePhillips and others, Management of Training Programs (Homewood, Ill.: Richard D. Irwin, Inc., 1960), p. 6.

³William A. Deterline, An Introduction to Programed Instruction (Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1962), p. 2.

comprehended. ... The precise design and the student's involvement in the material help to reinforce learning and continuously motivate him to go on.⁴

Programing. Programing is the process of determining the sequential steps by which the subject matter should be presented for most effective and efficient learning. Preferably this involves rigorous testing and refinement, with the learners being the experts as to whether the program actually teaches what it purports to teach.⁵

Program. The learning instructions or content of the teaching machine or programmed text.⁶

Training Manual. A procedure publication which sets forth specific methods and techniques for accomplishing the work and carrying out specific responsibilities.⁷

Frames. The units of each sequential step in a program.⁸

⁴Theodore B. Dolmatch and others, Eds., Revolution in Training: Programed Instruction in Industry (New York: American Management Association, 1962), p. 8.

⁵R. David Niebler, "Programmed Instruction Saves Time--and Grows," Personnel Journal, XLIII (May, 1963), p. 239.

⁶Ibid., p. 240.

⁷M. Graham Kellogg, Preparing the Office Manual (New York: American Management Association, Inc., 1959), p. 9.

⁸Niebler, op. cit., p. 239.

Constructed Response. Designed for a minimum possible error, this type of answer involves reading or listening and recall. It has small, discrete steps and prompts.⁹

Multiple-choice Response. This type of answer involves the selection of the best answer from a given number of possibilities. The chance for error with this type of response is greater than with the constructed response.

Linear Form. A type of programmed instruction which presents frames in an unbroken sequence of small steps and a single track.

Branching. A type of programmed instruction which presents a main track with side-track instruction when the learner's error is off the main track, and with additional instruction the learner is cycled back to the main track.¹⁰

Station Operator. An employee of Fingerhut Manufacturing Company who is employed in the Accounts Receivable Department handling customer accounts is referred to as a station operator. She is responsible for the records of the customer; recording payments, bad debts, and returns; sending collection letters; and answering miscellaneous correspondence.

⁹Ibid., p. 240.

¹⁰Ibid., p. 240.

Quality Control. This is a division of Fingerhut Manufacturing Company which checks the work of the employees periodically and ranks them on their work output and preciseness of work performed.

Former Training Program. This refers to the training program in effect before the use of programmed learning. This training program involved individual instruction for each new trainee.

III. ORGANIZATION OF THE REMAINDER OF THE THESIS

Chapter Two will review the literature in the field of programmed instruction for business and industry. It will deal with a short history of programmed instruction, the characteristics of programming, results of the use of programmed instruction in business and industry, and limitations of this study of programming.

Chapter Three will explain the techniques used in developing the training manual for Fingerhut Manufacturing Company. The office operations, former training program, and programmed instruction training program will be explained.

Chapter Four explains the testing procedures used and the results of the tests. These testing procedures will provide some indication of the results obtained from the use of the programmed learning manual.

Appendix A contains the completed manual as used by the station operators. It consists of 100 pages and is divided into several areas

of instruction. Areas of concentration include crediting, returns and exchanges, dunning, bad debts, promotions, paid-ups, and correspondence.

Appendix B contains the letters used by station operators in their correspondence. These letters are available to the station operators in a forms manual.

Appendix C contains the Quality Control Check Sheets. These forms were used in the testing program to evaluate the station operators' efficiency.

CHAPTER II

REVIEW OF LITERATURE

Programed instruction is a rapidly growing field for training and education. Its materials and methods have attracted the attention of teachers, school administrators, and recently, training directors of business and industry. Its effectiveness as a teaching element has been evident in increased learning speed and retention.

I. LITERATURE ON THE HISTORY OF PROGRAMED LEARNING

The underlying principles of programed learning can be traced back to Socrates and his tutorial education. However, modern development began in 1926 under the direction of S. L. Pressey, Ohio State University. Pressey developed a machine for multiple-choice testing. It differed from the pencil-paper testing procedures, as the student was informed of the correctness or incorrectness of his answer immediately. "A question appeared in a small window in the front of the machine along with three or four possible answers to the question, and the student selected an answer from those listed by pressing a corresponding button. If he pressed the correct button a new question appeared; if he pressed an incorrect button the question remained in the window, an error was tallied on a counter, and the student had to try again. The machine adequately performed its testing function, but what is more important is that students learned to discriminate between

right and wrong answers by using the machines, and that they were able to transfer their knowledge to other questions dealing with similar principles."¹¹

In the 1920's, however, Pressey found little enthusiasm from psychologists, educators, and businessmen. In 1932, he wrote,

The writer has found from bitter experience that one person alone can accomplish relatively little, and he is regretfully dropping further work on these problems. But he hopes that enough may have been done to stimulate other workers, that this fascinating field may be developed. (Pressey, 1932; see pp. 47-51 in Lumsdaine & Glaser, 1960).¹²

In the 1950's, the stimulation that Pressey hoped for was developed in B. F. Skinner, an experimental psychologist, Harvard University. Skinner developed a machine unlike Pressey's, but with the same basic principle: the student was told immediately whether his response was correct or incorrect. This automatic feedback is based on the psychological principle that reinforcement of information will develop learning.

Unlike Pressey's idea of the programmed instruction as a testing device or practice material, however, Skinner's approach to programmed instruction was actual learning. The machine or text became a tutor. Skinner explains this idea with the following comments:

This may suggest mass production, but the effect upon the student is surprisingly like that of a private tutor . . .

¹¹Deterline, op. cit., pp. 9-10.

¹²Ibid., p. 10.

(a) There is a constant interchange between program and student. . . the machine induces sustained activity.
 (b) Like a good tutor the machine insists that a given point be thoroughly understood . . . before the student moves on. . . (c) Like a good tutor the machine presents just that material for which the student is ready . . .
 (d) Like a skillful tutor, the machine helps the student to come up with the right answer. . . . (e) Lastly, of course, the machine, like the private tutor, reinforces the student for every correct response. . . . (Skinner, 1958, p. 971).¹³

To describe the Skinner approach in programmed instruction, it is best to point out some of the characteristics that are identifiable with this method:

1. It consists of many small steps.
2. The student constructs or composes answers, rather than selecting them from a limited set of answers as in multiple-choice responding.
3. Continual active responding is required on the part of the student after very small amounts of information have been given.
4. Reinforcement is immediate.
5. Breadth of understanding, not rote memorization, is the main objective.
6. Every effort is made to eliminate errors.
7. The program is capable of providing for a wide range of student ability and allows each student to proceed at his own speed.¹⁴

In the language of programmed instruction, the Skinner method is described as linear and extrinsic because the sequence followed by the student is unvariable. Steps are small, and the student constructs his own responses.

The other basic approach to programmed instruction was developed in 1959 by Norman A. Crowder. The differences between his method and

¹³ ibid., pp. 12-13.

¹⁴ ibid., p. 20.

Skinner's are the use of multiple-choice responses and branches. Crowder uses a feature called "intrinsic programing." With this programing the student follows the steps through the program on the basis of his response to each question. The alternate routes Crowder uses in his programs are called "branches." Thus, if the student chooses the wrong answer, a method of corrective feedback which explains the concept misunderstood and information on why the specific answer was not correct is given.¹⁵

With reference to this approach to programmed instruction, Crowder remarked:

I have approached the design of automatic tutoring materials from quite a different point of view from Skinner's . To me, the essential problem is that of controlling a communication process by the use of feedback. The student's response serves primarily as a means of determining whether the communication process has been effective and at the same time allows appropriate corrective action to be taken when the communication has been ineffective. The structural peculiarities of automatic tutoring materials are designed to serve this testing and correctional purpose, and the material is not constrained by any particular theoretical learning model.¹⁶

Thus, Crowder bases his belief on the fact that behavior is more than overt. It is an internal process which can be modified, strengthened, and corrected.

¹⁵ ibid., p. 43.

¹⁶ Edward B. Fry, Teaching Machines and Programmed Instruction (New York: McGraw-Hill Book Company, Inc., 1963), pp. 61-62.

Although the Skinner and Crowder methods are the basic approaches to programmed instruction, there are many combinations of them. A program may be linear in form, but requiring multiple-choice responses; or it may be branching in form and have constructed responses. However, it should be remembered that in any type of auto-instruction, the basic principle of reinforcement of correctness of response is necessary.

II. LITERATURE ON CHARACTERISTICS OF PROGRAMED INSTRUCTION

In discussing the characteristics of programmed instruction, it is necessary to point out the psychological principles of learning which are involved in programming. Some of these include:

1. The subject matter is broken up into small units called frames. In actual practice, these frames usually vary in size from several sentences to several small paragraphs. The basis for this idea is that the student learns more readily in small fragments.
2. At least part of the frame requires some type of response from the student. He must answer a question or fill in a blank. Active participation on the part of the student is required. Generally, it is desired that the activity also demonstrate understanding of the material.
3. The student is provided immediate feedback reinforcement. He is told the correctness of his answer, which has the advantage of immediately reinforcing the activity or immediately correcting a misunderstanding. Since many programs are written in such a way that the student is right a high percentage of the time, the act of telling the student that he is correct becomes a reward or reinforcement. Thus programs have a much higher amount of reward or reinforcement than most ordinary teaching situations.

4. The units are arranged in careful sequence. Because the subject matter is broken into small bits, the author must think carefully about the learning steps involved, and the result is a much better sequence of presentation. Careful sequence also embodies the notion of shaping or gradually leading the student toward the desired goals by rewarding him for activity that more and more closely approximates these goals.
5. Programs are aimed at specific goals. This has the desirable effect of making those involved in training evaluate their goals much more carefully and specifically.
6. Revisions are based on student responses. Because the student's behavior can be recorded for each frame, a knowledge of his understanding of each part of the lesson can be easily obtained. Thus, if a student is making many errors on one section, the program obviously is not teaching well and must be revised. Here, then, is another cardinal principle of programming; namely, that the student is the final authority in determining whether or not the program is good. In traditional curriculum materials an "expert" often determines the final presentation, but in programming, the approach is more student-centered. Programs are also more carefully aimed at a particular ability level of student based on experimentation, not on opinion.
7. The student is usually free to vary his own rate of learning. A student may work through a program rapidly or slowly. He is completely independent of others in the class. Traditional methods such as lectures or motion pictures force every student to proceed at the same rate, which might be too fast for some and too slow for others.¹⁷

The concepts of behavioral psychology that are applicable to automated instruction include a stimulus, a response, and a reinforcement or reward. Deterline outlines these characteristics in this manner:

¹⁷ibid., pp. 2-3.

1. An active role assigned to the student (stimulus)
2. Logically sequenced small steps systematically moving to specified goals (response)
3. Immediate knowledge of progress for the student (reinforcement)
4. Self-pacing by the student¹⁸

In devising a programmed manual, one develops a series of steps classified as frames. These frames present the material and new information combined with material requiring a response. After each frame, the learner proceeds to see if he has chosen the correct response.

With the linear approach (Skinner), the program is designed in a single-track form. The material is presented in an unbroken sequence of frames. This is differentiated from the branching form (Crowder), which provides parallel tracks into which the student moves if he chooses an answer other than that which is considered the "best" one.¹⁹

Robert Flaser outlines 11 steps which should be followed closely in any programming situation. The order in which the writer should develop a programmed instruction course is as follows:

1. Define the field - outline precisely what the student needs to perform at the end of the program and specify the kinds of stimulus material that a student will have available in the course of the performance.
2. Reinforcement - behavior is acquired as a result of a contingent relationship between the response of an organism and a consequent event. In most instructional programs, the reinforcing agent is

¹⁸Deterline, op. cit., p. 4.

¹⁹Dolmatch, op. cit., p. 14.

the knowledge about whether or not the response he performs is correct.

3. Gradual progression - make the student correct as often as possible; this is the fastest way to develop a complex repertoire.
4. Develop steps and frames to comprise a program.
5. Emitted behavior and prompting - control errors.
6. Fading and vanishing - gradual withdrawal of information so that the student must more and more rely on himself.
7. Confirmation and scoring - the program must have some confirming mechanism which the student can use to verify the correctness of his response.
8. Encourage concentration - constant application to the subject matter which a program demands may not permit the developing of habits of distraction.
9. Practice and review - repetition necessary to maintain previous learning and to maintain learned concepts.
10. Understanding and discrimination - the student must be able to develop concept formation and transfer of learning.
11. Editing and revision - constant improvement of the program is necessary.²⁰

In the development of programmed instruction with the use of any method, the characteristics of individual instruction, learning in small fragments, steps, and frames, students progressing at their own pace, and the reinforcement of the correctness or incorrectness of their responses are necessary.

²⁰Robert Glaser, "Principles of Programming," Programmed Learning: Evolving Principles and Industrial Applications (Ann Arbor, Mich.: The Foundation for Research on Human Behavior, 1961), pp. 9-15.

III. LITERATURE ON PROGRAMED INSTRUCTION IN BUSINESS AND INDUSTRY

As many millions of dollars are spent every year in training people for business and industry, management has shown great interest in the potential contributions of programed instruction.

Thomas H. Miller points out three distinct advantages of programed instruction and its use in the training of people for business and industry:

1. More individualized instruction for employees.
2. Instruction can be adapted to the individual employee; he can work at his personal speed; can trace his progress, and receive timely, individual reinforcement for correct work.
3. The most important factor is the identification of strengths and weaknesses of training programs, including content and approach. The nature of programming allows examination of the training experience in fine detail and to modify, eliminate, develop, or explain accordingly.²¹

It is only in the past year that any great amount of experimentation with programed learning has taken place in the business world. Before this time, most of the concentration has been in the field of education.

The measurable results that have been obtained with the use of programed instruction in training are highly favorable. At IBM

²¹Thomas H. Miller, "Introduction," Programmed Learning: Evolving Principles and Industrial Applications (Ann Arbor, Mich.: The Foundation for Research on Human Behavior, 1961), pp. 1-2.

Corporation, New York, programmed instruction has reduced by 47 per cent the amount of time required to train customer engineers in the 7070 computer system.²²

At Educational Methods, Incorporated, a new typing training device has increased the typing productivity of 27 girls in one office by 32 per cent, and in another office typing speeds have been increased by as much as 53 per cent, with a 60 per cent decrease in errors.²³

The General Telephone Company, with the use of tape recording programmed instruction, was able to reduce the training time and cost of its telephone information operators by 40 per cent.²⁴ The First National City Bank of New York reduced training time by 50 per cent with the use of programmed manuals.²⁵

Some of the goals which business has set with the use of programmed learning include:

1. Make instructions more uniform and effective.
2. Reduce training time.
3. Improve proficiency on the job.
4. Accommodate both slow and fast students.
5. Stretch the limited supply of skilled and experienced trainers.
6. Aid new instructors to perform expertly.
7. Create space savings for other uses.²⁶

²²Arthur E. Oriel, "Programmed Instruction," Advanced Management-Office Executive, I (September, 1962), p. 33.

²³Ibid.

²⁴"What the Supervisor Should Know About Programmed Learning," Supervisory Management, VIII (April, 1963), p. 25.

²⁵"Better Methods and Systems: Programmed Instruction," Banking, LV (January, 1963), p. 53.

²⁶Ibid., pp. 52-53.

Thus, it is evident that programmed instruction has much to offer the business world and its training programs. Many possibilities exist for its contributions and potential for business and industry.

IV. LIMITATIONS OF THIS THESIS

The time involved in completing the sequence of steps in programmed writing can continue over as many as two and three years. The program is written, tested, rewritten, and retested continuously. In this study, only the first writings and first testing were considered. As a result of this study, Fingerhut Manufacturing Company plans to develop a programmed writing staff within their company.

The primary limiting factor centers around the testing program. It was difficult to obtain comparable groups to measure the success or failure of the programmed manual. Neither Fingerhut Manufacturing Company nor the Minnesota State Employment Office had available test scores which could be used to establish equal groups. In addition, it was necessary to select the employees as they entered the training field, regardless of the nature of their background. Only a limited number of trainees were available for testing following the completion of the manual.

The second limiting factor resulted from an increase in the number of stations from 25 to 45 during the months of March and April.

Because of this increase, a demand for station operators necessitated rushing many trainees through the training program. During this period the eight-week training session was ignored. Thus, the comparison of the control group and the test group would not be valid on the basis of length of training time. Therefore, a comparison of the group using the manual and the standard eight-week training program are considered.

In comparing the two groups on the quality of work performed, it is assumed the two groups are of equal ability. For a pilot testing, this is believed to be sufficient.

CHAPTER III

DEVELOPMENT OF THE MANUAL

The primary purpose of the training program in the Accounts Receivable Department of Fingerhut Manufacturing Company is to teach prospective station operators the techniques and procedures concerning the collection of customers' accounts. The techniques and procedures involve posting of credits to customer accounts, posting information concerning returns and exchanges, sending collection letters (dunning), analyzing accounts for bad debt, promotion, and paid-up, and answering correspondence.

I. OFFICE OPERATIONS

Fingerhut Manufacturing Company is a mail order firm dealing with car furnishings. Their primary product is seat covers of plastic material. At the time of an automobile purchase, the name of the purchaser is recorded with the State license bureaus. Fingerhut obtains these names and sends the purchasers promotion material on seat covers. Based on the orders received from the purchasers, Fingerhut operates.

When mail orders are received, the orders are sorted into six categories: (1) orders that can be processed immediately (new cars); (2) mail needing correspondence; (3) old car file (1950 and older);

(4) Customer Record Cards (complaints and refunds); (5) dealers (persons who want to sell the covers independently); and (6) paid-in-advance orders.

