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What Can Go Wrong

Sales & Collection

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1. In order to hit their revenue target for the quarter, an account manager on an ongoing project made a covert agreement with the customer that he would reduce the invoice by 10% if he could send an invoice to the customer three months before the service was delivered. He told the customer not to pay the invoice until ready but failed to tell accounting about the arrangement because he needed credit for the revenues.
2. A salesman hit his sales target with a flurry of deals at the end of the quarter, in which he provided deep discounts for the customer. One week later customers called because the products they received were severely defective; the salesman sold them products that had been scrapped.
3. A business unit failed to close enough deals to make their projections, but they recorded the sales anyway in the current quarter because they knew the deals would close in the first couple of weeks of the following quarter. They directed the trucking company to load the items, send the truck off site, and have the driver wait two weeks before delivering the products.
4. An executive partner in a national firm included instructions on client invoices to send their checks to his local office, instead of the firm's headquarters. Upon receiving the checks, the partner would deposit them into the bank account he had opened in the name of a sham business he created using a name very similar to his firm's name. His theft of checks intended for his firm totaled $4 million.
5. An employee intercepted customer payments and covered up the theft by reversing or voiding the sales and destroying the original sales documents.
6. A collector posted credit memos to reduce outstanding customer balances in exchange for kickbacks or simply to provide free product or service to friends and family.
7. A warehouse employee stole some product and agreed to split it with someone in accounting if they would book a false receivable. The accountant agreed, and either wrote off the receivable to bad debts immediately, or allowed it to age and wrote it off naturally after 120 days.
8. A franchisee set up a deal to provide a customer with services outside of the corporate system and unknown to the home office, so they could avoid paying a percentage of revenues to headquarters.
9. An employee with update access to the receivables balances changed the receivables due dates so outstanding balances never became past due.
10. For 10 years, seven people across four firms–a national law firm, a public accounting firm, and two banks–sold 'innovative' and 'highly profitable' tax shelters to clients, generating $400 million in fees for their firms. Ultimately, the IRS determined the tax shelters were fraudulent, resulting in prison sentences and the collapse of a prestigious law firm.
11. Two pharmaceutical companies falsely marketed their products, resulting in fines of $1.4 billion and $515 million to the Department of Justice.
12. Salespeople shipped ahead of schedule to hit quota or win a prize. Customers, on the other hand, were insisting on delivery in a window of one day early to zero days late.
13. Sales personnel switched customer service without the customer's authorization. In some instances, the salesperson forged the customer's signature on a service transfer form.

14. Sales personnel representing a manufacturer of bone implants offered surgeons $8,000 per month under fictitious consulting agreements, and paid some surgeons phony research grants up to $18,000. The salespeople also offered to pay for the doctors' liaisons with prostitutes.

15. Salespeople funded a $160,000 party in a large coastal city for a potential customer, supplying the men with female escorts and ecstasy pills.

16. A manufacturer stuffed their distribution channels, offering dealers discounts and financial incentives to accept more product than they could possibly sell. The manufacturer recorded all of these revenues up front, hoping to sell the company and dump some stock options before the dealers started kicking back the goods.

17. A division held customer returns so they did not get counted against sales in the period for which they were trying to hit the numbers. If a customer returned items, the salespeople would put the products in the trunks of their cars.

18. Cashiers brought a stack of coupons from home, and applied them to sales in which the customer did not supply a coupon. Although the customer paid in cash full price for their purchase, the system recorded the coupon discount. To make the registers' receipts balance with sales at the end of the shift, the cashiers pocketed the extra cash.

19. The CEO arranged for a legislator to be paid consulting fees in exchange for the legislator advancing the company's agenda.

20. Customer-facing personnel allowed use of company vehicles (boats / airplanes), use of country club memberships, or homes rent-free.

21. Service technicians were called to perform regularly scheduled maintenance checks on large air conditioning units at the buildings of large national customers. Instead of performing the maintenance, the technicians completed the work orders as if they had performed the service, and recorded the parts they supposedly used

22. A service technician performed service for a customer's claim on an extended warranty. When the center documented the service performed by the tech to send to the warranty insurer, the center added services that the tech did not perform in order to increase the reimbursement from the insurer.

23. A manager embezzled customer payments, and covered up the theft by leaving customer service tickets open or allowing the receivables age until they were written off. The unit made $11 in deposits one month, and was always behind in closing their books.

24. The director of a remote location shifted sales between internal account codes to manipulate the incentive payouts they would receive.

25. A service technician was called to the home of a terminally ill customer. As the tech was working, the hospice nurse noticed that he was intentionally damaging the unit, but the technician did not see that she was watching. He later told the nurse that the job was too big to complete that day, and he would have to return on Saturday to fix the problem. And in order to do so, he would need to be paid in cash. The nurse reported the incident to the media, and the story ended up on *60 Minutes*.

26. A cashier used the credit card machine to post credits to her own personal card.
27. A unit opened bad credit accounts. Any order was a good order as far as a salesperson paid on gross profit was concerned.
28. A salesperson realized the customer only required a single-capacity unit, but because the customer was elderly or otherwise ignorant of their own needs, the salesperson was able to sell them a double- or triple-capacity unit.