

Get Paid On Time

– A SALT Business Growth Guide

Here's a few tips that will help business of all sizes improve their cash flow and to reduce their debtor days:

1. **Do not ignore overdue invoices** hoping that payment will magically appear tomorrow. Make contact with client as soon as the invoice becomes overdue - cash flow is what keeps you in business. Deal with late payers professionally and quickly and do not let debts go unaddressed for weeks and weeks, you'll be asking for trouble.

2. **Ensure that you have formal Terms of Business or Booking Form with all customers/clients**, without exception! Make sure that there is provision for either contractual or statutory late payment interest (commercial clients) should invoices not be paid on time. Late payment interest can act as a strong deterrent against late payment and is also there to compensate you should invoices be paid late. It is not compulsory to apply late payment interest so you remain in control.

3. **Communicate your payment terms clearly.** Make sure that your payment terms appear clearly not only on invoices but on all order/booking forms that you use as well as on your T&Cs and website.

4. **Stick to deadlines** - Send a well drafted reminder notice on the very day that your credit terms have expired. Be on the ball and ensure that your clients know you are on the ball. A reminder notice should make a demand for payment in full and again, communicate a clear deadline, say 7 days, and confirm how they should make payment. Also request that the client contact you immediately should they be unable to send remittance straight away.

5. **Know your customer** - Make sure you know who you are dealing with. Is it a sole trader? A limited company? A Partnership? What's the registered address etc etc. Be thorough, always. If it's a new client or a large value order then, where possible, carry out a credit referencing check on the client to ensure that they are indeed credit worthy. Also consider requesting a deposit if appropriate.

6. **Do not be afraid to ask for payment.** The number of clients I've worked with that appear to be initially frightened to push their debtors for payment is high. Small businesses sometimes worry that by demanding payment as soon as the credit terms have expired they may lose future custom. This is rarely the case, it's just business. Do not just rely on sending letters requesting payment, pick up the phone and speak with your client. A verbal request asking for payment cannot be ignored and put in the bin; they will be obliged to address the matter with you there and then.

7. **Have a paper trail** - Where possible try and chase early debt in writing (via email). Having a written record, proof of a commitment to pay from you debtors and an acceptance of liability is invaluable should the matter ever become somewhat litigious.

8. Incentivise your customers to pay quickly - If it's a viable option then offer a small discount on future bookings for prompt payment, this encourages clients to settle invoices quickly and also opens the door for repeat business!

9. Use a professional – If your attempts to secure payment from your debtor are not working and you genuinely feel that you have exhausted every option to deal with the matter yourself then refer the matter to a debt collection agency/ solicitor as soon as you sincerely believe that your efforts have not worked. The older the debt the more difficult it is to recover. These services generally have a good success rate and will prove much quicker than relying on the Courts. (In my opinion). Make sure that you inform the debtor in writing of your intention to pass the debt to an external agency/firm. This can be used to good effect in your final demand for payment.

10. Ask about their collection techniques - Make sure that if you do use an external company to help tackle debts then make sure they are both professional and ethical in their approach. Using unfair/threatening collection procedures could potentially land you in hot water and you do not want to give your debtor any excuse to continue to withhold payment.

Use these external resources to help yourself further:

<http://www.promptpaymentcode.org.uk/>

<http://payontime.co.uk/getting-paid-on-time-by-your-customers>

<https://www.gov.uk/government/news/getting-paid-on-time>



SALT Business Growth have many years of in-depth expertise in this area and can help to guide you through the process of getting paid and cutting the potential for non-payment in a way that creates greater security and satisfaction for everyone.

While we are well-known for helping our clients to make more money, it is our ability to ensure that you can collect payment that is essential to making sure that you are ultimately successful.

Learn how to create a comprehensive set of processes and procedures that cut the potential for non-payment situations.

Become proficient in credit control conversations and get paid every time.

This is all part of our mission at SALT to cut the high rates of SME business failure through directly combating the common causes of failure.

Call us today to get started. 020 8873 0073.



If you like this article and know a business owner or worker that will benefit from this guide, then feel free to share this with them and let people know that this is a valuable guide.