The mail is then tallied according to states and code numbers. Each seat cover series has a certain tally and code number. The orders are also coded according to car, year, model, and description.

After the orders are coded, they are sent to Order Entry. Here the orders are sorted according to code number, price, premium, year of car, test series if used, and miscellaneous. Each order is then stamped with a special stamp for its particular series, which gives the order an account number. When this is completed, the orders are sent to the Flexo-Writing Department, where invoice sets are made.

After the invoices are typed, they are sent through a bursting machine which separates the label, invoice, and Accounts Receivable (A/R) card, and also removes the carbon. The invoice, label, and card are then sent through another machine which prints a payment plan on them.

From this point, the invoice and label are sent to the Manufacturing Department and Shipping Department; and the goods are shipped to the customer. The Accounts Receivable card is sent to the station operators in the Accounts Receivable Department for collection.

A stencil is also made of the customer's name, address, and account number. This stencil is used in an Addressograph machine to

print return envelopes, and then is sent to the Accounts Receivable Department for use in sending correspondence.

Other office procedures include a Customer Record Card section (CRC) which keeps a list of all customers by name and account number, Master Control which handles the bookkeeping, Cashiering which handles the receipts, Customer Service which handles complaints and refunds, Returns and Exchanges which handles unsatisfactory goods, and Sales which analyzes the number of orders and types of orders.

II. ACCOUNTS RECEIVABLE

The personnel in Accounts Receivable include station operators who handle the customer accounts, station correspondents who check the work of the station operators and dictate any necessary correspondence for which there is no form letter, a training supervisor who handles the training program for station operators, and a supervisor of Accounts Receivable who manages the functions of the department.

At present there are 45 station operators, 9 station correspondents, and 1 training supervisor. Each station operator is responsible for about 8- to 10,000 customer accounts. Each station correspondent is responsible for the work of five station operators.

The phases of office work involved in the Accounts Receivable Department include posting credits to customer accounts, posting returns and exchanges, sending dun letters, analyzing accounts for bad debt, promotion, and paid-up, and answering correspondence. With all of these phases, the Accounts Receivable card is used.

The Accounts Receivable cards and stencils of the customers' names, addresses, and account numbers are received from the Flexo-Writing Department. The station operator files these materials in her station according to account number.

The crediting phase involves the posting of payments to the A/R card. Payment envelopes are received from Cashiering with the amount of the remittance and the customer account information. The station operator matches the envelope with the correct Accounts Receivable card and posts the credit. This same procedure is followed with all the credit envelopes.

The phases of return and exchange involve the posting of the information concerning the return or exchange on the Accounts Receivable card, and other miscellaneous clerical work.

The dunning phase involves the sending of collection letters to past-due customers. A dun letter is sent every ten days (up to eight times), until a payment is received. If no payment is received after eight attempts, the account is processed as a bad debt.

The areas of bad debt, promotion, and paid-up involve the processing of accounts according to their ability to pay. If a customer does not pay after the eighth dun letter, he is pulled for bad debt. If the customer pays promptly throughout his pay series, he is sent additional promotional material at various times. When the customer completes his payment plan, he is classified as paid-up and removed from the files.

The final phase of the work of the station operator involves correspondence from customers. About 50 various forms are available to answer most of the customers' questions. However, if a form letter is not appropriate for the situation, the station operator gives the correspondence to his station correspondent who will dictate a special letter.

The station correspondent is responsible for the work of five station operators. She checks the work of the station operators daily, composes various letters, and performs other miscellaneous work.

The training supervisor establishes the training program and charts the progress of the trainees in the Accounts Receivable Department.

III. FORMER TRAINING PROGRAM

The personnel involved in the training program include a training supervisor and training clerks. The training supervisor is directly responsible to the divisional manager and divisional supervisor. The various duties of the training supervisor include: establish a set pattern of training; chart the progress of each individual trainee; report any trainees that are not making normal progress; and periodically administer examinations to all station operators. This last phase in the training program is not consistently followed.

The training clerks are directly responsible to the Accounts Receivable Training Supervisor. The duties of the training clerk include: assist the training supervisor in the actual training of the employees, check each trainee's work each day before it leaves the station, and inform the training supervisor of any abnormal progress.

The training period is approximately eight weeks (40 days). Most of this time is used for on-the-job training. During this period of time, all phases of station operator work is covered. When it appears that a trainee is not grasping a particular phase of the training program, special time is taken to help the trainee before she proceeds to the next phase. An examination is given after each phase of the training. This examination is corrected and then reviewed with the particular trainee involved.

The training schedule followed with each individual trainee includes:

1. A period of orientation, lasting for approximately two hours, covers the responsibilities of the station operator and station correspondent, an outline of the eight-week training period, and a tour of all areas within the office.
2. Review of the station operator's manual (forms manual) will take the remainder of the first day. An outline of the basic tools of the station operator, the definite pattern of work, and the work schedule are discussed.
3. The period of crediting in the station lasts about two or three days, depending upon the progress of each individual trainee.
4. The dunning phase lasts for approximately 10 days.
5. Returns, Bad Debts, and Paid-Ups phase lasts approximately 10 days.

6. Because of the complexity involved in processing correspondence, the correspondence phases lasts at least 15 days.
7. When the training supervisor considers a girl to be thoroughly qualified for station work, a final examination is sometimes administered.

III. PROGRAMED INSTRUCTION TRAINING

Because of the increase in station operators from 25 to 45, it was necessary to develop a system of training which would reduce the training period of the station operator. Under the system in operation in January, 1963, it took approximately eight weeks (40 days) to train a station operator. It was the desire of management to reduce this time to four or five weeks (20-25 days) and still maintain the quality of station operators. Management decided to utilize programed learning in accomplishing this objective.

In devising an office training manual, three possible means of development are available: (1) have management write it; (2) have employees acquainted with the operations write it; or (3) employ outside help. Fingerhut Manufacturing Company decided on the third approach and sought assistance of St. Cloud State College.

In order to begin writing a programed manual on the operations of the Accounts Receivable Department, it was first necessary to become familiar with office procedures used at Fingerhut Manufacturing Company. Approximately two months, two or three hours a day, was spent doing the work of the station operator. In addition, literature on programed instruction and study of the forms manual of Fingerhut was carried out.

When construction of the manual was considered, the linear approach was chosen mainly because of its adaptability to change. The operations at Fingerhut are not constant, and the linear form permitted these changes to be inserted more readily. With the branching approach, slight changes in the business operations could cause whole sections of the manual to be altered.

In determining which of the response mechanisms to be used, the multiple-choice method was selected because of the time-saving factor. "Comparisons of multiple-choice and constructed response generally show no difference in achievement, but there is usually a time saving in favor of multiple choice."²⁷ In addition, the multiple-choice response, in the correspondence section especially, required that trainees differentiate between similar responses.

With the programmed instruction training program, the training process followed the same sequence of phases as the former program. However, fewer days were spent on each phase; and the programmed manual was used in conjunction with individual phases.

The manual in its entire form is included in Appendix A. The forms which station operators must use and be familiar with are included in Appendix B.

²⁷Niebler, op. cit., p. 241.

CHAPTER IV

TEST AND MEASUREMENT

The effectiveness of programmed instruction in business and industry is measured in two aspects: (1) the amount of time spent in the training centers; and (2) the quality of work produced by the personnel. If these two aspects can be improved, programmed instruction is advantageous.

I. PARTICIPANTS

The pilot test stage conducted at Fingerhut Manufacturing Company consisted of two groups of ten girls each. The groups were selected at random as they entered the trainee stage in January, 1963. Ten girls trained during the period of January through April were considered the control group, as they did not have the use of the programmed manual. Ten girls, trained during May through July, used the programmed manual and served as the test group.

As was stated in the limitations section, no available means for equal groups were presented. Therefore, it is assumed that the two groups are equal.

II. TESTING PROCEDURES

The effectiveness of the programmed manual was first tested on the basis of the amount of time spent in the training centers. The

training schedule in use before the manual required approximately eight weeks (40 days). It was hoped to reduce this time to five weeks (25 days).

A record was kept of the day the trainee entered the program and of the day she was assigned as a station operator. The working days between these two dates were then calculated to determine the amount of training time.

The control group's training time was not valid because of the increased demand for station operators during the months of March and April. Therefore, a comparison of the standard training session (eight weeks) and the test group's training time is given.

The second and most important criteria for the measurement of the effectiveness of the programed method is the quality of operator produced. Each month station operators are checked for the quality of their work by the Quality Control Department. This department checks an entire day's work of each station operator, deducting certain points for each error. The measurement used in this pilot testing involved a quality check on the station operators after the first month.

III. TRAINING TIME

The first criteria used as a measurement of the effectiveness of the programed manual was the amount of time required for the training session. The original training schedule, as outlined on pages 25 and 26, required 40 days. Table I on page 30 illustrates the training time spent by the group using the programed manual.

TABLE I

TRAINING TIME OF TEST GROUP

Trainee	Total Days
A	30
B	25
C	30
D	25
E	30
F	35
G	25
H	30
I	40
J	<u>35</u>
Total:	305

It can be noted from Table I that the mean number of days for the training session was 30.5 days. As the original training session was 40 days, this accounts for a 25 per cent decrease in the total training time.

The mean number of days for the control group was 27.5 days. Thus, there is no significant difference in the training time for the two groups. However, on the basis of the standard training program, the programmed manual proved to be effective.

IV. QUALITY OF TRAINING

The second criteria used as a measure of the effectiveness of the programmed instruction method was the quality of work produced by the station operators. After a one-month period on the station, the

Quality Control Department checked an entire day's work of each station operator. Each error found was recorded and a designated number of points was deducted. The quality check sheets used are illustrated in Appendix C.

In measuring the effectiveness of the manual in quality, the two groups are considered equal. As both groups spent approximately the same amount of time in training, the results of their quality checks are the determining factor in the measurement of the success or failure of the programmed manual.

Tables II and III are page 32 indicate the results obtained from the quality checks. The first figure in the table indicates the number of errors, and the second figure indicates the total points deducted.

TABLE II

QUALITY CHECK OF TEST GROUP

Trainee	Credits	Corres.	Returns	Dunning	Paid-Ups	Bad Debts	Totals
A	7-15	11-38	10-22	3-12	6-21	5-13	42-121
B	5-14	3-10	3- 5	10-25	2- 6	1- 2	24- 62
C	6-14	7-26	3- 7	3-11	0-0	0-0	19- 58
D	7-21	8-27	0-0	11-28	1- 3	3- 7	30- 86
E	0-0	7-29	6- 6	1- 3	2- 7	0-0	16- 45
F	2- 6	3- 7	0-0	5-17	0-0	0-0	10- 30
G	1- 1	12-35	2- 5	0-0	0-0	new station	15- 41
H	8-17	7-23	0-0	9-37	7-15	2- 8	33-100
I	2- 6	17-57	2- 4	1- 5	5-17	0-0	27- 89
J	0-0	2- 7	0-0	2-10	1- 4	new station	5- 21
Totals:	38-94	77-259	26-49	45-148	24-73	11-30	221-653

TABLE III

QUALITY CHECK OF CONTROL GROUP

Trainee	Credits	Corres.	Returns	Dunning	Paid-Ups	Bad Debts	Totals
K	4-13	10-28	0-0	6-20	10-32	3- 6	33- 99
L	5- 9	6-19	0-0	9-27	2- 5	1- 3	23- 63
M	2- 7	5-17	0-0	0-0	2-10	2- 4	11- 38
N	3- 8	9-29	0-0	5-17	3- 9	1- 2	21- 65
O	9-15	21-67	4- 7	8-21	13-37	0-0	55-147
P	3- 5	9-34	2- 3	15-38	4-12	2- 6	35- 98
Q	7-23	10-33	0-0	10-27	1- 2	0-0	28- 85
R	3-12	15-62	5-18	10-27	4-13	3- 7	40-139
S	5- 6	10-24	2- 2	13-36	1- 2	0-0	31- 70
T	5- 9	10-27	0-0	not valid	5-11	0-0	20- 47
Totals:	46-107	105-340	13-30	76-213	45-133	12-28	297-851

In comparing the scores of the two groups, it should be remembered that the higher the score, the greater the number of errors, and the greater the number of points deducted indicate the poorer operator.

From the data in Tables II and III, the totals for the various categories were added together and averaged for both the test group and the control group. Table IV illustrates the results of these averages.

TABLE IV
COMPARISON OF QUALITY OF TEST AND CONTROL GROUPS

	TEST GROUP				CONTROL GROUP			
	No. of Mistakes	Total Points	Averages		No. of Mistakes	Total Points	Averages	
Credits	38	94	3.8	9.4	46	107	4.6	10.7
Corres.	77	259	7.7	25.9	105	340	10.5	34.0
Returns	26	49	2.6	4.9	13	30	1.3	3.0
Dunning	45	148	4.5	14.8	76	213	8.4	23.7**
Paid-Ups	24	73	2.4	7.3	45	133	4.5	13.3
Bad Debts	11	30	1.4	2.8*	12	28	1.2	2.8
Totals	221	653	22.1	65.3	297	851	29.7	85.1

* Only 8 stations had Bad Debts.

** Only 9 stations reported Dunning.

Table IV figures indicate that the test group had a better quality record than the control group in the pilot testing. The only area in which the control group exceeded the test group was in the area of Returns. This may readily be explained by the fact that shortly after the manual was put into effect, Fingerhut Manufacturing Company revised its returns and exchange policies. Thus, this segment of the manual was not used. Rewriting of this section is now necessary.

In the final analysis, the test group had 30 per cent greater quality than the control group. Thus, in this area also, the programmed manual proved to be advantageous.

As this is only the pilot testing, further study of the most frequent occurring errors will be made; and rewriting of the manual in these areas will be performed.

CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Programed instruction is a rapidly growing field for training and education. Its effectiveness as a teaching element has been proven in education. Only recently, however, has it been considered for training purposes in business and industry.

I. SUMMARY

It was the purpose of this thesis to consider the use of programed instruction in training of personnel in business. A programed instruction manual was developed for the Accounts Receivable Department of Fingerhut Manufacturing Company. The linear approach with multiple-choice responses was used because of the ease of construction and adaptability to change.

After the programed manual was completed, a testing situation was devised to compare the results of the former training program with the programed instruction training. The programed method proved to be more effective in reducing training time and increasing quality of personnel.

As a result of this study, further developments in programed instruction will be devised at Fingerhut Manufacturing Company.

II. CONCLUSIONS

1. The initial experience with programed instruction at Fingerhut Manufacturing Company proved to be effective.
2. The objective of reducing the training time was achieved. Training time for the group using the programed manual was reduced by 25 per cent over the standard training time.
3. The objective of increasing the quality of personnel was achieved. The group using the programed manual performed 30 per cent higher than the group under the former training program.
4. A study of the former training program resulted in details being eliminated, combined, and simplified.
5. With the use of the programed manual, the training program could be adapted to individual employees. The trainee could work at her own pace, and thus no standard training program had to be followed.
6. The programed manual offered a means of standard instruction for all employees. The manual served as a guide and reinforcing agent for the learner.
7. The technique of programed instruction gives promise of permitting reduction of training time and allowing more efficient and economical utilization of professional training personnel.

III. RECOMMENDATIONS

1. As a result of the pilot testing, it is recommended that an analysis of the errors in the Quality Check be conducted.
2. The areas in the manual in which errors occur most frequently should be rewritten for better understanding.
3. Discussions should be held with all members of the group taught by programed instruction. Their reactions to the programed manual will be beneficial in any rewriting.

4. It is further recommended that Fingerhut Manufacturing Company develop a programing staff within its organization which will continue to revise the Accounts Receivable manual, when necessary, and also develop manuals in other areas of office procedure.

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APPENDIX A

INTRODUCTION

This manual deals with the fundamental processes used by the Accounts Receivable Station Operator.

Its purpose is to help you better understand the processes used in the station in a more quick and efficient manner.

As you are introduced to each new section of your operations, read that part of the manual. The questions on the bottom of each page should help you check your reading and understanding. The answers to the questions are given at the top of the next page. If you answer the questions incorrectly, reread the page and see where you developed the misunderstanding.

As a Station Operator, you are dealing directly with the customer. Therefore, it is important that you understand the processes involved and perform them in an efficient and correct manner.

CREDITING

The procedure of crediting involves the posting of payments made by the customers to their accounts.

You are given a group of customers' pay envelopes each day, which are the basis for posting credits to their accounts.

On the front of the pay envelope, the customer's name, address, account number, and the amount remitted will be given.

In posting the credit to the Account Receivable card (A/R card), check three (3) things:

1. Customer Name
2. Customer Address
3. Customer Account Number

These three items must match the Account Receivable card before posting a credit.

Sample Pay Envelope

A. Smith			
Danube, Minn.			
4367-195 17			
58201	FINGERHUT		\$4.66
	MARCH 11, 1963		
	11 McLeLland Road		
	St. Cloud Minnesota		

1. In the above example of a pay envelope, the customer's account number is _____.
2. The amount of the credit is \$ _____.

- Answers: 1. 4367-195 17
2. \$4.66

If the address does not coincide with the one given on the A/R card, double check to see that it is the right name and account number.

If it is the right name and account number, you can then assume that the customer has had a change in address.

