

Garfield's Axiom of Economics—
"Collecting Money Ain't Easy!"

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When I was nine I worked for a while in a neighborhood grocery. I learned early the high cost of collecting money from debtors. Customers bought groceries on credit, and most of them lived on the fifth or sixth floor of old tenements with no elevators. I had to climb the stairs to collect on these debts, while delivering an order of groceries. It was remarkable how many reasons people had for delaying payment. I thought about this later when I saw a British film in which the hero climbs to success by being a clever money collector in the slums of an English town.

When I was eleven I learned that intellectuals could make non-payment an act of genius. At that time I graduated to delivering orders for an uncle who had a wine and liquor store in Greenwich Village. At thirteen I became an invoice clerk in the garment district of New York. I quickly learned the meaning of accounts receivable and bad debts. Retail merchandizers all over the United States also had a genius for procrastination. Perhaps it was prescience or destiny, but I am probably the only high school science and language major who took an elective in bookkeeping. This course was given by a former collection agency executive, who never let us forget that anyone, given the temptation, can become dishonest. It has never been clear to me why there are so many prudent businessmen who are aware of this and yet are willing to tempt human nature. Greed may be the answer. In

any case, I've never forgotten that collecting money is always a thankless task.

I also learned as a sales clerk for the largest United States purveyor of correspondence courses, La Salle University, that if you have to collect money it costs just as much to collect \$5.00 as it does to collect \$50.00. A letter costs no less than a postage stamp—a non-trivial cost these days. A phone call costs even more, and your time is worth a lot. An in-person visit costs even more. Who wants to send the sheriff around to collect fifty cents?

No matter what technology is used in publishing, there is inevitably a built-in cost of collecting money. Ironically enough, those who are scrupulous about paying bills promptly help pay for the cost of collecting money from those who are slower. This built-in overhead is part of the reason for inflation in publishing. It is getting costlier to collect money.

At ISI® we tried to solve that problem by inventing ISI stamps. This is an euphemistic way of saying we get paid in advance but you would be amazed how many people find ways to delay payment on their stamps while at the same time ordering tear sheets. Before on-line systems at ISI, one hand didn't know what the other hand was doing. While the accounting people were trying to collect the money for stamps already delivered, the OATS® department was busily supplying *Original Article Tear Sheets*.

This may make some of our users seem pretty low in ethics, but there are a dozen reasons why this may happen. The

reader who uses stamps may have asked his accounting department to pay the invoice, but it can take months for such payment to work its way through the labyrinth of a university, government, or commercial bureaucracy. In at least a few states and cities of the United States it is even necessary for us to fill out a three-page form before we can collect any amount--no matter how small.

The area of human activity we are discussing here accounts for a lot of apparent discrepancies in the costs of doing business. Professional societies can boast that they produce journals at prices that make for-profit publishers blush. One reason is very simple. Like trade unions, they have a dues check-off system. The renewal of journal subscriptions is tied into membership renewal. If you don't pay one, you lose the other. You don't get angry at your impersonal professional society computer if it is unwilling to wait for you to catch up on this month's overspending. But when that greedy bill-collector from the profit-making publisher calls and asks why you have ignored your fourth consecutive invoice, you may be incensed. He is not aware that you approved the payment four months ago while that nice man in your non-profit college has been delaying payments to publishers in order to get your next salary check out. He doesn't bother to take the time to let dozens of publishers and agents know that Mish-mash University is in such an incredible financial mess that even the university president can't get a straight answer as to why his subscription to *The Wall Street Journal* has been cancelled.

Collecting money can be difficult for another, quite different reason. Some people are so punctilious about paying immediately that they pay without including information that will make it possible for the publisher to credit the

payment properly. Many CC® readers think ISI is still run by one person. Every year we receive checks addressed to me, or at least mailed to me, and it is assumed that the signature on the check is all that I need to realize who is paying and what he is paying for. Last January, ISI had \$45,000 in 'unapplied receipts.' These checks arrived at ISI without the slightest hint as to who was making the payment and for what. One realizes how inefficient the world's banks can be, when such shenanigans occur. One gets the impression that the banker in almost every town is transmitting money only to desperate people. Surely *this* check is the only check the recipient is going to receive this year--like a desperate daughter on a vacation in New York, California or Paris.

The cost of "collecting" this already collected money is incredible. Sometimes three or four phone calls may be necessary to track down the person or institution who sent the check. And even if Dr. Jones has his name and home address on the check, his secretary may be oblivious to the fact that his CC subscription is sent to his office in another town. Do you know how many suburbs there are in the Los Angeles or Paris areas?

The issue here is very basic because the individual scientist or professor of whatever may not be in a position to stand up to the local bureaucracy. The bank chosen by the university to transmit foreign payments may be very inefficient in such matters, but very sympathetic to the pleas of the alumni fundraisers. They may also lend money when other more efficient banks refuse to do so.

The human side of this issue is illustrated by the not infrequent problem of deceased subscribers. Is it reasonable to expect the widow to provide this sad

news to the publisher when the third invoice arrives--a bill her husband would probably have paid--albeit a little slow. On the other hand, people move away and forget to notify the publisher. The invoice may not be forwarded by the university department secretary. Bills are always fair game for the waste-basket. Eventually they do stop coming, don't they?

If life were not complicated enough, consider that a small but significant percentage of mail never reaches its destination. Do you ever wonder what happens to all those mail bags whenever a plane is hijacked or crashes or a ship collides or a train is derailed? Have you ever read about the piles of mail that accumulate in some Latin-American or African post offices? Did you ever read about the postman who decided to burn all the mail in order to save fuel and personal energy?

What are the lessons to be learned from all this experience? Don't underestimate the hidden costs of distributing information, whether in the form of books, journals, reprints, or whatever. Don't add to these costs by ignoring invoices. If you can't pay the first time around, inform your creditor that the payment will be forthcoming and include the information needed to identify your transaction promptly. This will save you the trouble of opening and reading a second, third, or whatever dunning notice. Don't penalize the publishers who are lenient and will not cut you off the exact day your subscription expires. The publisher of one of the most respected scientific journals not only will cut you off but doesn't even stock extra copies of back issues that are needed once payment is made. While I consider this irresponsible, it reduces his costs and imposes a discipline on sub-

scribers that others may envy. But in the long run, I think it does more harm than good. I know the high cost of replacing a single missing issue of a journal.

If you use a subscription or book agent you must be very firm and demand that payments be made promptly so that you are not badgered each month. Reputable agencies are available. On the other hand, if you have no say in the choice, then you should advise ISI (or some other publisher) who your agent is and that payment will be forthcoming. A disreputable agent will say it is only human to put off till tomorrow what is usually best done today, but is very glad to draw interest on your money while it sits in the bank. However, most agents and publishers are honest. Fortunately, ISI is not dealing primarily with poor families crowded in slums where putting off the bill collector becomes a way of life. We don't have to make people "offers they can't refuse." ISI takes pride in its honesty. You should assume, when some error occurs, that we too are human. We don't let our employees blame computers for mistakes. In fact, we don't let them blame customers for mistakes even though they frequently are.

And if for any reason your order is not properly handled, I hope you will do what several dozen other customers did last year: write or call me directly.

You may wonder how I can spare the time for all this. It has been my experience that whenever ISI errs and I can participate in the correction of that error, I and my colleagues learn something that improves the system in the future. The negative feedback we receive when something goes wrong is transformed into positive improvement whenever possible. As I have often said before--learn to complain.