Getting Paid Sooner

Collecting monies owed us, is one of the most important business/marketing opportunities we get. Here are a few tips to help you tune up you collections techniques and get paid sooner.

Invoice Early | Every day lost billing the customer is a day's loss of collection time & interest on your money - & on your cash flow. Invoices should be processed within a day of shipment, or timed to arrive the day after the customer receives the products or services.

Offer Cash Discounts for Early Payment | Many times a small (1% to 3%) cash discount will be enough for your customer to pay early. Be certain to put the amount of discount (in % AND dollars) on the invoice along with the last date the check must be in your office for the discount to apply.

Know Your Customer | Are they trustworthy? Have they established credit limit with your company? Is there a current credit application on file?

Establish a Written Credit Policy | Outline how a customer establishes credit with your company, inform all employees, be certain the policy is followed explicitly. Don't trade the desire for sales with good business practice.

Always check credit & references for new customers.

Establish a consistent policy for collecting overdue invoices.

Print credit terms & policy on invoices | Send Statements & Charge Finance Charges. If the customer is over 60-days, send statements more than once each month.

Resolve Disputes Quickly | Ascertain the exact nature of the customer's problem (real or ascertained). Explore possible solutions with customer. Don't get hung up on minutia. The ultimate solution (assuming the customer is not deliberately trying to get out of paying the bill) is to reach a solution that will satisfy the customers concerns, minimize the amount you credit to them, collect your money, & save a valued customer (assuming they are one).

Be as Reasonable as Possible | If amount due is sizable & customer wants to make payments, get a formal interest-bearing note signed. If possible get security against some assets (file appropriate documents to perfect your security).

Be Honest With New Customers | If there is a credit problem, let them know. Work out alternate means of paying if possible.

Be Cordial & Firm | If the invoice is overdue, call frequently, ask for partial payments, pick up the check if possible, get it to your bank (or theirs).

If the customer is stonewalling you, give them notice & then turn it over for collection.

Set a due date | Determine a due date and print it prominently on your statements and invoices.

Publish Financial Terms & Educate Clients/Customers | Include Financial Terms and Conditions of Payment in your new client package, on your statements and invoices and present verbally s part of your new client orientation presentation.

Prepare Written Procedures For Use By All Staff On Collections

Become a credit reporting entity—There are many reputable services available on-line. Check references and stay mainstream.

Age Accounts Receivable 15, 30, 60, 90 120 Days | Act on each step with reminder notes on invoices, collection letter separate from invoice at 60 days, 90 days and turn over to a reporting collection agency after 120 days.

Establish Measures To Take At Each Time Interval—Make a Plan

1. Place signed agreement in client record and record in QuickBooks Pro
2. Front office reviews financial terms and conditions of payment verbally with clients
3. Present or mail first invoice or statement
4. Mail the first Statement
5. Phone call for collections arrangements or adjustment in original promise
6. Place note in tickler file w/ deadline dates/missed dates to send to collections
7. Send first collection letter, enclose a copy of the statement or invoice
8. Make a follow –up phone call the day after you think the letter arrived
9. Second Letter, enclose a copy of the statement or invoice and previous letter
10. Make a follow-up phone call the day after you think the letter arrived
11. Third Letter-final demand for payment
12. Make a follow –up phone call the day after you think the letter arrived
    --last chance
13. Turn-over to small claims or civil court

Follow Your Plan

Track & Report Your Activities

Use your notes in Quickbooks, keep a card file by date and alphabetical order, use a contact history database to track dates, promises and follow-up.