When this occurs, you first post the credit to the account and then complete a change of address form in the following manner:

1. Obtain the change of address form from your desk drawer.
2. Remove the stencil for this customer.
3. Using the stencil machine, stencil the old address on the form and on the back of the A/R card.
4. Next, write in the correct address on the form and on the front of the A/R card, to the right of the old address.
5. Cross out the old address on the front of the A/R card.
6. Clip the stencil to the back of the change of address form and set it aside.

-
1. The old address is stenciled on
 - a. The change of address form.
 - b. The back of the A/R card.
 - c. Both a and b.

Answer: 1. c. Both a and b.

If the Account Number does not agree with the name and address on the A/R card and pay envelope, the customer may have more than one account with the Fingerhut Company.

In this case, you do not post any amount to the A/R card.

An A/R Control Transfer Form, available in your drawer, is filled out in triplicate, transferring the payment to Unapplied. The first and third copies of the Transfer form are clipped together with the pay envelope and sent to Unapplied. The second copy is placed with the posted pay envelopes.

In addition to the Control Transfer Form, a Stop Dunning Form is completed and sent to the station handling the account number given on the pay envelope.

If the customer's name does not agree with the account number, the amount is not posted to the A/R card either.

Again, a Control Transfer Form would be completed, transferring the payment to Unapplied. The first and third copies of the form and the pay envelope are clipped together and sent to Unapplied. The second copy is placed in your posted payment envelopes. No Stop Dunning Form is issued.

-
1. If the account number differs with the name on the A/R card and pay envelope, the payment is transferred to
 - a. The correct account number.
 - b. Unapplied.

Answer: 1. b. Unapplied

After you determine that you have the correct A/R card for the payment envelope, the amount is posted to the A/R card.

In posting the amount to the A/R card, you bar date the payment, using the date that is stamped on the payment envelope. To bar date you use the pencil-type instrument which has three lines, the date, and three lines. An illustration of this is the April 5 payment below.

Inst.	Balance	Due Date
\$5.64 Apr 5	\$16.92	4-5-63
5.64	11.28	5-5-63
5.64	5.64	6-5-63

In the example above, the customer is paying his first payment of \$5.64 on April 5. Therefore, using the bar dating instrument, the payment is bar dated. The A/R card is then placed back in the tray to await the next payment.

The payment envelope is turned over in a separate stack, and the next payment envelope is analyzed.

If the credit posted is for the final payment, the A/R card would not be placed back in the tray. It would be set aside as a paid-up in a separate stack on your desk.

-
1. If the customer is paying the first payment of a three-payment plan, you would remove the card from the tray permanently after posting the credit.
 - a. True.
 - b. False.

Answer: 1. b, False

If the payment is not for an amount equal to the payment plan, as \$3.00 for a \$2.98 payment, you would bar date the payment and place the balance in the short or over column of the A/R card.

If the payment is over, you would circle the amount difference. If the payment is short, you would write the amount short in the column with no circle.

To determine whether a payment is short or over, the bar dating of a payment must be for at least half of the scheduled payment due. For example, for a payment of \$5.64, the amount remitted must be at least \$2.82 before you can bar date.

An example of a posting of \$3.00 for a \$2.98 payment would appear as follows:

Inst.	Balance	Due Date
4/5 (02) \$2.98 Apr 5	\$17.88	4-5-63

An exception to the "over half" rule occurs with a remittance for the final payment. In this case the payment is bar dated and the amount short or over is posted in the short column, whether it is more or less than half of the amount due.

-
1. If the customer pays \$2.00 for a \$4.98 payment on his first payment, you would
 - a. Bar date the payment and write a shortage of \$2.98.
 - b. Not bar date at all; write an overage of \$2.00, circling this amount.

Answer: 1. b. Not bar date.

In posting a payment after a short or over payment, you must consider this balance in your next payments, if this payment is not for an exact payment due.

In using the short or over, you would add it to the payment if it was over; you would subtract it from the payment if it is a short balance.

Example: If the payment due was \$4.66 and the customer paid \$5.00, you would bar date the \$4.66 and in the short column, post the date and \$.34 with a circle (overpayment). If he sent an additional \$5.00 in his next payment, you would bar date another \$4.66 payment and the circled \$.34. A new balance would be set up in the short column of a circled \$.68.

Short	Inst.	Balance	Due Date
4/5 <u>34</u>	54.66 Apr 5	527.96	4-5-63
	4.66 May 7	73.30	5-5-63
5/7 <u>.68</u>	4.66	18.64	6-5-63
	4.66	13.98	7-5-63
	4.66	9.32	8-5-63
	4.66	4.66	9-5-63

-
1. If the next payment sent was \$5.00 in the above example, you would
 - a. Bar date the next \$4.66 payment.
 - b. Bar date the \$4.66 payment and the circled \$.68; new balance of a circled \$1.02.
 - c. Bar date the \$4.66 and the \$.68; new balance of \$1.02.

Answer: 1. b. Bar date the \$4.66 payment and the circled \$.68; new balance of a circled \$1.02.

REVIEW

Post the following payments by drawing bar date lines and the correct date. (You do not need to use your bar dater.)

Payments:	1.	\$4.66	4-10-63
	2.	5.00	5-13-63
	3.	3.00	6-14-63
	4.	9.32	7-15-63
	5.	3.34	8-13-63
	6.	2.64	9-15-63

Short	Inst.	Balance	Due Date
	\$4.66	\$27.96	4-15-63
	4.66	23.30	5-15-63
	4.66	18.64	6-15-63
	4.66	13.98	7-15-63
	4.66	9.32	8-15-63
	4.66	4.66	9-15-63

1. After posting the above payments to the A/R card, the A/R card would be
 - a. Placed back in your tray.
 - b. Placed in a separate stack on your desk as a paid-up.

Answers:

Short	Inst.	Balance	Due Date
5/13 2.00	JUNE 14 4.66	Apr 10 27.96	4-15-63
6/14 1.32	Aug 13 4.66	MAY 13 23.30	5-15-63
8/13 2.00	Sept 15 4.66	JUNE 14 18.64	6-15-63
	4.66	July 15 13.98	7-15-63
	4.66	July 15 9.32	8-15-63
	4.66	SEPT 15 4.66	9-15-63

1. b. Pulled as a paid-up.

In the preceding example, you were shown a final payment whereby the account was paid-in-full exactly.

This is not always the case, however. There are times when the customer's balance after the final payment is still short or over.

If the customer has paid too much, the overage is credited to Misc. Income. The A/R card is stamped Misc. Inc. in the short column, and a control card is filled out.

The following is an example of an overage of \$1.98 on account number 2365-578 17.

Date 4/7 Sta. 17 Control # 2365-0

Acct. No.	Overage	Small Bal. Due	Acct. No.	Overage	Small Bal. Due
2365-578	1.98				

1. The account must always be paid-in-full to the exact amount.
 - a. True.
 - b. False.

2. After the final payment, the account balance of A. Smith shows an overpayment of \$1.98.
 - a. Send the money back to him.
 - b. Apply amount of overpayment to Misc. Income.
 - c. Apply amount of overpayment to Allowances.

- Answers: 1. b. False
2. b. Apply amount to Misc. Income.

If, after the final payment, the customer has an unpaid balance, two possibilities occur:

1. If the amount is under \$1, it is stamped Allowance and is written up on the control card under "Small Bal. Due."

Date 4/7 Sta. 17 Control # 2365-0

Acct. No.	Overage	Small Bal. Due	Acct. No.	Overage	Small Bal. Due
2365-578		.68			

2. If the amount is between \$1 and \$3, you send the customer a letter - Speed-0-Gram (SOG), telling him his balance due.

If he does not answer within approximately 20 days (2 reviews), the amount is allowed and written up on the control card as illustrated above.

An exception to Rule 2 occurs when the customer has received the 0-6 or 1-7 dun letter (Third Party Stage). The amount is allowed immediately and no SOG is sent in this instance.

-
1. The customer has a balance due of \$2.98 after his final payment. You would
 - a. Allowance the amount immediately.
 - b. Send the customer a SOG of balance due.

Answer: 1. b. Send the Speed-0-Gram.

REVIEW

Post the following payments to the partial A/R card given below it.

Payments:	1.	\$4.66	4-12-63
	2.	5.00	5-13-63
	3.	5.00	6-15-63
	4.	4.66	7-13-63
	5.	3.00	8-15-63
	6.	6.00	9-12-63

Short	Inst.	Balance	Due Date
	\$4.66	\$27.96	4-15-63
	4.66	23.30	5-15-63
	4.66	18.64	6-15-63
	4.66	13.98	7-15-63
	4.66	9.32	8-15-63
	4.66	4.66	9-15-63

Answer:

Short	Inst.	Balance	Due Date
6/13	June 15	Apr 12 27.96	4-15-63
4/15	Aug 15	May 13 23.30	5-15-63
8/15	Sept 12	June 15 18.64	6-15-63
9/12	Sept 12	July 13 13.98	7-15-63
	Misc. Inv.	Aug 15 9.32	8-15-63
		Sept 12 4.66	9-15-63

Post the following payments:

Payments:			
1.	\$4.66		4-12-63
2.	2.50		5-15-63
3.	4.66		6-14-63
4.	5.00		7-15-63
5.	6.00		8-15-63
6.	4.66		9-15-63

Short	Inst.	Balance	Due Date
	\$4.66	\$27.96	4-15-63
	4.66	23.30	5-15-63
	4.66	18.64	6-15-63
	4.66	13.98	7-15-63
	4.66	9.32	8-15-63
	4.66	4.66	9-15-63

Answer:

Short	Inst.	Balance	Due Date
5/15 July 15	4.66 Apr 12	27.96	4-15-63
7/15 7.72 Aug 15	4.66 May 15	23.30	5-15-63
8/15 .48	4.66 June 14	18.64	6-15-63
Allowance	4.66 July 15	13.98	7-15-63
	4.66 Aug 15	9.32	8-15-63
	4.66 Sept 15	4.66	9-15-63

Post the following payments:

Payments:			
1.	\$5.00		4-15-63
2.	4.66		5-15-63
3.	3.00		6-13-63
4.	3.00		7-16-63
5.	4.66		8-12-63
6.	4.66		9-14-63

Short	Inst.	Balance	Due Date
	\$4.66	\$27.96	4-15-63
	4.66	23.30	5-15-63
	4.66	18.64	6-15-63
	4.66	13.98	7-15-63
	4.66	9.32	8-15-63
	4.66	4.66	9-15-63

1. Balance results in
 - a. Misc. Income.
 - b. Allowance.
 - c. SOG to customer.

Answers:

Short	Inst.	Balance	Due Date
4/15	June 13	\$4.66 Apr 15	\$27.96 4-15-63
6/13	July 16	4.66 MAY 15	23.30 5-15-63
7/16	SEPT 14	4.66 JUNE 13	18.64 6-15-63
9/14	2.98	4.66 AUG 12	13.98 7-15-63
		4.66 SEPT 14	9.32 8-15-63
		4.66 SEPT 14	4.66 9-15-63

1. c. SOG.

Post the following payments:

Payments:			
1.	\$5.00		4-15-63
2.	5.00		5-12-63
3.	5.00		6-17-63
4.	4.66		7-14-63
5.	4.66		8-13-63
6.	5.00		9-15-63

Short	Inst.	Balance	Due Date
	\$4.66	\$27.96	4-15-63
	4.66	23.30	5-15-63
	4.66	18.64	6-15-63
	4.66	13.98	7-15-63
	4.66	9.32	8-15-63
	4.66	4.66	9-15-63

1. Balance results in
 - a. Misc. Income.
 - b. Allowance.
 - c. SOG to customer.

Answer:

Short	Inst.	Balance	Due Date
4/15 30 May 12	\$4.66 Apr 15	\$27.96	4-15-63
5/12 12 June 17	4.66 May 12	23.30	5-15-63
6/17 17 SEPT 15	4.66 June 17	18.64	6-15-63
9/15 (1.36) Misc Inc	4.66 July 14	13.98	7-15-63
	4.66 Aug 13	9.32	8-15-63
	4.66 SEPT 15	4.66	9-15-63

1. a. Misc. Income.

It may occur that you have a payment envelope and no A/R card in your station.

When this happens, transfer the payment out of your station to Unapplied. This is done with the use of the A/R Control Transfer Form in the same way that you transferred an account for the wrong station.

The Control Transfer form is made out in triplicate, the first and third copies with the payment envelope clipped to them are sent to Unapplied and the second copy is placed in your posted payments.

It may also happen that you use part of a payment for your A/R card, the balance to be applied to another account in another station.

When this occurs, you write up a Control Transfer for the unused portion, transferring this amount to the other account number.

When this is done, however, the payment envelope is not attached to the transfer. It remains with the second copy of the transfer in your posted payments.

Thus, on the transfer, you do not check "Credit Attached," but check "Not Attached."

-
1. When transferring an entire payment, the payment envelope is
 - a. Attached to the transfer and sent to another area.
 - b. Placed in your posted group of payment envelopes.

Answer: 1. a. Attached to the transfer and sent to another station.

If you receive a payment envelope for repairs and the card is gone (usually for \$1.98), this is transferred to Repairs with the use of the A/R Control Transfer.

The payment envelope is attached to the transfer.

If a customer remits payment after a third party letter and includes the \$10 collection charge, this amount is transferred to Allowances with the use of the A/R Control Transfer. In this case, the payment envelope is not attached to the transfer form.

REVIEW

With the use of the A/R Control Transfers available in your desk, transfer the following payments: (Consider yourself to be located in Station 5.)

1. Card gone, no other account number;
\$4.66 payment, A. Smith, 6505-103 5.
2. Card gone, no other account number;
\$1.98 payment for repairs, A. Smith,
6505-103 5.
3. \$7.98 payment, used \$3.00 on A. Smith,
6505-103- 5; remaining part should be applied
to A. Smith, 1507-103 13.
4. Payment envelope sent to wrong station.
Should be in Station 10.
\$4.66 A. Smith 4506-987 10

Answers: 1.

A SMITH
 First Name Middle Last Acct. No.
802-2ND ST So From Control # 6505-0
 Address
St Cloud, Minn
 City State

6505	103-5	4.66	Debit
UNAPPLIED		4.66	Credit
Sta.		Amt.	

Credit Att. Not Att.
 Remarks CARD GONE To Control # _____
MFG 4/15/63
 Company Date
BJS
 Prepared by

2.

A. SMITH REPAIRS
 First Name Middle Last Acct. No.
802-2ND St. So. From Control # 6505-0
 Address
St. Cloud, Minn
 City State

6505	103-5	1.98	Debit
REPAIRS		1.98	Credit
Sta.		Amt.	

Credit Att. Not Att.
 Remarks card gone - To Control # _____
Repairs MFG 4/15/63
 Company Date
BJS
 Prepared by

3.

A SMITH 1507-103-13
 First Name Middle Last Acct. No.
802 - 2ND St So From Control # 6505-0
 Address
St Cloud, MINN
 City State

6505	1/03-5	4.98	Debit
1507	103-13	4.98	Credit
Sta.	Amt.		

Credit Att. Not Att.
 Remarks 7⁹⁸ payments To Control # 1507-0
used #3 MFG 4/15/63
 Company BTS Date
 Prepared by

4.

A SMITH 1507-103-13
 First Name Middle Last Acct. No.
802 - 2ND St. So From Control # 4506-0
 Address
St. Cloud, MINN
 City State

4506	1987-10	4.66	Debit
UNAPPLIED		4.66	Credit
Sta.	Amt.		

Credit Att. Not Att.
 Remarks WRONG STATION To Control # _____
MFG 4/15/63
 Company BTS Date
 Prepared by

In posting credits for late payments, it is necessary to notice how many dun letters have been sent. This is necessary in order to follow up late payments with necessary correspondence. The number of dun letters is determined by analyzing the squares to the right of the payment plan on the A/R card.

Inst.	Balance	Due Date	1	2	3	4	5	6	7	8
\$5.64	\$16.92	4-5-63								
5.64	11.28	5-5-63								
5.64	5.64	6-5-63								

If the customer has been sent four (4) or more dun letters and then makes payment, the payment is posted; and then the A/R card is set on its side in the tray. When doing correspondence, procedures for these cards will be explained.

Also, if the customer remits payment in an envelope other than the stenciled blue ones provided by Fingerhut, the A/R card is notated on the bottom TC:MFUN, and then set on its side in the tray. The MFUN letter indicating the importance of using the stenciled envelopes is sent to the customer when doing correspondence. This letter is not sent when the customer is paying after the 0-6 or 1-7 (Third Party Letter).

-
1. If the customer pays after receiving four collection letters, his card should be
 - a. Placed back in the file in proper order.
 - b. Placed back in the file in proper order and set up on its side.

 2. If the customer remits payment in a white envelope, his card will be
 - a. Set up on its side.
 - b. Notated TC:MFUN.
 - c. Both a and b.

- Answers: 1. b. Placed back in the file in proper order and set up on its side.
2. c. Both a and b.

Any correspondence attached to a payment envelope should be bar dated and the account number posted on it. It should then be detached from the payment envelope and set aside. There is no need to open a letter, read it, or scan it. Correspondence is to be done separately.

However, if you have a piece of correspondence that has been analyzed as proof of payment, post the amount to the A/R card and place this correspondence with your payment envelopes.

RETURNS AND EXCHANGES

During the free trial period, which is 45 days from the invoice date on the A/R card, the customer has the option of returning, exchanging, or repairing his covers free of charge.

Upon expiration of the trial period only under certain conditions, which will be explained later, can the customer return his merchandise.

The guarantee, however, is still in effect after the trial period. Therefore, the customer may exchange or repair his merchandise for a small charge.

