



HOW TO MAKE SURE THEY PAY

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1. Always establish the terms and conditions of sale.

Terms and conditions need to be clear and agreed with customers from the beginning. Make clear on invoices whether payment within 14 or 30 days is expected. A penalty clause for interest on late payments should also be made clear.

2. Where possible, build a relationship with customer account departments.

Good terms with the accounts departments of leading customers means favourable treatment is more likely in the chase for early payment.

3. Run a credit check on all new customers.

Don't be surprised to find out that a customer that owes large amounts of money has a bad-debt profile and may end up in the hands of the administrator. It is relatively easy to do and there are a number of agencies that will provide the information for a reasonable fee. It also pays to check that company information on a customer includes details such as its address, the names of directors and legal status.

4. Regular customer health checks.

While in a checking mood, it doesn't hurt to keep an eye on the health of existing customers. They can get into trouble too. If that looks possible, quick moves can be made to recover any debt.

5. Follow up all invoices.

Call customers when an invoice has been sent to let them know their bill is on the way. Follow up before the due date to see if there are any problems.

6. Agree credit limits with your customers.

With customer health checks in hand, agree on a manageable credit limit and do not allow the customer to exceed this.



7. Where possible with large accounts personally deliver.

Large or suspect accounts should be delivered to the customer by courier or by hand to ensure the 'lost in the mail' excuse cannot be used.

8. Maintain accurate books.

A company's sales ledger must show all sales and credit notes issued. If there are any adjustments to accounts, these must be noted accurately. The dates an invoice is sent and cash is received must be recorded faithfully.

9. Recognise any problems at an early stage.

Always contact a customer immediately if a problem such as slow payment occurs. When things get critical, use a lawyer only as a last resort to ensure the relationship with the customer comes first.

10. Consider factoring.

Factoring is one way to get bills paid quickly. Outsourcing back-office functions to a factoring company means that someone else will chase up the accounts.