

15 WAYS TO GET PAID YOUR INVOICE ON TIME

AVOID LATE PAYMENTS AND HAVE
A POSITIVE CASH FLOW TODAY.



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Collecting money owed to your business may at some point become a difficult task.

However by following the tips set out below you are setting yourself up in a manner that not only saves money, time, and effort on chasing outstanding invoices you have a structure that can help you define your invoice processes and ensure that your invoices are paid on time every time.

If by following the tips below you find your invoices are not settled then it's time to call Hewitt & McLeod to help you and your business...



1. Know your customer

Check out the exact name and legal status of the business you are supplying. Unless you know exactly who you are trading with you will not be able to check if they are good for the amount of credit they are requesting and you will not be able to commence legal action effectively if it becomes necessary.

2. Set out and agree payment terms

Set out and agree on payment terms in advance and in writing. Include your right to claim late payment and interest charges. Even if you do not intend to do so, it can be a useful deterrent against late payment.



3. Issue invoice correctly and as soon as goods or service is provided

The sooner you ask, the sooner you get paid. Get the invoice right first time as having to raise credit notes and reissue invoices means having to use time and resources which could be better spent elsewhere.

4. Ensure the customer knows the invoice due date

Do not use vague terms such as “30 days from invoice receipt”. Highlight the exact date “The invoice is due for payment on 1st June 2020. Make it stand out clearly by even using a different colour.



5. Provide clear payment instructions

List all the payment methods available and actions required. This way there is no excuse as if waiting on a new cheque book then has the option to do a bank transfer or use a credit card for example.

6. Be proactive by making a well-disguised reminder call

Call to ensure everything is okay with the goods or they were happy with the service. Check that they have the invoice and it is all correct. If everything is okay then advise you are glad and will expect payment on the due date.

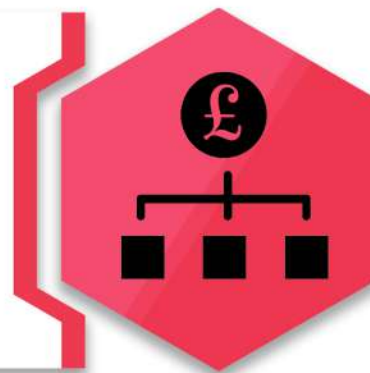


7. Resolve queries quickly

Queries on invoices delay payment. They should be identified as quickly as possible and logged on the system. Categorization of the query type and allocating responsibility to resolve within a specified timescale will ensure it does not remain on the ledger unresolved.

8. Allocate and match payments to invoices quickly

All payments received should be posted to the account and the relevant invoices cleared. If no remittance details are received with the payment this should be sought urgently. Failure to do so can result in the customer being chased incorrectly for invoices already paid.



9. Use letters effectively - do not overuse

If payment has not been received by the due date issue a reminder. The letter should clearly state what is owed and that it is due now. Remember there can only be one final demand so do not lessen the impact by repeating the letter process.

10. Effective telephone techniques

Every call is potentially different therefore staff should be prepared. Collections staff need to be trained and experienced in making collection calls, overcoming disputes, and negotiating payment. The objective of every call is to get a payment or a commitment to pay.



11. Make customers aware of any consequences for paying late

This should be confirmation of what was outlined in the T & C. If late payment interest, for example, is being charged then a separate invoice should be provided. If supplies are stopped then their buyer should be informed and so should your salesperson.

12. Never threaten anything, you do not intend to undertake

Otherwise you face undermining the credibility of the collection process and the debtor discovering your bluff. This may put you in a weaker position than you were before.



13. Follow Up

If you do not follow up then everything that has went before is for nothing. If you said you would do something then do it, if you were to call back then do it. Most importantly if you are expecting the payment to be received on a particular date, check to confirm if it has been received and call if it has not.

14. Have and use escalation effectively

The more past due an invoice becomes then the prospect of getting paid reduces. Once the in house collection process ends there should be a seamless escalation of the matter. This shows you are serious about your payment terms. Do not restart the process again.



15. Review and measure the effectiveness

Constantly review and measure performance for example by day sales outstanding, the average time taken to pay compared to actual terms or debtors expressed in proportion to sales. If the time taken to get paid is far longer than payment terms then you need to implement change.