The accounting procedures for these variations in returns, exchanges, and repairs will be explained in this chapter.

-
1. The free trial period extends
 - a. 45 days from the invoice date.
 - b. 45 days from the first payment due date.
 2. During the free trial period, the customer may return, exchange, or repair his merchandise
 - a. free of charge.
 - b. at a small cost.

- Answers: 1. a. 45 days from the invoice date.
2. a. free of charge.

Special notations and abbreviations are necessary in the area of returns and exchanges. Before one can analyze returns and exchanges, it is necessary to understand some of the basic terms used. Some of the most common ones include:

CS = complete set	FS = front sections
FC = front cushion	RS = rear sections
LFB = left front back	RC = rear cushion
FB = front back	RB = rear back
L = too large	H = hole or seam problem
S = too small	RG = returned goods
IMP = Imperial	EX = exchange
APE = Air Flo	CE = Crushed Embossed
GS = Gold Star	
RG, HFC = returned goods, hole, front cushion	
EX, FC, SD = exchange, solid front cushion	

Materials and prices that are used most frequently include:

	3-pay	6-pay
1. Star Dust	\$20.94	\$22.98
2. Crushed Embossed		27.96
3. Air Flo	20.94	22.98

-
1. The following notation RG, CS indicated the customer
a. Returned his complete set.
b. Returned his front cushion.

Answer: 1. a. Returned his complete set.

When the factory receives merchandise, they write up a Seat Cover Return (SCR) which is first sent to the Returns Department and then to the A/R station operator. In most instances it is not known for certain in the factory whether the merchandise is a return or an exchange. Therefore, the station operator must analyze the A/R card and the correspondence attached to the SCR to determine which it is.

The following is an example of a SCR. It states the merchandise returned, the condition of the return, whether a premium was returned or not, and the postage paid by the customer or Fingerhut (postpaid or collect respectively).

SEAT COVER RETURN 4/22/63
5053-0 268675

Date 4/20/63 Postmark Date 4/10/63
Name J. SMITH Acct. No. 5053-043-8
Address 121-8th Ave N.
City St. Cloud, State Minn

Postage Amount		Exchange Value	Return Value
Prepaid	Collect		
1.15			20.94

Repack Useable Junk Useable

Condition WRONG CODE
Exchanged for _____

Set		Description or code number	Rec'd by
Complete	✓	162-40 APE	NH
Fronts			
Partials			

FREE TRIAL PERIOD

When it is determined that the goods are a Return during the free trial period, the A/R card is stamped Returned in the upper right hand corner, and the date, goods returned, conditions of the return, premium returned or not, and postage paid are posted on the A/R card.

The SCR is dated; the value of the goods returned and the control number are posted on it also. (For an example, see previous page - date, 5053-0, and \$20.94.)

When posting is completed, the SCR, A/R card, and stencil are routed back to the Returns Department.

The following is an example of a posted Return on the A/R card:

<input type="checkbox"/>	Pro 1	<input type="checkbox"/>	Pro 2
4/22/63 C. S. REPACK N° PREM \$1.15 PP			
Prem	Mat	Style	Color
\$3.98	\$20.94	4-5-63	
3.98	16.96	5-5-63	
6-payment plan			

1. After the A/R card is stamped Returned and information recorded, it is
 - a. Placed back in the file.
 - b. Sent to the Returns Department.

Answer: 1. b. Sent to the Returns Department.

If the customer returns his merchandise for complete credit during the trial period and has paid on his account, he is issued a Refund Order for the balance paid.

Thus, in addition to posting the return information on the A/R card, a Refund Order form and an A/R Control Transfer must be completed. On the A/R Control Transfer, the amount paid on the account is debited to the customer's account number and credited to Refunds.

The following is an example of a Refund Order:

REFUND ORDER
Fingerhut Mfg. Co.

Station No. 8423-7 Date 4/22/63

Acct. No. 8423-716-2
Refund \$2.66
To: JOHN SMITH
800 NORTH 7th St.
St. Cloud, Minn.

Reason Refund on Return
Shipping on Cash Sale
Overpayment
Other _____

Prepared by BOS

The A/R card is then stamped Refund in the short column _____

1. On a refund, the account credited on the A/R Control Transfer is
 - a. the customer's account number.
 - b. Refunds.

Answer: 1. b. Refunds.

When the customer sends back only part of the set for credit, Partial Return is stamped on the card with all the information recorded as on the Return.

The amount of the credit is posted in the short column and circled. This credit is applied to the account after the customer makes his first payment.

The date, value of goods returned, and control number are posted on the SCR and routed back to the Returns Department. The A/R card and stencil are not sent, as collection of the balance due is needed.

The following is an example of a Partial Return posting on the A/R card:

Front Section Returned, valued at \$13.97.

<input type="checkbox"/> 1 Pro	<input type="checkbox"/> 2 Pro		
4/22/63 FS REPACK No prem 41.15 col			
Prem	Mat	Style	Color

4/22 (13.97)

1. The amount of the credit is
 - a. Applied to the payment plan immediately.
 - b. Posted in the short column and circled.

Answer: 1. b. Posted in the short column and circled.

When the customer makes a Partial Return for credit, a statement of the credit and payments due is sent to him. The following is an example of how the statement would appear:

1 SET SEAT COVERS		27.94
Fmts ret. for credit		13.97
		<u>13.97</u>
PAYMENTS DUE		BALANCE
2-28	4.66	
3-28	4.66	
4-28	4.65	

The information posted on the SCR as a result of a Partial Return for credit would appear as follows:

1-31-63
5031-0

SEAT COVER RETURN

Date _____ Postmark Date _____
 Name _____ Acct. No. _____
 Address _____
 City _____ State _____

Postage Amount		Exchange Value	Return Value
Prepaid	Collect		
1.15			13.97

1. As a result of the Partial Return, the customer is sent a
 - a. SOG 5 and 6.
 - b. Statement.

2. On the partial return, the value of goods posted to the SCR is the total value of the goods
 - a. Returned.
 - b. Retained by the customer.

- Answers: 1. b. Statement.
2. a. Returned.

If, in analyzing the correspondence and the A/R card, it is determined that the SCR is for an Exchange, the account will be rescheduled for payment plan and due dates.

The new due date will be 45 days from the write-up date on the SCR, plus the number of days to coincide with the review date.

The customer will then be sent a revised billing.

The following is an example of the posting of an exchange on 4/10 from a SCR:

	\$3.49	\$20.94	3/5/63
	3.49	17.45	4/5/63
	3.49	13.96	5/5/63
	3.49	10.47	6/5/63
	3.49	6.98	7/5/63
	3.49	3.49	8/5/63
4/10	SCR # 2070; REPACK, 1.98 pp.		
	Ex Rfc	TF CSO	CS apf
	TC: RB	105	

- The new due date must coincide with the original review date number (0-9).
 - True.
 - False.
- If the date on the SCR was 3/18 and the review date on the A/R was 3/8, the new payment plan would schedule payment on
 - 4/18.
 - 4/28.
 - 5/8.

- Answers: 1. a. True.
2. c. 5/8.

If the SCR is an exchange, write the value of the return in the box headed Return Value and the value of the Exchange in the box headed Exchange Value. In addition, the type of material returned and exchanged are noted in the respective boxes.

4/10/63
5031-0
6-PAY

Postage Amount		Exchange Value	Return Value
Prepaid	Collect		
		Air flo 20.94	STARBUST 20.94

The date, control number, and payment plan are posted at the top of the SCR also.

After the SCR information has been recorded, you then make out a CSO (Customer Service Order) to Manufacturing for the correct merchandise.

An out card for the A/R card is placed in your tray. Then the A/R card, CSO, and SCR are given to the correspondent for approval.

-
- If the SCR is for an exchange, a _____ must be made up to Mfg. for the correct merchandise.
 - CSO.
 - SCR.
 - The type of merchandise exchanged and returned are posted on the SCR.
 - True.
 - False.

- Answers: 1. a. CSO.
2. a. True.

If you do not have sufficient information to make the exchange, you must write the customer asking for it.

You then sticker the account for 30 days. The SCR is sent back to the Returns Department with the notation HFL (hold for information letter). The A/R card is then filed back in your tray to await a reply from the customer.

When you receive the information from the customer, you then issue a CSO to Mfg. and proceed in the normal manner (explained on Page 30).

-
1. If you lack the necessary information to make the exchange, you must write _____ for it.
 - a. Mfg.
 - b. The customer.
 2. After you receive the information from the customer, you issue a
 - a. CSO.
 - b. HFL.

- Answers: 1. b. The Customer.
2. a. CSO..

AFTER TRIAL PERIOD

If the customer returns his goods after the trial period, two possibilities occur.

One, the goods may be accepted in Repack condition. In this instance, the charge to the customer is \$4.25.

Secondly, the goods may be received in Junk condition. In this instance, the covers are of no value to us. Therefore, we continue to collect the full amount from the customer.

-
1. The customer cannot return goods after the trial period for complete credit.
 - a. True.
 - b. False.
 2. The customer can return goods after the trial period at a charge.
 - a. True.
 - b. False.

Answers: 1. a. True.
2. a. True.

If goods are received later than 60 days after the invoice date and are in Repack condition, the charge to the customer is \$4.25.

If the customer has not paid anything on his account, he is sent the RPC letter (Repacking Charge). Then the following information is recorded on the bottom of the A/R card: date, TC: RPC, and the station operator's initials.

At the top of the A/R card, in the right hand corner, the return information is recorded.

The A/R card is then stamped Returned and closed out in the usual manner.

The date, value of the goods, and control number are posted on the SCR.

-
1. If goods are returned after the trial period, repack condition, the customer's account is
 - a. Closed.
 - b. Open with a balance of \$4.25 due.
 2. If the goods returned are in repack condition after the trial period and the customer owes the \$4.25 charge, he is sent the
 - a. RPC.
 - b. Statement.

- Answers: 1. a. Closed.
2. a. RPC.

If the customer has paid any amount on his account and then returns the merchandise in repack condition after the trial period, a credit memo is issued for the amount paid on the account less \$4.25.

If the amount paid on the account is less than \$4.25, this amount is allowed and the account is considered closed.

Thus, when the customer has paid something on his account, the RPC is not sent.

In issuing the credit memo, cross out the "Refund Order" and insert Credit Memo. An A/R Control Transfer is also prepared, debiting the account number and crediting Allowances.

On Page 35 there is an example of the Control Transfer and the Credit Memo.

The Credit Memo issued to the customer may be used on future purchases.

-
1. If the customer has paid more than \$4.25 repacking charges, the overpayment is credited to
 - a. Misc. Income.
 - b. Allowances.
 2. The Credit Memo is issued for the amount of
 - a. Payment applied to the account.
 - b. Payment applied to the account less \$4.25.

- Answers: 1. b. Allowances.
2. b. Payment applied to the account less \$4.25.

<u>JOHN</u>	<u>SMITH</u>	<u>CREDIT MEMO</u>
First Name Middle	Last	Acct. No.
<u>800 N 8th St</u>	From Control # <u>8423-0</u>	
Address		
<u>St. Cloud, MINN</u>		
City State		

8423	716-2	6.98	Debit
Allowance	6.98		Credit
Sta.		Amt.	

Credit Not
Att. Att.

Remarks PAYMENT To Control. # _____

ON RETURNS

MFG 4/22/63
Company Date

BJS
Prepared by

Credit Memo
Fingerhut MFG Co.
Refund Order

Station # 2 Date 4/22/63

Account # 8423-716-2
Refund 6.98

To: JOHN SMITH
800 N 8th ST.
ST. CLOUD, MINN

Reason Credit Memo

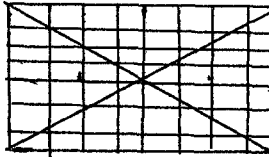
Prepared by BJS

If the covers returned after the trial period are in Junk condition, the customer is sent the MS:NA (Not Accepted) letter. Thus, the customer's account is open for collection.

The dun squares, however, are "x" out. The MS:NA is followed by the 0-5 or 1-6 dun (depending upon the number of payments already received) 20 days later.

The returned goods information and the TC: MS:NA are posted at the bottom of the A/R card.

The following is an example of the posting for Junk after the trial period.



3/28 RG CS - junk cond
 3/28 TC: MS:NA (BAS)

1. If the covers are in junk condition after the trial period, the customer is sent the
 - a. RPC.
 - b. MS:NA.
2. If goods are returned after the trial period in junk condition, the account is
 - a. Closed.
 - b. Open for collection.

- Answers: 1. b. MS:NA.
2. b. Open for collection.

If the customer desires to exchange his merchandise after the trial period, the SCR must be analyzed for repack or junk condition.

If the covers are in repack condition, the customer is sent a Speed-0-Gram (SOG) by the typist (use Communication Media) stating that he may reorder only when the \$4.25 repacking charge is paid.

If the customer has made payments covering the \$4.25 charge, he is sent an order blank, which properly filled out will result in a new set of covers being shipped. Also, a credit memo for the account balance is issued, which can be used on the new order.

-
1. The customer may exchange his merchandise after the trial period if his covers are in _____ condition.
 - a. Repack.
 - b. Junk.
 2. If the covers are in Repack condition after the trial period, the charge is
 - a. \$4.25.
 - b. Nothing.

- Answers: 1. a. Repack.
2. a. \$4.25.

If the covers received after the trial period are in junk condition, no exchange will be shipped until the customer has paid-in-full for the junk merchandise. Then replacements will be made for \$1.98 a section.

After you have completed posting the Returns and clipping the A/R card to the SCR, you pull the stencils for the complete returns. These are wrapped in blue paper, dated, and stamped Returns.

The partial returns and exchanges are clipped to the SCR's, an out card is placed in your tray for each A/R stating the card is in the hands of your correspondent; and then these materials are sent to her.

Thus, all these materials, returns and A/R cards, stencils, partial returns and exchanges and A/R cards are turned over to your correspondent for checking. Do not pull the stencils for partial returns and exchanges.

-
1. A. Smith returned his covers in junk condition after the trial period. He has paid nothing on his account. He then asks for an exchange because the returned covers did not fit. We would ship the exchange immediately.
 - a. True.
 - b. False.
 2. The SCR's which were determined to be exchanges call for the stencils to be pulled and sent to the correspondent.
 - a. True.
 - b. False.

Answers: 1. b. False.
2. b. False.

If the Returns Department receives goods in exchange or repair, it will issue an Exchange or Repair Form. This states the reason for the return, condition of return, and amount of goods returned.

The following is an example of the Exchange or Repair Form.

Customer Name J. SMITH Date 4/22/63
Address 812 - 10th St So., St. Cloud, MN
Acct. No. 5053-716-2

21178	Year	Make	Model
	<u>1962</u>	<u>CHEV</u>	<u>V-8</u>

1 section/s at \$ 1.98
per section. Each of the following is a separate section:
front cushion, rear cushion,
front back rest, rear back rest,
each arm rest, split seats.

EXCHANGE OR REPAIR

Check appropriate boxes

Credit Exchange Repair
Bill

Repair No Bill Other Postage

Reason for Return hfc
Condition _____

Complete Set

Partial Set

When you receive these Exchange or Repair forms, you record the information on the bottom of the A/R card.

If it is an exchange, you revise the billing due dates 45 days and issue a statement in the same manner as you do with a SCR exchange.

If you receive a SCR or Exchange or Repair form for an A/R card that you do not have in your tray, return it to the Returns Department with the notation Card Gone and the Control Number.

DUNNING

Dunning is the process of sending collection letters to delinquent customers.

If the customer fails to make a payment within 10 days of the due date, he is sent a collection letter (dun).

One letter of a series is sent every 10 days until a payment is received. Each 10 days is considered one review.

Before any dun letter is sent, however, it is necessary to analyze the A/R card for any correspondence that may indicate a stoppage in dunning procedures.

Correspondence which results in exceptions to the dunning procedures include an extension of payment time, checking unapplied, and customer returning merchandise.

In most of these instances the account will be stickered with a red tape over the dun squares and a "tickler" date posted above the dun squares. Thus, if this set-up date has not passed, dunning would not be used.

-
1. One review date is equivalent to
 - a. 5 days.
 - b. 10 days.
 - c. 15 days.

Answer: 1. b. 10 days.

The A/R cards are arranged in series according to payment due dates, and the sections are numbered in this way from 0 - 9.

Thus, if the series 1507-000 to 1705-499 is set up for payment on the 18th of the month, an index card of 8 is placed in front of them.

Then, on the 8th, 18th, and 28th of each month the cards behind the index 8 are analyzed for dunning.

-
1. If the customer fails to make the March 12 payment, he is sent a collection letter on
 - a. March 12.
 - b. March 22.
 - c. March 31.

 2. If the customer fails to make the April 4 payment, he is sent a collection letter on
 - a. April 4.
 - b. April 14.
 - c. April 30.

- Answers: 1. b. March 22.
2. b. April 14.

The type of dun letter sent depends on the number of payments received from the customer.

If no payment has been made, the dun series 0-1, 0-2, and so forth is used. The "0" indicates no payment received; the 1, 2, and so forth indicates the number of the letter in the series that is sent.

If the customer has made one or more payments, the dun series 1-1, 1-2, and so forth is used. In this instance, the "1" indicates more than one payment received; the 1, 2, and so forth indicates the number of the letter in the series that is sent.

-
1. John Smith has made two payments on his account. He then becomes delinquent. He is sent the
 - a. 0-1.
 - b. 1-1.

