

# Credit-to-Cash Briefing

## Ten steps to prompt payment

Collecting cash timely is just as important as making the deal. The secret of timely collections lays in the systematic and consistent credit management practices that should underpin your relationship with every customer. By following a few simple advices, you can help to boost your company's cashflow and protect it from the pain of late payment.



### 1) Business contract

Set your terms and conditions of trade in stone. Include a clear statement of interest charged on overdue accounts and retention of title terms for unpaid goods. Ideally, get the purchaser to sign them with their order.

### 2) Constant watch-out

In a perfect world, run a credit check of prospective customers.

However, these may not help when you run into trouble with past buyers. So keep constant watch for warning signs like slipping payments, round-number or unsigned cheques.

### 3) Bill promptly

Invoice correctly and as soon as possible. Ensure the pay-by date is clear.

### 4) Follow-up

Depending on the amount in question, follow up three days after posting your invoice. Say that you are checking the customer is happy with the product or service. Assuming they are, you then confirm whether they have received the invoice and passed it for payment.

### 5) Overdue invoice

The day the invoice becomes overdue, ring up and politely ask if there is a problem because payment is late. The only excuse for non-payment is not having the money. Everything else is make-believe. So be polite, but persistent. Point out that interest is now accruing on the invoice.

### 6) Documentation of calls

Keep notes of every conversation you have from now on and immediately fax the customer a summary after each call.

### 7) The cheque is in the post... (1)

If they say they will put a cheque in the post, ask them to post it first class and allow three days before calling again.

### 8) The cheque is in the post... (2)

Next time they promise to post a cheque, ask them to fax a copy of the signed cheque to you. Then at least you know they have written it and intend to pay. Alternatively ask them for the cheque number.

### 9) Pay a visit

If the company is local, phone in the morning and say you will be in reception at a specific time to collect a cheque in the afternoon. Be prepared to sit some time if necessary.

### 10) Write a letter

If they are too far away to visit, write a bland letter (no matter how angry you are) stating the facts only. Draw attention to your terms and conditions of trade and itemise each call you have made chasing payment, enclosing copies of your faxes confirming these conversations. Say that you can no longer supply them and point out that if you have not received a letter within seven days, you will have to take legal action. Be prepared to keep your word, however.

**If you are polite and firm, these tactics will not ruin customer relations. Conversely, you may earn your customers' respect.**

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