

Why Did Philadelphia's Libraries Just Eliminate Late Fees?

It's about better understanding your customers, and all businesses could learn something from it.

December 15, 2019 3 min read

Opinions expressed by *Entrepreneur* contributors are their own.

If you've got overdue books from the Philadelphia Free Library, then I've got good news: You can now return them and not have to pay any late fees. That's because the library's Board of Trustees this week approved a measure that eliminates overdue fines. Philly isn't the only system to do this. Major cities like Chicago, San Francisco and Salt Lake City have also taken similar actions over the past few years.

There are some caveats to this rule. For example, new books can't be checked out unless overdue ones are returned and lost, and damaged books must be paid for or replaced. But for the most part, as of sometime next year, library customers can start bringing back those older, overdue books without fear of being charged.

So why the change? It has to do with simple economics. Sure, charging late fees did generate revenues, but not a significant amount. More importantly, the management at these libraries have also learned that the practice of charging fines for overdue books has actually held back potential customer traffic and undermined their organizational operations.

“We wanted to take down any kind of barrier from anybody who felt the library was not a place for them,” Philadelphia Free Library President and Director Siobhan A. Reardon told *Philadelphia Magazine*. “There’s also quite a number of objects that are out with overdue fines on them. We want those materials back. The sooner we get them, the sooner we’re able to put them back out in circulation.”

Related: 6 Strategies for Dealing With Unpaid Invoices That Get You Paid Sooner

But this isn’t a story about overdue library fines. It’s about your business. It’s about knowing your customers. It turns out that slapping a fine on an overdue book isn’t helping a library – it’s actually keeping patrons away. What about your customers? When a customer bill goes unpaid, you probably react the same way as I do. You may tack on meaningless finance charges. Maybe you send threatening emails and leave angry messages. You might even send the bill out for collection or go so far as to take the customer to court.

But isn’t this counterproductive? Instead of attacking, shouldn’t we just do a better job of understanding why our customer hasn’t paid? Sure, he could be just a jerk. But there’s more likely another reason for the delinquency. Maybe he’s having cash-flow issues. Perhaps he’s dealing with a serious health issue or he’s unhappy with the services provided.

It took years for the Philadelphia Free Library, and others across the country, to realize that customers have good reasons for not paying their late fees, and those reasons were keeping them away and ultimately hurting their operations. So this week they finally took action. Maybe our customers have good reasons for not paying our invoices, and by better understanding them, we can also take actions to keep them as customers.

<https://www.entrepreneur.com/article/343794>