 2. John Smith has made two payments and then is extended 30 days; extension granted until 4/26. On reviewing on 4/16, he is sent
 - a. 1-1.
 - b. 2-1.
 - c. Nothing.

- Answers: 1. b. 1-1.
2. c. Nothing.

When the customer reaches the 0-6 and the 1-7 letter, his account is in the THIRD PARTY STAGE.

With the 0-6 and 1-7, his account is with the Attorney, Stanley Nemer. This letter is referred to as the SN:A.

With the 0-7 and 1-8, his account is with the Continental Collection Agency, Donald Black. This letter is referred to as the DB:CA.

You do not have these letters available in your station. They must be made up by the typist. Thus, when it is necessary to send one of these, a form is completed with the customer's name and address stenciled on it and a balance due plus \$10 collection charges.

-
1. A. Smith has made no payments and has been sent the dun series through the 0-6. On the next review, if no payment is received, he is sent the
 - a. SN:A.
 - b. DB:CA.
 2. The balance due on his account is \$20.94. On the Third Party form, the balance recorded is
 - a. \$20.94.
 - b. \$30.94.

- Answers: 1. b. DB:CA.
2. b. \$30.94.

If payment is made as a result of the dun letters and brings the account up to date, a new series of duns will be used if the account again becomes delinquent.

Thus, if A. Smith has received 3 dun letters because of no payment on account (0-1 through 0-3), and then pays up to date, the next time he becomes delinquent, he would be sent the 1-1.

-
1. J. Jones has received 2 dun letters and then makes his first payment. The following month his account again becomes delinquent. He is sent the
 - a. 0-1.
 - b. 1-1.
 2. A. Smith has been sent the 1-7 and still makes no payment. On the next review he is sent the
 - a. SN:A.
 - b. DB:CA.

Answers: 1. b, 1-1.
2. b. DB:CA.

An exception to the normal dunning procedure occurs with the use of the six-payment plan.

In this situation, if the customer receives the fourth or fifth dun letter and then pays up to current status, the fourth and fifth dun letters of the next series are skipped.

Thus, if dunning would be required again, the 1-1, 1-2, 1-3, and then the 1-6 would be sent.

In this situation, a line would be drawn through the fourth and fifth dun squares.

This action is brought about to force the customer to make more prompt payments.

The dunning squares would appear as follows:

1	2	3	4	5	6	7	8
3/3	3/3	3/23	4/3	4/3			
			—	—			

-
1. A. Smith pays up to current status after receiving the 0-5. If he again becomes delinquent, which of the following duns would be skipped?
- 1-4, 1-5.
 - 1-5, 1-6.
 - 1-3, 1-4.

Answer: 1. a. 1-4, 1-5.

In the situation where the account has reached the sixth dun letter stage on the six-payment plan and the customer remits payment bringing the account back to a current status, the third, fourth, and fifth letters of the series are skipped.

Thus, dunning would result in the 1-1, 1-2, and then skip to the 1-6.

The dunning process would appear as follows:

1	2	3	4	5	6	7	8
2/3	3/3	3/23	4/3	4/13	4/23		
		—————					

-
1. A. Smith pays up to current status after receiving the 1-6. If he again becomes delinquent, which of the following duns would be skipped?
 - a. 1-2, 1-3, 1-4.
 - b. 1-3, 1-4, 1-5.
 - c. 1-4, 1-5, 1-6.

 2. The omission of these dun letters would be indicated on the A/R card by
 - a. Drawing a line through these dun squares.
 - b. Doing nothing.

- Answers: 1. b. 1-3, 1-4, 1-5.
 2. a. Drawing a line through these
 dun squares.

If the tickler date on an extension has passed and no credit has been received, the red sticker is removed from the A/R card and the date crossed out.

The customer is then sent the BP (Broken Promise). This is posted on the bottom of the A/R card: date, TC: BP, and your initials.

(Note: TC means To Customer; BP is the type of letter sent. Further explanation of abbreviations and notation of correspondence will be explained in the correspondence chapter.)

On the next review after the BP, dunning would be continued from when the extension was granted. Thus, if a customer had been sent a 1-3 and then granted an extension, one review after the BP, if no payment is received, the 1-4 would be sent.

-
1. A. Smith was sent the 1-3 on 3/6. He was then given an extension to 4/6. If payment was not received by 4/6, the _____ would be sent.
 - a. 1-4.
 - b. BP.

 2. In the above example, the _____ would be sent on 4/16 if no payment is received.
 - a. 1-4.
 - b. BP.

- Answers: 1. b. BP.
2. a. 1-4.

REVIEW

1. One review is equivalent to
 - a. 5 days.
 - b. 10 days.
 - c. 15 days.
2. A. Smith's payments are due on the 15th of each month. His A/R card would be filed after the index card number
 - a. 5.
 - b. 15.
3. J. Jones failed to make his payment on June 13. A dun letter would be sent on
 - a. June 13.
 - b. June 23.
 - c. June 30.
4. A. Smith has been sent the 0-5. On the next review, if payment has not been received, he is sent the
 - a. SN:A.
 - b. DB:CA.
5. J. Jones was extended to 4/5 after having received the 0-3. If payment is not received by 4/5, he is sent the
 - a. 0-4.
 - b. BP.
6. J. Jones pays up to current status after receiving the 1-6. If he again becomes delinquent, which of the following duns would be skipped?
 - a. 1-4, 1-5.
 - b. 1-3, 1-4, 1-5.

Answers:

1. b. 10 days.
If further explanation is needed, refer to Page 41.
2. a. 5.
If further explanation is needed, refer to Page 42.
3. b. June 23.
If further explanation is needed, refer to Page 42.
4. a. SN:A.
If further explanation is needed, refer to Page 44.
5. b. BP.
If further explanation is needed, refer to Page 48.
6. b. 1-3, 1-4, 1-5.
If further explanation is needed, refer to Page 47.

- Answers: 1. b. Two reviews.
2. b. 20 days.

After the A/R cards have been analyzed for Bad Debt, the stencils for these accounts are removed from the trays and wrapped with pink paper and marked Bad Debt and dated.

The balances of the accounts are then written on a Bad Debt Control Card (duplicate copy also made).

A separate control card is made for each group of A/R cards in a particular control series.

The duplicate copy of the control card, a Communication Media to Bad Debts, the A/R cards, and stencils are given to your correspondent.

The original copy of the control card with a Communication Media is sent to Master Control.

-
1. After the accounts are stamped Bad Debt, they are placed back in your trays.
 - a. True.
 - b. False.
 2. The original copies of the control cards go to
 - a. Your correspondent.
 - b. Master Control.

- Answers: 1. b. False.
2. b. Master Control

REVIEW

1. The 0-1 and 0-2 dun letters of J. Smith have been returned. He is pulled for Bad Debt
 - a. Immediately.
 - b. Two reviews after the DB:CA.
2. If no payment is received by two reviews after the _____, the account is pulled for Bad Debt.
 - a. SN:A.
 - b. DB:CA.
3. _____ copies of the Bad Debt Control Transfer is/are made.
 - a. One
 - b. Two
4. When the stencils for Bad Debt accounts are pulled, they are
 - a. Wrapped in pink paper and dated.
 - b. Wrapped in pink paper, marked Bad Debt, and dated.
5. The duplicate copies of the Control Transfer forms are sent to
 - a. Your correspondent.
 - b. Master Control.

Answers:

1. a. Immediately.
If further explanation is needed, refer to Page 51.
2. b. DB:CA.
If further explanation is needed, refer to Page 51.
3. a. Two.
If further explanation is needed, refer to Page 52.
4. b. Wrapped in pink paper, marked Bad Debt, and dated.
If further explanation is needed, refer to Page 52.
5. a. Your Correspondent.
If further explanation is needed, refer to Page 52.

PROMOTIONS

Promotions is the process of sending letters to customers for the possibility of future sales.

There are three letters of promotion used on the three-pay plan and the six-pay plan.

Promotion on the three-pay plan is done after the first, second, and third payments.

Promotions on the six-pay plan is done after the second, fourth, and sixth payments.

The basis for determining whether a customer is promotion material or not is the number of dun letters he is sent.

Three letters before the first payment is made and two letters on other payments are allowed. If the customer has more than this number of dun letters, he is not promotion material.

-
1. Promotion on the six-pay plan is done after the
 - a. First, third, and fifth payments.
 - b. Second, fourth, and sixth payments.
 2. A. Smith, on a six-pay plan, received five dun letters before his first payment and two before his second payment.
 - a. He is promotion material.
 - b. He is not promotion material.

- Answers: 1. b. Second, fourth, and sixth payments.
2. b. He is not promotable.

An exception to the three-two dun letter requirements occurs when the next letter in the dun series crosses in the mail with the payment. This cross is allowed up to 7 days.

Thus, on the first payment the seven-day allowance pertains to the 0-4 dun letter, and on the second payment refers to the 1-3 dun letter.

In the upper right corner of the A/R card there are two squares -- Pro 1 and Pro 2. When the first promotion is sent, the Pro 1 is marked with the current date; when the second promotion is sent, the Pro 2 is marked with the current date.

The Pro 3 is sent by the Princeton division and is based on the analysis of the paid-ups.

Promotions must be sent in numerical order. Pro 1 is necessary before Pro 2 can be sent; Pro 1 and Pro 2 are necessary before Princeton can send the Pro 3.

-
1. A. Smith has been sent the Pro 1 after his second payment on the six-pay plan. If he is promotable after the fourth payment, he is sent the
 - a. Pro 1.
 - b. Pro 2.
 - c. Pro 3.
 2. The Pro 3 is sent at paid-up by the
 - a. Station operator.
 - b. Princeton division.

Answers: 1. b. Pro 2.
2. b. Princeton division.

Some exceptions to promotions include:

1. Business firms are not promotion material.
2. Foreign countries, Alaska, and Hawaii addresses are not promotion material.
3. Servicemen over seas are not promotion material.

Remember: Promote only customers who have complied with the proper payment terms.

3 dun letters before the first payment (0-4 may cross in mail with payment up to 7 days)

2 dun letters before other payments (1-3 may cross in mail with payment up to 7 days)

After the Pros have been addressed to the proper customers, they are separated into Pro 1 and Pro 2, bundled, and marked with the respective Pro number.

PAID UPS

The A/R cards that you have set aside as paid-ups while posting credits and doing correspondence need to be classified.

The stencils for these accounts are classified into the following groups:

1962 Accounts	Pro 1, Code 2
	Pro 2, Code 2
	Pro 3, Code 2
	Non Pro

1963 Accounts	Pro 1, Code 3
	Pro 2, Code 3
	Pro 3, Code 3
	Non Pro

These classifications are determined by the number of dun letters sent and also if the account is paid within 40 days of the last payment due date.

If the customer is still promotable and has been sent Pro 1 and 2, at paid up he is classified Pro 3, and coded according to the year of his account.

If the customer is still promotable and has been sent only Pro 1, at paid-up he is classified Pro 2, and coded according to the year of his account.

-
1. The coding of Pros indicates
 - a. The year of the account.
 - b. The number of Pros previously sent.

Answer: 1. a. The year of the account.

If the customer is still promotable and has not been sent any pros, he is classified Pro 1 and coded, provided he has paid his account within 40 days of the last payment due date.

If the customer is not promotion material, he is classified Non Pro.

If the customer has not paid his account within 40 days of the last payment due date, he is also classified Non Pro.

After the A/R cards have been analyzed for promotion, they are marked P (Promotion) or NP (Non Promotion).

The stencils for these accounts are then sorted into the different Pros and Codes. They are bundled and marked with the respective Pro number and code number.

Remember: Business firms, Alaska, Hawaii, foreign countries, and servicemen overseas are not promotion material.

CORRESPONDENCE

Correspondence is the process of analyzing customer mail and payments, and determining what action should be taken.

It generally falls into four classifications:

1. Correspondence necessary as a result of crediting.
2. Questions of account balances.
3. Extensions for payment.
4. Product satisfaction.

When correspondence is received from the customer or sent to him, the subject of the letter is posted on the bottom of the A/R card with the date on which it is being handled and the date of the customer's letter.

A notation may appear as follows:

Short	Inst.	Bal.	Due Dates
4/5 FC 4/1 SUBJECT OF LETTER, STATION			
OPERATOR'S INITIALS			

In recording the correspondence information on the bottom of the A/R card, standard abbreviations are used for common terms in order to speed up the act of recording.

However, do not invent your own short cuts or shorthand. As others may need to read the A/R card, only standard abbreviations should be used. When in doubt about clarity of explanation, it is best to write the word out in full.

Abbreviations that you should be familiar with include:

TC = To Customer	FC = From Customer
OW = out of work	WP = will pay
SAP = soon as possible	FS = family sick
CS = customer sick	RG = returned goods
CH = customer hospitalized	
RM = return merchandise	

Example of the use of the abbreviations may be like this: on 4/5 you handle A. Smith's letter of 4/1. He states that he can not pay on his account because he is out of work. He will pay as soon as he is employed. A summary of his letter would result in this:

4/5 FC 4/1 OW, WP SAP (S)

1. Analyze the above entry, indicating what each date stands for and what the abbreviations mean.

Answers: 4/5 = date on which letter is being answered.
4/1 = date of the customer's letter.
OW = out of work
WP = will pay
SAP = soon as possible
BAS = station operator's initials

CORRESPONDENCE AS A RESULT OF CREDITING

You will remember from crediting that the delinquent customers paying on this accounts had to be analyzed for the number of dun letters sent before payment was made.

If the account was not brought up to date and 3 or less letters had been sent, the dunning process would be continued on the next review.

If the customer paid on his account after receiving four or more dun letters, however, the card was set up on its side in the tray after posting the credit.

In the process of handling correspondence these accounts are taken into consideration.

-
1. If the customer has received 3 or less dun letters and makes payment, his A/R card is set up on its side in the tray for correspondence action.
 - a. True.
 - b. False.

 2. A/R cards set up on their sides during crediting need some type of correspondence action.
 - a. True.
 - b. False.

- Answers: 1. b. False.
2. a. True.

If the customer has received at least four dun letters but has not received a Third Party letter (0-6, 1-7), and his payment does not bring his account up to current status, he is sent the PRB (Partial Remittance on Balance).

This letter thanks the customer for his recent payment and also asks what his plans are for future payments.

The PRB is available in your station. Stencil it, post the date, enclose a reply envelope, and place all of this in a window envelope. It is then set aside for mailing.

-
1. The PRB is sent after the
 - a. 1-4.
 - b. 1-7.
 - c. Both.
 2. If a customer has been sent four dun letters and then pays up to date, he is sent
 - a. a PRB.
 - b. nothing.

- Answers: 1. a. 1-4.
2. b. Nothing.

In posting the PRB on the A/R card, it is indicated in red ink in a dun square below the previous dun letters and to the left one square.

1	2	3	4	5	6	7	8
1/10	1/20	1/30	2/10	2/20			
			2/25				

Thus, when dunning is again resumed, the early dun letters are omitted. It has been proven that this type of customer will pay quickest if the more forceful dun letters are used immediately.

One review after the PRB has been sent, if no payment has been made to bring the account up to date, the next dun would be sent.

In the above example, the 1-5 would be sent on 3/10.

-
1. In the posting of the PRB in the following example, it would be posted in the _____ column.

1	2	3	4	5	6	7	8
1/10	1/20	1/30	2/10				

- a. 3rd column.
b. 4th column.
c. 5th column.
2. The next dun letter sent, if no payment is made, would be the
- a. 1-4.
b. 1-5.
c. 1-6.

- Answers: 1. a. 3rd column.
2. a. 1-4.

When posting payments made on accounts in the Third Party Stage (0-6, 1-7), all of these cards were set up sideways.

If the payment brought the account up to date in the four and six-pay plans, the customer is sent the TPC (Third Party Collected).

This letter states that the collection agency has been notified to clear their claim against the customer.

The TPC is available in your station. Stencil it and post the current date. Notate the information on the bottom of the A/R card - current date, TC: TPC, and your initials.

If the customer again becomes delinquent after receiving the TPC, he is then sent the TPD (Third Party Delinquent), which is notated in red in the sixth dun block.

-
1. The customer has been sent the 0-5 and then pays up to date. He is sent the
 - a. PRB.
 - b. TPC.
 - c. Nothing.
 2. The customer has been sent the 0-6 and then pays up to date (six-pay account). He is sent the
 - a. PRB.
 - b. TPC.
 - c. Nothing.

- Answers: 1. c. Nothing.
2. b. TPC.

If payment on a Third Party stage does not bring the account up to date, additional correspondence is necessary depending what agency his account is with at that time (attorney or collection agency).

If the delinquent account is in the company attorney stage (0-6, 1-7), he is sent the SN:SP (Stanley Nemer: Short Payment).

This letter is sent by the typist. Thus, you stencil the account information on the SN form. You do not need to enter the balance due, as this is not mentioned in this letter.

When the SN:SP is sent, it is noted at the bottom of the A/R card - current date, TC: SN:SP, and your initials.

-
1. A. Smith received the 0-6. He then makes payment, but the account is still delinquent. He is sent the
 - a. TPC.
 - b. SN:SP.
 2. A. Smith received the 0-6. He then makes payment, bringing his account up to date. He is sent the
 - a. TPC.
 - b. SN:SP.

- Answers: 1. b, SN:SP.
2. a, TPC,

If payment is made after the Continental Collection Agency letter (0-7, 1-8), and the account is still delinquent, two alternatives exist.

If the customer encloses correspondence with his payment, stating some kind of payment plan, he is sent the DS:WP (D. Swanson: With Plan).

If the customer makes payment but does not indicate any further payment plan, he is sent the DS:NP (D. Swanson: No Plan).

Both of these letters are sent by the typist. The account information is stenciled on the DB form, the letter to be sent is checked, and the balance due entered.

In posting the balance due on these letters, the \$10 collection charge is included.

The posting on the A/R card is done in the seventh dun square in red ink, and a red sticker is placed in the eighth square.

-
1. The customer pays on his delinquent account after receiving the 0-7, is still delinquent, and states no payment plan. He still owes \$8.96. You would send him the
 - a. DS:WP.
 - b. DS:NP,
 2. Balance due entered on the DB form is
 - a. \$ 8.96.
 - b. \$18.96.

Answers: 1. b. DS:NP.
2. b. \$18.96.

If no payment or correspondence from the customer results after sending the DS:WP or DS:NP, the DB:PA (D. Black: Pay Again) is sent two reviews later.

If no action results from this letter, the account is pulled for Bad Debt two reviews after the DB:PA. This is done in the dunning process.

-
1. A. Smith pays on account after receiving the 1-8. In addition he sends a letter stating that he will pay the balance in monthly installments. He is sent the
 - a. SN:SP.
 - b. DS:WP.
 - c. DS:NP.

 2. A. Smith has been sent the DS:NP on 3/15. If no payment is received by 4/5, he is sent the
 - a. DS:WP.
 - b. DB:PA.

- Answers: 1. b. DS:WP.
2. b. DB:PA.

REVIEW

1. J. Jones pays on his delinquent account 2/14. He has received 5 dun letters (0-1 to 0-5). Payment on 2/14 does not bring the account up to date. He is sent the
 - a. PRB.
 - b. SN:SP.
2. J. Jones pays up to date after receiving the 0-7 on a four-pay plan. He is sent the
 - a. PRB.
 - b. TPC.
3. A. Smith pays on his account after receiving the 0-6, but his account is still delinquent. He is sent the
 - a. PRB.
 - b. SN:SP.
4. J. Jones pays on his account after receiving the 0-7, but is still delinquent. He states that he will pay in one month. He is sent the
 - a. DS:WP.
 - b. DS:NP.
5. J. Jones fails to make the payment in a month as stated in No. 4. He is then sent the
 - a. TPC.
 - b. DB:PA.

Answers:

1. a. PRB.
He has received more than 4 dun letters and is still delinquent.
If further explanation is needed, refer to Page 63.
2. b. TPC.
Account is paid up to current status after a Third Party dun.
If further explanation is needed, refer to Page 65.
3. b. SN:SP.
He is in the company attorney stage and still delinquent.
If further explanation is needed, refer to Page 66.
4. a. DS:WP.
He is with the Collection Agency and states a payment plan.
If further explanation is needed, refer to Page 67.
5. b. DB:PA.
If payment is not received after the DS:WP, the follow-up is the DB:PA.
If further explanation is needed, refer to Page 68.

The other area of correspondence resulting from the posting of credits involves customers' remittances in envelopes other than those furnished by Fingerhut.

When posting the credit from an unofficial Fingerhut envelope, the A/R card was noted at the bottom, TC: MFUN (Manny Fingerhut: Use Number).

When doing correspondence, you will send the customer the MF: UN letter and enough payment envelopes for the remainder of his payments. Stencil the account information in the upper left hand corner of the payment envelopes.

The MF:UN letter explains the benefit of using the envelopes provided by Fingerhut because of the use of the correct name and account number.

BALANCES AND PAYMENTS

At times customers will be writing to inquire about the balance due on their accounts or state that they are paid-in-full.

If the customer wants to know the balance due on his account or when his next payment is due, the balance and due date are entered on numbers 5 and 6 of the SOG (Speed-0-Gram).

On number 5 the next payment due, the balance of the account, and when the last payment was received are recorded. On number 6, the payment plan remaining is indicated.

Then stencil the letter, date it, and place it in an envelope.

On the A/R card, post the summary of the customer's letter and TC: SOG 5 and 6, and your initials.

-
1. A. Smith wants to know what he owes. He is sent the
 - a. SOG 5.
 - b. SOG 6.
 - c. SOG 5 and 6.

 2. The summary of the customer's letter is posted on the bottom of the A/R card.
 - a. True.
 - b. False.

- Answers: 1. c. SOG 5 and 6.
2. a. True.

If the customer requests his entire payment plan or a statement of account, you would send him a formal statement in preference to a SOG.

The statement would be completed with the payment plan: the amounts, due dates, and total amount due. It is then stenciled, dated, and placed in an envelope.

On the A/R card you would post the customer's letter and TC: statement, and your initials.

A statement may also be issued when the payment amounts or due dates or both have been revised.

-
1. A. Smith requests a statement of his account, payments, and due dates. You would send him a
 - a. SOG 5 and 6.
 - b. Statement.

 2. J. Jones asks when his payment is due. You would send him a
 - a. SOG 5 and 6.
 - b. Statement.

- Answers: 1. b. Statement.
2. a. SO& 5 and 6.

Also, a customer may question his balance due after receiving the SN:A or DB:CA. On both of these dun letters a \$10 collection charge had been added to the balance.

When the customer questions this \$10 additional charge, he is sent the SN:B0 (Stanley Nemer: Balance Overstated) or the DS:B0 (D. Swanson: Balance Overstated), depending on which original dun letter is being questioned.

If the customer has received the SN:A, he is sent the SN:B0; if the customer has received the DB:CA, he is sent the DS:B0.

These letters are sent by the typist. You complete the SN or DB form, enter the correct balance due (DO NOT include the \$10 collection charge), and check the appropriate letter to be sent.

Post the customer's letter and TC: SN:B0 or TC: DS:B0, and your initials on the bottom of the A/R card.

-
1. A. Smith has received the 0-7 and writes that he does not owe \$30.94, but only owes \$20.94. He is sent the
 - a. SN:B0.
 - b. DS:B0.

 2. With this letter, the balance due is entered as
 - a. \$30.94.
 - b. \$20.94.

- Answers: 1. b. DS:80.
2. b. \$20.94.

Other balance inquiries pertain to crediting correct amounts to accounts and paid-in-full claims.

Several things may be encountered in this area. First, check your tray for the A/R card.

If the card is gone, the following procedures are in order:

1. An Information Media is filled out to Closed File and Typist from your station.
2. Fill in the account name, address, and account number.
3. Check "Status of Account" and at the bottom indicate 21-99. (This is a paid-in-full statement that is sent to the customer if the account is actually paid-in-full.)
4. Attach the customer's letter to the Information Media.

-
1. If the A/R card is not in your file on a claim of paid-in-full, a/an _____ is completed.
 - a. 21-99.
 - b. Information Media.

Answer: 1. b., Information Media.

On a claim of paid-in-full when the A/R card is in your tray and has a balance due, the following procedures are required:

1. Complete an Information Media to Unapplied from your station to see if any payments they may have may be a part of this customer's balance.
2. Notate customer's letter and checking Unapplied (ck unap) on the bottom of the A/R card and sticker the account for 10 days. Then file the card back in your tray to await reply.
3. If Unapplied has a record of payment, they will send a Control Transfer of payment which you will credit to the account.

-
1. When checking Unapplied, you send the A/R card with the Information Media.
 - a. True.
 - b. False.
 2. If there is a notation of checking Unapplied on the bottom of the A/R card, you should also sticker the account for
 - a. 10 days.
 - b. 20 days.

- Answers: 1. b. False.
2. a. 10 days.

If Unapplied has no record of payment, an AWS:M (A. W. Swanson: Missing Payment) is sent to the customer asking for proof of payment.

This letter is sent by the typist. Thus, an AWS:M form is filled out with the account information and balance due.

When the customer replies to the AWS:M with proof of payment by code numbers stamped across the back of the cancelled check or money order numbers, the balance of the account is allowanced. This is done in the same manner as the allowancing in posting of credits.

The customer is then sent a MS:AL (Mark Swanson: Allowance); paid-in-full, and no balance are indicated on the MS:AL form.

The A/R card is notated TC: MS:AL. The credits allowed are bar dated and over the bar date notated "allowance." The balance allowed in the MS:AL is written up on an Allowance Control Card.

-
1. A. Smith states he is paid in full. Our records indicate he owes \$5.95 and Unapplied has no record of payment. He is sent a/an
 - a. AWS:M.
 - b. MS:AL.

 2. After A. Smith sends proof of payment, he is sent the
 - a. AWS:M.
 - b. MS:AL.

- Answers: 1. a. AWS:M.
2. b. MS:AL.

The AWS:M (Missing Payment) and the MS:AL (Allowance) may also be used in questions of payments that do not apply to a complete paid-in-full.

Example: A customer may state he has made his first payment. If we have no record of this on the A/R card or Unapplied, we send him the AWS:M with balance due.

If he can present proof of payment, we send the MS:AL, with corrected balance due and Allowance the proven payment.

The payment is bar dated and notated "Allowance." An Allowance Control Card is written up for the amount allowed.

-
1. A. Smith states that he paid his first payment of \$5 on a \$20 account. He sent proof of payment. We would then send him the
 - a. AWS:M.
 - b. MS:AL.

 2. The balance recorded on this letter would be
 - a. \$20.
 - b. \$15.
 - c. Nothing.

- Answers: 1. b. MS:AL.
2. b. \$15.

If payment by a customer results in a bad check, the customer is sent the AWS:RCL (A. W. Swanson: Return Check Letter). A RCL form for this letter is filled out and sent to the typist.

The A/R card must be corrected for this bad payment posted in the following manner:

Above the posted payment resulting from this bad check, the reason for the bad check (such as nsf - non-sufficient funds) is posted. In the short column the amount credited previously is re-entered.

At the bottom of the A/R card, post the date of the Control Transfer, Ret. Ck., reason, amount, date of the check, and TC: AWS:RCL. Return the check to the customer with the RCL letter.

-
1. J. Jones' payment of \$6.98 is posted on his account on 3/14. On 3/25 you receive a Control Transfer stating: Ret. Ck., no such account. The customer is then sent the
 - a. AWS:M.
 - b. AWS:RCL.
 2. The amount of the bad check would be posted in the short column of the A/R card with a circle around it.
 - a. True.
 - b. False.

- Answers: 1. b. AWS:RCL.
2. b. False.

REVIEW

1. A. Smith writes to ask when his next payment is due. You would send him a
 - a. SOG.
 - b. Statement.
2. J. Jones wants to know his payment plan and amounts due as a result of a recent revision in his account. You would send him a
 - a. SOG.
 - b. Statement.
3. J. Jones has received the 0-7 and then writes to state that he does not owe \$30.94. The account balance is \$20.94. You would send him the
 - a. SN:BO.
 - b. DS:BO.
4. A. Smith states that his account is paid-in-full. In checking the records we show a \$3 balance. You would send him a/an
 - a. AWS:M.
 - b. MS:AL.
5. R. Olson's payment by check on 3/14 is not valid. When presenting the check to the bank he had non-sufficient funds. You would send him the
 - a. AWS:M.
 - b. AWS:RCL.

Answers:

1. a. SOG.
With this letter you can readily state the last payment received and when the next payment is due.
For further explanation, refer to Page 72.
2. b. Statement.
When the customer requests his entire payment plan, it is best to send him an official statement.
For further explanation, refer to Page 73.
3. b. DS:B0.
After receipt of the 0-7 (DB:CA), the question of the \$10 collection charge is answered by the DS:B0.
For further explanation, refer to Page 74.
4. a. AWS:M.
When we have no record of payment, the customer must furnish proof of payment.
For further explanation, refer to Page 77.
5. b. AWS:RCL.
Bad checks are returned to the customer with the Return Check Letter.
For further explanation, refer to Page 79.

EXTENSIONS

A third area of correspondence deals with customers asking for extra time in which to pay on their accounts.

Acceptable reasons for granting extra time (extensions) include: unemployment, family sickness or death, or other factors which place a heavy burden on the customer.

When an extension is granted, a red flag is attached to the dunning square in which the next dun letter would have been sent.

The account is then set up a specified number of days, a new review date to coincide with the original review date is posted above the dunning squares.

Example: Extension to April 25 granted:

4/25

1	2	3	4	5	6	7	8
1/25	2/5	2/15	2/25	3/5			

-
1. A. Smith's payment was due on 2/5. On 2/2 he asks for and is granted a three-week extension. The next review date would be
- 2/23.
 - 2/25.
 - 3/5.

Answer: 1. b. 2/25.

If the customer asking for an extension states a certain amount of time, not in excess of 30 days, he is sent the DE (Definite Extension).

The dun square is stickered and a new review date is posted above the dun squares.

The summary of the customer's letter and the correspondence sent (TC: DE) and your initials are entered at the bottom of the A/R card.

Example: A. Smith's payment was due 2/8. On 2/9 he writes to ask for a two-week extension, which is granted. The following would be posted:

2/28

1/28	2/8					

2/9 FC 2/6 OW; 2 WK. EXT.

2/9 TC: DE (RS)

-
1. J. Jones' payment is due on 2/4. On 2/8 he asks for a three-week extension which is granted. The review date would be
- 2/14.
 - 2/29.
 - 3/4.

Answer: 1. c. 3/4.

If the customer asks for a specified amount of time in excess of 30 days, he is sent the CE (Compromise Extension).

No accounts are ever granted an extension in excess of 30 days. Therefore, the customer is granted the maximum of 30 days with the CE.

The dun square is stickered and a new review date to include 30 days is entered above the dun squares.

The summary of the customer's letter, TC: CE, and your initials are posted on the bottom of the A/R card.

-
1. J. Jones' payment is due on 2/8. He writes on 2/14, stating he is out of work. He will pay in two months. He is sent the
 - a. DE.
 - b. CE.

 2. His account would be set up to
 - a. 3/18.
 - b. 4/18.

- Answers: 1. b. CE.
2. a. 3/18.

If the customer asks for an extension period with no stated time, he is sent the IE (Indefinite Extension).

With the IE, the customer is allowed the maximum 30-day extension. The account is set up and the information posted on the bottom of the A/R card (TC: IE).

Example: J. Jones' payment is due on 3/6. On 3/8 he asks for an extension because his wife is sick. He is granted the extension (IE).

4/6

3/6	3/6	3/6			

3/8 FC 3/6 WS

3/8 TC: IE (888)

-
1. A. Smith's payment was due on 3/11. On 3/15 he writes, stating that he is out of work and will pay as soon as possible. He is sent the
 - a. DE.
 - b. CE.
 - c. IE.

 2. The review date posted would be
 - a. 4/11.
 - b. 4/21.
 - c. 4/15.

- Answers: 1. c. IE,
2. b. 4/21.

If the customer has been granted an extension and then fails to make payment within that period, he is sent the BP (Broken Promise).

This letter, available in your station, is stenciled and dated. A notation of TC: BP is placed on the bottom of the A/R card with the date and your initials. The set-up date is crossed out, and the red flag is removed.

If payment is not received after the BP, the dunning process is resumed from the place where the extension was granted.

-
1. A. Smith was sent the 0-3 and then was extended. However, he failed to make payment within that period. He is sent the
 - a. CE.
 - b. BP.
 2. If A. Smith does not pay after receipt of the above letter, on the next dunning date he is sent the
 - a. 1-1.
 - b. 0-4.

- Answers: 1. b. BP.
2. b. 0-4.

If it appears that a customer is just stalling for time and has no intention to pay or if he has had two extensions granted, the request for extension can be refused.

If this appears to be the case, the customer is sent the ER (Extension Refused).

This is noted on the A/R card (TC: ER) and dunning procedures on the next review after the dispatch of the ER would result in sending the SN:A.

Example: A. Smith has been granted two extensions. On the third request he is sent the ER.

~~4/5~~ 5/5

3/15	3/25	4/15	5/15	-	5/20

1. A. Smith has had two extensions. After receiving the 0-4, he writes again asking for a 30-day extension which is refused. He is sent the
 - a. BP.
 - b. ER.
2. On the next review, if no payment is received, he is sent the
 - a. 0-5.
 - b. SN:A.

- Answers: 1. b. ER.
2. b. SN:A.

REVIEW

1. J. Jones' payment is due on 3/4. On 3/10 he writes to ask to be extended until the first of the month because he is out of work. He is sent the
 - a. DE.
 - b. CE.
 - c. IE.
2. If an extension is granted, J. Jones' new review date would be
 - a. 4/1.
 - b. 4/4.
3. J. Jones' payment is due on 4/9. On 4/12 he writes to ask for an extension because his wife is sick. He states that he will pay as soon as possible. He is sent the
 - a. DE.
 - b. CE.
 - c. IE.
4. A. Smith has been granted an extension of 30 days and is then sent the BP. He again writes for another extension, stating that he will pay in a month. He is sent the
 - a. DE.
 - b. IE.
 - c. ER.

Answers:

1. a. DE.
The customer states a definite time in which he will pay.
If further explanation is needed, refer to Page 83.
2. b. 4/4.
The new review date would be the first of the month, but it must coincide with the original due date of 4.
If further explanation is needed, refer to Page 83.
3. c. IE.
The customer does not state a definite period of time.
If further explanation is needed, refer to Page 85.
4. a. DE.
The customer states a definite period of time. Also, as he has had only one extension, he is granted one more.
If further explanation is needed, refer to Pages 83 and 87.

PRODUCT SATISFACTION

A fourth area of correspondence deals with the customer's satisfaction with our products.

The most frequent factors involved are returns, exchanges, and repairs.

It is important, therefore, to understand Fingerhut's policy on returns, exchanges, and repairs.

During the free trial period - 45 days from the invoice date - the customer is allowed to return his product for complete credit, exchange it for other merchandise, or repair any damages. Thus, during the trial period, "anything goes."

To determine whether the customer is acting within the trial period, the date of his letter is considered, not the date on which we process the letter.

-
1. The invoice date on A. Smith's account is 3/5. On 4/19 he writes asking instructions to return his covers. He is acting within the trial period.
 - a. True.
 - b. False.

Answer: 1. a. True.

If the customer, during the free trial period, writes and asks for return instructions, an RIR (Return Instructions Requested) is sent to him.

This letter and the return label attached to it are stenciled. On the return label on the Attn. Line, post Rg (returned goods). Then sticker the account for 30 days.

The summary of the customer's letter, TC: RIR, and your initials are posted on the bottom of the A/R card.

-
1. The customer is allowed to return goods during the trial period at a small charge.
 - a. True.
 - b. False.
 2. If the customer wants to return his merchandise during the trial period, he is sent the _____.

Answers: 1. b. False.
2. RIR

If the customer wants to exchange or repair his merchandise or part of it during the trial period, he is sent the RUS (Replace Unsatisfactory Section), circling numbers 1 and 2.

The RUS letter and return label attached to it are stenciled. The label is marked Attn, Ex (exchanges) and a notation of why it is being exchanged.

The customer's letter is returned to him with the RUS if it contains descriptions or drawings of merchandise being exchanged.

The summary of the customer's letter and TC: RUS and your initials are posted on the bottom of the A/R card. Then the account is stickered for 30 days.

-
1. The customer wants to exchange the front cover during the trial period. He is sent the
 - a. RIR.
 - b. RUS.
 2. The customer states that there is a hole in the front cover. On the Attn. Line of the RUS, you would post
 - a. Ex - hfc.
 - b. Rg - hfc.

- Answers: 1. b. RUS.
2. a. Ex - hfc.

The policies for returns, exchanges, and repairs after the trial period are as follows:

To Return or Exchange:

1. Goods are inspected for condition - repack or junk.
2. If goods are in repack condition, a \$4.25 charge is levied.
3. If goods are in junk condition, the entire amount of the invoice is due. No credit is allowed.

To Repair:

1. The customer may have his merchandise repaired for a \$1.98 charge per section.

-
1. A. Smith wants to return his goods after the trial period. The covers are returned and classified junk. He owes the company
 - a. \$4.25.
 - b. Balance of his invoice.
 2. A. Smith wants to repair a front section after the trial period. The charge will be
 - a. \$1.98.
 - b. \$4.25.

- Answers: 1. b. Balance of his invoice.
2. a. \$1.98.

If the customer writes and wants to return or exchange his merchandise after the trial period, he is sent the NCE (No Cover Exchange).

This letter states our Return and Exchange policy.

The NCE, available in the station, is stenciled and dated. The customer's letter is returned to him with the NCE.

Notation of the customer's letter and TC: NCE, and your initials are posted on the A/R card. The account is then stickered for 20 days.

-
1. If the customer wants to return his merchandise after the trial period, he is sent the
 - a. RIR.
 - b. RUS.
 - c. NCE.
 2. The customer's letter is returned to him with the NCE.
 - a. True.
 - b. False.

- Answers: 1. c. NCE.
2. a. True.

If the customer writes a follow-up letter after receiving the NCE and still wants to return or exchange his merchandise, he is sent the RCI (Return Covers for Inspection).

When the covers are received and inspected, they will be classified repack or junk.

If they are classified repack, the customer is then sent the RPC (Repacking Charge) which states the inspection results and that a \$4.25 charge is due.

If the covers are in junk condition, the MS:NA (M. Swanson: Not Accepted), is sent. The account is then open collection.

-
1. A. Smith wishes to return his covers after the trial period. He is sent the
 - a. RIR.
 - b. RCI.
 - c. NCE.

 2. After A. Smith received the first return information letter, he writes again, stating that he wishes to return the merchandise. He is sent the
 - a. RIR.
 - b. RCI.
 - c. NCE.

Answers: 1. c. NCE.
2. b. RCI.

If the customer requests repair instructions after the trial period, he is sent the RSO (Replacement Sections Ordered). This form allows repairs at a charge of \$1.98 a section.

This letter is already sealed in an envelope. Stencil the letter and post the current date in the window of the envelope.

Notate the customer's letter and TC: RSO, and your initials on the bottom of the A/R card. Then sticker the account for 30 days.

-
1. A customer desires repair of the front cover after the trial period. He is sent the
 - a. RUS.
 - b. RSO.
 2. A customer desires repair of the front cover during the trial period. He is sent the
 - a. RUS.
 - b. RSO.
 3. J. Jones returns his covers after the trial period, and they are received in junk condition. He is sent the
 - a. MS:NA.
 - b. RPC.

- Answers: 1. b. RSO.
2. a. RUS.
3. a. MS:NA.

REVIEW

Fill in the blanks with the correct correspondence to be sent in each of the following situations:

DURING THE TRIAL PERIOD

Return _____
Exchange _____
Repair _____

AFTER THE TRIAL PERIOD

Return _____
Exchange _____
Repair _____

Inspection after the trial period is followed
by

Repack _____
Junk _____

Answers:

	Reference Page
DURING THE TRIAL PERIOD	
Return <u> RIR </u>	91
Exchange <u> RUS </u>	92
Repair <u> RUS </u>	92
AFTER THE TRIAL PERIOD	
Return <u> NCE-RCI </u>	94, 95
Exchange <u> NCE-RCI </u>	94, 95
Repair <u> RSO </u>	96
Inspection after the trial period	
Repack <u> RPC </u>	95
Junk <u> MS:NA </u>	95

Other correspondence involved with product satisfaction includes:

Complaint of static electricity with the use of the merchandise: send the SE (Static Electricity).

If the customer does not receive his free premium (watch, jacket, etc.), complete a CSO (Customer Service Order) to the factory, stating the merchandise to be shipped and attach the customer's letter to the CSO.

Send the customer a SOG 6 (Speed-0-Gram, number 6), stating that the premium is being shipped.

On the bottom of the A/R card, notate customer's letter, CSO to factory, TC: SOG 6, and your initials.

3/8 FC 3/6 WNR
 3/9 TM: CSO for WATCH
 3/8 TC: SOG 6 (BAS)

1. A. Smith did not receive his watch. You would send the factory a
 - a. SE.
 - b. SOG 6.
 - c. CSO.

Answer: I. c. CSO.

The customer may also write and ask to be removed from promotion. When this is requested, a RFM (Remove from Mailing) is filled out with the customer's name and address and account number.

The form for this is a small pink card available in your drawer.

This concludes the instructions for the station operator. If you have any suggestions which you think would be helpful in the training process, please contact the Training Supervisor. Any suggestions would be appreciated.

APPENDIX B

Dear Customer:

Thank you for your recent payment. There was a delay in posting it to your account as your account number was not shown on the envelope or remittance.

In a large business like ours, with hundreds of thousands of accounts, modern bookkeeping methods make filing by account number almost a necessity. That is why remittance envelopes, bearing the account number, are sent to customers when accounts are opened. Their use avoids posting delays and errors.

Your mentioning your account number, in your letters to us, or your use of your numbered payment envelopes for future remittances, will really be appreciated. On the chance that you may have mislaid the first ones sent you, a couple more are enclosed. If you need more, just ask.

Cordially yours,

The Fingerhut Folks

FF:UN

Dear Customer:

Believing you want a reply to your recent letter as quickly as possible, this Speed-0-Gram is used to avoid the usual delays of dictation, transcription, etc.

The circle numbered paragraphs below answer your letter. The other ones do not apply and should be disregarded.

1. As requested, your monthly payment date has been changed to the _____ . Next payment will be due on _____ .
2. Our Receiving Department has not reported receipt of your returned merchandise. Please fill out the attached returned goods advice. Attached is a business reply envelope for your convenience.
3. The payment about which you wrote has been applied to your account.
4. We do not show credit for the payment(s) you list for _____. Please send us all details such as receipt numbers or check endorsements, exact dates and amounts of money orders or checks and name and address of issuing office or bank, so we can trace.
5. The balance shown on our record for the above numbered account is \$_____. The last date on which we show a payment credit is _____. If your record differs, please tell us, mentioning numbers of other accounts, if any, with us.
6. _____

Feel free to write us if we can be of further help.

Cordially,

THE FINGERHUT FOLKS

FF:AM

(If a reply is needed, please write it on the back of this letter.)

0
1

Dear Customer:

About 5 days ago the first payment for your seat covers was due. You must have misplaced our statement, since the due date has come and gone and we haven't received your check yet.

These days people have so many things to do that they sometimes neglect to do the things they want to do just because there are not enough hours in the day. I understand this (because I do it myself), so I thought that if I remind you right now, you will send us a check today.

I've assumed that your covers are satisfactory because we haven't heard anything from you since the covers were delivered. If it won't take too much of your time, I would appreciate it if you would send me a little note along with your check, telling me how you like the covers. As you can imagine, we are very interested in making sure that all our customers are satisfied customers.

Very truly yours,

Phillip Jordan

This letter serves as a reminder that the customer's account is due. It is sent upon the first review date.

0
2

Dear Customer:

In checking through our accounts, I find that you haven't yet made your first payment for your automobile seat covers. This seems strange because we sent you a notice before the payment was due and a reminder letter after the payment was due.

Your covers must have been satisfactory, since you know they are guaranteed and you never wrote us about any complaints, so I can't understand why you haven't paid us as you agreed to do.

In this day and age, your credit rating is one of the most important things you own. The only way to really protect it is to pay your obligations as they come due, if you possibly can. So, if this just slipped your mind, I am sure you will want to put a check in the mail today. If you are having financial difficulties that make it impossible to pay today, write me and tell me about it. You will find that I am very understanding when I know the facts.

Your account has been past due for some time, so you should do something about it today.

Yours very truly,

Phillip Jordan

This letter is sent upon the second review date. It also serves as a reminder.

0
3

Dear Customer:

You have really surprised me. We sent you one notice and I have written you twice concerning your account

Now I find that although you kept your seat covers, you broke your promise about paying for them without ever writing to tell me why.

What would you think if you were me? You would probably think that this customer is trying to put one over and is deliberately trying to get something for nothing. Well, I try not to think that about anyone, but if I don't receive a payment or a letter from you within 5 days, what else could I think?

Why don't you get this straightened out by sending in a payment immediately? If you do not, 5 days from now I will have to turn this over to our collection manager with instructions to do whatever has to be done to collect this account.

Very truly yours,

Phillip Jordan

This letter is sent after the third ten-day period. It tells the customer his account may be turned over to Collection.

0
4

Dear Customer:

Your account has been sent to my department for collection.

I understand that three letters have been written to you concerning your account, but you still have not made any payments. Under these circumstances, we can only believe that you do not intend to pay or explain why you haven't paid. If this is true, our only recourse is to start the necessary collection procedure against you.

Before doing so, I would like to explain something to you. You may think that we will not go to much bother to collect such a small account, but we will. Every year my department loses money, but my employer does not care. Our company believes that when a customer buys good merchandise and promises to pay for it, he should keep that promise. It is a matter of principle with us, and we do not even care if it costs us money to collect.

So rest assured that we will use every means available to enforce payment, and by the time we are through, you will wish that you had paid in the first place. It would have been much easier that way.

If we do not receive any payment from you within 5 days, we will start to take the necessary steps.

Very truly yours,

L. Johnson
Collection Department Manager

When the fourth ten-day period has elapsed, this letter is sent telling the customer that his account has been turned over to the Collection Department.

0
5

Dear Customer:

Your account is scheduled to be turned over to our attorney for collection in 10 days.

Very truly yours,

Phillip Jordan

Upon the fifth review date, this letter is sent telling the customer that his account is scheduled to be turned over to the attorney.

Re: Claim No. _____ Balance Due _____

The Fingerhut Company has retained me to collect your past due account.

You were given liberal credit terms in the belief that you were an honest and reliable person and would pay for your purchase according to your agreement.

I want to give you one more opportunity to live up to your agreement, so I will wait ten days after mailing this letter before taking any further steps.

If you are unable to pay the entire amount at one time, I am willing to accept regular partial payments.

If I don't hear from you within a week, I will send this matter to a collector in your locality with instructions to attach your wages or take whatever steps may be necessary to collect this debt. This may result in a great deal of additional expense and inconvenience to you, and may even result in the collector seizing your automobile or other personal property.

I suggest that you send a payment by return mail to avoid further difficulty.

Yours very truly,

Stanley Nemer

This letter is sent at the time of the sixth review, telling the customer his account has been turned over to Stanley Nemer.

Re: Account No. _____

This account has been turned over to us for processing by Mr. Nemer, attorney for the Fingerhut Company.

We have corresponding agencies in practically every county in this whole country, with whom we have been doing business for years. Through our system, we can affect the credit rating and employment status of every person that owes a just debt to any client of ours.

We have no hesitation in taking whatever steps may be necessary to enforce collection in cases like yours, because we believe you had ample opportunity to settle amicably. Anyone who buys merchandise and then fails to keep his promise to pay invites strong treatment from us.

Unless you pay this account within 7 days, we will send it to our corresponding agency in your county. We will give instructions to request your employer's assistance and to institute garnishment proceedings or any collection procedure permitted under the laws of your state.

This can cost you time, money and effort. This is a matter of principle with the Fingerhut Company, and our instructions are to collect this account regardless of cost involved. We intend to follow these instructions to whatever lengths are necessary.

Very truly yours,

D. Black

DB:CA

This letter is sent upon the seventh review date informing customer that account has been turned over to collection service.

1
1

Dear Customer:

Thank you for your recent payment for your seat covers. Your payment was made more than one month ago, so this letter is quite belated, but we have been so busy that I just can't seem to catch up.

Because I am so late myself, I can't really complain about your being late with your current payment. These days people have so many things to do and think about that they sometimes neglect to do the things they want to do just because there are not enough hours in the day.

Sometimes a reminder helps, so I am reminding you to make your current payment today, if possible.

Thank you.

Cordially yours,

Phillip Jordan

This letter is used when, after the first review date, the customer has not paid on his account. This merely serves as a reminder.

1
2

Dear Customer:

Experience is a great teacher. It has taught me that good customers - like you - who make at least one payment on their account, will make the rest of their payments unless they have some very good reason.

So, when your current payment is past due even after we sent you a reminder, I think that there must be some good reason. If you didn't care about your credit rating and didn't intend to pay us, you probably would not have made any payments at all.

If the trouble has cleared up by the time you get this letter, I know that you will want to send a payment immediately. Otherwise, send me a letter explaining the difficulty, so I will know what to do with your account.

Cordially yours,

Phillip Jordan

A reminder sent upon the second review date.

1
3

Dear Customer:

Remember us?

We sold you first quality merchandise on the most liberal credit terms available to anyone, anywhere.

Now your account has been delinquent for six weeks and we haven't received any word of explanation from you. Despite this, we have not sent any nasty dun letters or even contemplated calling in our attorney, because we know you are a good credit risk. But how long can we be kept in the dark about your account without taking action?

We try to handle our accounts in a businesslike manner. Good business practice would be to send your account out for collection, now, because six weeks is a long time to wait for one small payment. But I am willing to go along for another few days if you will make your payment now.

Very truly yours,

Phillip Jordan

This dun letter is sent after the third review date, informing the customer that we will go along with him for another few days if he sends in payment now.

1
4

Dear Customer:

Three strikes and out is usually the rule. But even though I've sent you three letters already for your current payment, you may have one more chance before your account is sent to the collection department.

You deserve one more chance because you have made at least one payment, showing that you wanted to live up to your agreement. But a long time has gone by since your last payment was made and we haven't heard a single thing from you.

I think we have been more patient than you could expect under these circumstances. I think we are justified in getting tough and insisting that you send a payment immediately. We cannot wait any longer than five days before taking further action.

Yours very truly,

Phillip Jordan

This informs the customer that he will be given five days before his account is sent to Collection. Sent upon fourth date of review.

1
5

Dear Sir:

Your account has been sent to my department for collection.

I understand that since you made your last payment, four letters have been sent to you without response. This is quite an unusual situation. I am always surprised to find an account like yours on my desk. Most of the customers I have to deal with are those who have made no payment at all. We find that the people who made at least one payment like to stay out of my department..

For some reason or other, though, you have decided not to pay us what we have coming. You might have a good reason, but you have certainly kept it a secret from us. Anyhow, whatever your trouble might be, I have my own troubles without worrying about yours. My trouble is my employer. He says he wants every delinquent account collected without regard to what it costs to do it. It is a matter of principle with him.

So my job depends on collecting these accounts, and I intend to do it. As long as my bread and butter depends on it, I intend to use every means available to enforce payment. If I do not hear from you within 5 days, I will start to take the necessary steps.

Very truly yours,

L. Johnson
Mgr. Collection Department

Informs customer that his account has been sent to the Collection Department. This is done upon the fifth review date.

1
6

Dear Customer:

Your account is scheduled to be turned over to our attorney for collection in 10 days.

Very truly yours,

Phillip Jordan

Upon the sixth review date, this letter is sent telling the customer that his account is scheduled to be turned over to the attorney.

B
P

Dear Customer:

The period for which we granted you a payment extension, as you requested, has expired, but payment has not been received. We have not heard from you.

Every possible consideration is given to customers when unexpected events prevent regular payments. Naturally, we expect similar cooperation from customers in meeting promises or commitments.

Your remittance, or explanation of the delay, will be appreciated now. Please help us keep your credit record clear.

Sincerely yours,

A. W. Swanson

AWS:BP

This letter is sent to a customer who does not pay after an extension has been granted (Broken Promise).

P
R

157

Dear Customer:

Thank you for your recent remittance on the above account number. Your intent and willingness to pay this obligation is appreciated and we want to be as cooperative as possible.

Please write us, on the back of this letter, as to how you plan to clear the balance. Any reasonable arrangement will have our approval and make collection reminders unnecessary.

The enclosed reply envelope will bring your answer to me for prompt attention.

Cordially yours,

A. W. Swanson

AWS:PRB

This letter is sent to a customer who pays up to current status after receiving four or more dun letters.

Dear Customer:

Thank you for the payment covering the past due amount on your account. We are confident, now that your account is up-to-date, that you will continue to pay regularly until the balance is paid.

Accordingly, and to avoid further chance that your credit rating might be impaired, we have notified our legal collection representative to clear his file of our claim against you. He will take no further action on the account unless specifically instructed to do so.

Please send your remittances to us regularly each month until the balance is cleared. Use the numbered envelopes we sent you so posting of credits will not be delayed. This will be appreciated.

Yours sincerely,

A. W. Swanson

AWS:TPC

This letter is sent to a customer who pays up to current status after receipt of a Third Party Letter. (Third Party Collected)

Dear Customer:

Thank you for your recent inquiry regarding your seat cover account.

Upon examination of our records, we find that your account with us is closed.

This opportunity to be of service to you is appreciated. We hope we will have the opportunity to serve you again in the near future.

21-99

THE FINGERHUT FOLKS

This post card is sent to customers when they request a receipt of paid-in-full.

REQUEST FOR INFORMATION OR MEDIA

Date _____

From _____

To _____

To _____

Customer Name _____

Street _____

City _____ State _____

Account Nos. _____

PLEASE FURNISH

- Account Nos. _____
- A/R card (to be attached)
- Status of Account
- Paid in Full _____ Date _____
- Bad Debt Return Other

This form is used for inter-office communication.

D
E

160

Dear Customer:

Thank you for letting us know your payment will be delayed.

Unexpected problems confront all of us at times, so we understand your circumstances and have no reluctance in granting you an extension of time.

We know you realize the value of a prompt paying record and will make the payment as promised.

Cordially yours,

A. W. Swanson

AWS/DE

This letter is sent to the customer who requests a definite period of extension (Definite Extension).

I
E

Dear Customer:

Thank you for letting us know your payment will be delayed.

Unexpected problems confront all of us at times, so we understand your circumstances and have no reluctance in granting you an extension of time.

We are marking your account ahead for 30 days from this date. We know you realize the value of a prompt paying record and will make the payment as promised. If anything should prevent your doing so, be sure to write us about it, before the 30-day extension expires.

Cordially yours,

A. W. Swanson

AWS/IE

This letter is sent to the customer who requests an extension in paying time but does not state a definite period (Indefinite Extension).

Dear Customer:

Thank you for letting us know your payment will be delayed.

Unexpected problems confront all of us at times so we understand your circumstances and have no reluctance in granting you an extension of time.

However, as we are required to report accounts which show no payment within an accounting period, we cannot grant all the time you requested, without some payment. The record is being marked for a 30 day extension from this date. Before the end of that time, please mail some payment, even though small, on the account. We will then be able to grant another extension, if needed.

We know you realize the value of a clear credit record and will make some payment to enable us to keep it clear.

Cordially yours,

A. W. Swanson

AWS:CE

This letter is sent to the customer requesting an extension in excess of 30 days (Compromise Extension).

E
R

Dear Customer:

Your request for another extension of time for payment cannot be granted.

Your past promises were not kept and your payment record is not satisfactory. It would be unwise to tolerate further delay in getting this account collected.

Your account will be referred to our legal collection representative if the balance, or a substantial part of it, is not received within the next ten days. We are sorry your actions have forced us to this decision.

Yours sincerely,

L. Johnson
Collection Department

LJ:ER (Extension Refused)

Dear Customer:

Thank you for letting us know your covers are not entirely satisfactory. Your complete satisfaction is important to us and we will make any necessary adjustment under the terms of our Guarantee.

Please return the unsatisfactory section, or sections, to us. Be sure to enclose the attached "Receiving Department Advice" with the covers so the adjustment can be promptly and correctly handled. Fill in the information called for by the paragraphs indicated by circled numbers--disregard the others. It is not necessary to return the full set if only part of the covers need repair or replacement.

A shipping label, for your use on the parcel post shipment, is enclosed. It will bring the parcel to the correct department for prompt attention. We suggest using the original seat cover carton, if possible, for the return shipment.

This opportunity to be of service is appreciated.

Cordially yours,

The Fingerhut Folks

FF:RUS

This letter is sent to a customer who requests exchange or repair during the free trial period.

Dear Customer:

When hundreds of employees process thousands of orders each week, as in our case, many situations and questions arise. To assure fair and equal treatment for all customers, definite policies and rules must be set for the handling of these situations.

The attached, "Seat Cover Return and Adjustment Policy" is used by our Customer Service Department. It specifies when covers may, or may not, be accepted for exchange, credit, refund, repair, or replacement.

If you believe your covers qualify for return, under our policies, please return your attached letter, with this one in the enclosed envelope. Be sure to give all details specified in Section 1, so we can quickly locate original order record and send you proper shipping labels if return of the covers is advisable.

Cordially yours,

The Fingerhut Folks

FF:NCE

Used after 45 day trial period when a customer wants to return or exchange his seat covers.

CUSTOMER SERVICE DEPARTMENT

Seat Cover Return and Adjustment Policy

1. In all cases, when any claim is made, under the Guarantee or otherwise, the date of purchase, name and address of purchaser and account number used on original order must be furnished by the claimant. He can get this information from the invoice sent with the shipment or from the shipping label.
2. Covers returned, or approved for return, within the free trial period will be accepted for exchange, refund, credit, or free replacement or repair, as the customer desires.
3. When, due to unforeseen and unusual circumstances, return within the trial period was prevented, we may accept a return, within ninety days after shipment, for exchange or credit. The covers must be unused and sent to us for inspection before exchange or credit may be authorized. Only after complete and careful inspection, reassembly and repacking, may such covers be restocked for sale under our guarantee of satisfaction.
4. When covers, returned for inspection, are unacceptable, they will be repaired or replaced and returned to customer upon receipt of the handling charge per section required by the guarantee. If customer does not want them returned or fails to send in the handling charge upon request, the covers are to be junked.
5. If covers are acceptable, after inspection, the customer may exchange them for a different set. If an exchange is not wanted, and customer has any credit due, a credit voucher will be issued to the customer, This voucher may be applied against a new purchase by the customer or anyone to whom he transfers the voucher.
6. When covers are accepted for credit or exchange, after inspection, the regular inspection and repacking charge of \$4.25 will be assessed against the customer. Also, on exchanges, the payments on the customer's account, if open, must be up to date or brought to date at the time of exchange. We honor our guarantee regardless of account condition and expect customers to honor their account commitments regardless of cover exchanges.
7. Improper storage of covers for an excessive time, particularly those left in the carton, can adversely affect their quality even if they are unused. We cannot sell and guarantee such covers, if returned. Therefore, covers which have been out ninety days or more cannot be accepted for credit. They are returnable only for repair, or replacement in same material and year model, under the terms of the Guarantee.

8. Our Guarantee applies only to the original purchaser of covers for the car then owned. It ends when the car is sold or traded to someone else.
9. In event of any doubt about the application of these rules, employee shall refer the case to supervisor or department manager for decision.

R
I

Dear Customer:

Your complete satisfaction with any purchase you make from us is most important. So, although your desire to return the Seat Covers is disappointing news, we do appreciate your cooperation in first asking for proper return instructions. Such cooperation helps us to better serve all customers.

After reading the "Helpful" leaflet, you may want to keep the covers. We hope you do. However, if not, please tell us your opinion of the covers and put the "Opinion" form in the box with the covers.

A shipping label, for your use in returning the covers by parcel post, is enclosed. It will bring them to the correct department for prompt attention. We suggest using the original seat cover carton, if possible, for the return shipment.

Thank you for any information or suggestion you enter on the "Opinion" form. We are guided by these answers in our effort to make Fingerhut Covers the finest obtainable.

We do hope we have another opportunity to serve you.

Cordially yours,

M. FINGERHUT

MF:RIR

P. S. If only part of the Seat Cover Set is not satisfactory, feel free to return just it for replacement or repair.

Inspection, Re-assembly and Repacking Charge

When seat covers are returned, they must be carefully examined to determine if they are in prime and unused condition. This is necessary because of our liberal Lifetime Guarantee and Free Trial offer. This examination adds another expense to our normal cost of merchandising.

The same is true of the re-assembly of the set, when replacement of some parts and of installation and instruction material is often necessary. Finally, another expense is incurred for new shipping cartons and labor charges for repacking.

As such expense is not allowed for in our general pricing, a charge to cover it must be made when covers are returned after the Free Trial period, as in this case, for cancellation of an account balance.

The charge assessed to cover this expense is \$4.25. This amount has been deducted from the credit to be applied to your account for the covers you returned. The account will, therefore, show an open balance of \$4.25. Your remittance, in this envelope, to clear it, will be appreciated.

THE FINGERHUT FOLKS

FF:RPC

Used when customer returns covers after 60 days and they are repackable.

Dear Customer:

Your request for credit on seat covers you have returned comes as a surprise. It has been so long since the trial and return privilege expired that we thought everything was all right.

While we cannot, in fairness, accept the covers for credit at this late date, we do remind you that they bear a lifetime guarantee. We will replace any damaged section for the fee stipulated on your guarantee.

There is an unpaid balance on the seat cover account. It is due and payable regardless of any adjustment transaction. We honor our guarantee without question and, accordingly, expect payment when due.

Please tell us, on the back of this letter, what section or sections of the covers you want us to replace. Return the letter, with remittance for the account balance shown below, plus the replacement handling fee, in the enclosed, special envelope. As soon as received, prompt replacement will be made.

Cordially yours,

Mark Sanford
Customer Service

MS:NA

Balance Due _____

Customer returns seat covers after 45 days and they are junk.

Dear Customer:

We shall be happy to replace the cover sections about which you wrote. Check below what items are needed. For each section checked, the handling charge stated in your Guarantee Form will apply. Enclose check or money order for total of number of items checked times the per section handling charge. Seal and mail this form to us for prompt attention. Normally the replacements should reach you within 30 days.

- | | |
|--|--|
| <p>1. ONE PIECE BACK REST
 <input type="checkbox"/> FRONT <input type="checkbox"/> REAR</p> <p>2. ONE PIECE CUSHION
 <input type="checkbox"/> FRONT <input type="checkbox"/> REAR</p> <p>5. REPLACE CENTER ARM REST...
 <input type="checkbox"/> In Front... <input type="checkbox"/> In Rear</p> | <p>3. DIVIDED BACK REST
 <input type="checkbox"/> Front Driver's Side <input type="checkbox"/> Rear Driver's Side
 <input type="checkbox"/> Front Pass. Side <input type="checkbox"/> Rear Pass. Side</p> <p>4. DIVIDED CUSHION
 <input type="checkbox"/> Driver's Side <input type="checkbox"/> Passenger Side</p> |
|--|--|

DESCRIPTION OF CAR:

Year _____ Model _____
 Make _____ Body Style _____
 Dip in center of Back Rest
 Front Rear
 Reason for replacement of covers

COVER DESCRIPTION:

Clear.....
 Clear, With Stars.....
 Other, With Stars.....
 Colored, No Stars.....
 Material Color _____

On a tab sewn into edge of your present covers, there was a pattern number. If found, please show that number, here _____.

Do Not return the damaged sections unless we request them when we send these replacements.

SHOW HERE YOUR ADDRESS WHEN ORIGINAL COVERS PURCHASED:

ADDRESS _____
 TOWN _____
 STATE _____

What account or record number is shown on the papers for that purchase?

_____ THE FINGERHUT FOLKS

APPENDIX C

CREDITS

<u>Description of Error</u>	<u>Point Value</u>	<u>No. of Errors</u>
Not post credit	5	
Credit wrong account	5	
Post wrong amount	4	
Short column error	3	
Small balance not requested	3	
Change of address not posted	3	
Small balance not allowed after third party or after first statement sent	3	
Validation date not posted if 10 days old or older	3	
Poor bar-dating over installment	1	
Transfers not filled out completely	1	
Transfers not made for validation to wrong control	5	
MF:UN not sent	1	
Payment envelope not enclosed with other reply	1	
Transfer listing error (posting and/or attachments)	2	
Correspondence bar-dated, but no account number noted	2	
Correspondence not removed from payment envelope	5	
Paid-ups refiled	1	
More than half payment in short column	2	
Small overage transferred out instead of putting into Miscellaneous Income	1	
Credit transferred as Card Gone and A/R card is in station	4	
Stop dunning card not sent when credit transferred out of station	3	
Credit allowance not correct	3	
Guarantee not returned	2	

RETURNS

<u>Description of Error</u>	<u>Point Value</u>	<u>No. of Errors</u>
Wrong card pulled	5	
Wrong stencil pulled	5	
Stencil not pulled	5	
Return incorrectly notated: Correspondence	2	
Postage	1	
Premium	1	
Condition	2	
Take partial return as complete return	4	
RPC not sent or sent in error	2	
Exchanges not made	5	
Exchange improperly notated	2	
No sticker or tickler date on exchange	5	
Revised billing not posted and not sent	5	
Revised billing posted, but not sent	2	
CSO's not complete	2	
CSO's incorrect	3	
NA return accepted	2	
NA return improperly notated	2	
Posting not initialed	1	
Improper routing of repairs and exchanges	2	

DUNNING

<u>Description of Error</u>	<u>Point Value</u>	<u>No. of Errors</u>
Wrong letter sent or sent in error: regular dunning	3	
3rd party	3	
3rd party follow-up	3	
Wrong balance on third party dunning	3	
Not checking appropriate letter on A/R card	3	
PRB: Not sent	3	
Sent after first review	3	
Marked in wrong dunning square	1	
DB:CA marked in wrong dunning square after SN:SP	1	
Stenciling not on dot	1	
Stenciling not clear or smudged	2	
Dunning when account should not be dunned	5	
Not dunning when account should be dunned	4	
Sent BP after customer paid	5	
Sent BP after third party letter	4	
Dunning before 8-10 days of follow-up	3	
Not sending SN:A after ER	3	
Not up-dating third party letter	3	
SR and date not noted on A/R card when making stencil request	2	
Not dating C/A on A/R card	1	
Dun review missed (entire series)	3-5	
Pro's not sent or sent in error	2	
Pro's sent to Hawaii, Alaska, APO, or companies	3	
Small balance not allowed after third party	3	
Not stenciling third party card	5	

BAD DEBTS

<u>Description of Error</u>	<u>Point Value</u>	<u>No. of Errors</u>
No stencil pulled	5	
Wrong stencil pulled	5	
Stencil not in station, pink dummy not made	3	
Wrong balance posted to transfer	2	
Two or more duns returned, card not pulled	3	
Customer states proof paid-in-full, pulled for Bad Debt	5	
Hold in station too long	2	
Follow-up letters not sent - pulled too soon	3	
Pulled for bad debt too soon	3	
Cards and stencils not in order	2	
Did not check remittances when payments received; then received nixies	3	
Not dating correctly	2	
Control number not posted or posted incorrectly	5	
Not check 00's on no-pay accounts when duns returned	3	

PAID-UPS

<u>Description of Error</u>	<u>Point Value</u>	<u>No. of Errors</u>
Wrong promotion: NP should be P	3	
P should be NP	3	
Wrong stencil pulled	5	
Open account pulled	4	
Stencil not pulled	5	
Change of address not made	2	
Hawaii, Alaska, APO, or companies promoted	2	
Overages, shortages, not stamped or stamped incorrectly	1	
Cards and stencils not in order	2	
Codes not sorted properly	2	
C/A cards not attached	2	
Stencil request media not attached	2	

CORRESPONDENCE

Description of Error	Point Value	No. of Errors
Correspondence not notated properly	2	
Incomplete posting	3	
Incorrect posting	3	
Correspondence not answered	5	
Incorrect reply sent	4	
Incomplete reply	4	
Postings not initialed	1	
Fingerhut letter sent after third party dunning	4	
SOG 6 or RUS 6 not legible, understandable, or distinct	5	
No sticker or tickler date on A/R card	3	
C/A not made (or incorrectly prepared)	2	
Guarantee not returned	2	
Paragraph numbers not circled	3	
Abbreviations not clear	2	
Letter (diagrams) not enclosed with NCE or RUS	2	
Improper margins when stenciling	1	
Stencil impression not clear or smudged	2	
RIR sent after trial period	2	
RUS sent when RSO should have been sent (vice versa)	2	
Label not marked for attention	2	
PJ:M not sent or sent in error	3	
CSO not complete	2	
CSO incorrect	3	
Extensions: EG for more than 10 days	3	
IE, DE, CE improperly given	2	
ER not sent	5	
Given without correspondent's approval after third party letter	4	
Await Return when RIR should have been sent	3	
Time allowed on A/R card incorrectly	1	
Referrals: Card in station (sent as Card Gone)	3	
Reason or action not noted or checked	2	
Regular 21-99 sent to CF:CS	2	
Out cards not reviewed every 10 days	2	
Incorrect posting of nixies	2	
Incorrect posting of bad checks	2	
Error on stencil	2	