

16 Debtor Management Tips

Before the job:

1. Take the time to credit check new customers – saves you a lot of grief later.
2. Have good engagement processes – provide accurate quotes that detail the terms including the due date for payment.
3. Maintain a good spread of customers so that if one defaults it doesn't hurt too much.
4. Get deposits or payments up front – especially for projects that have high up front expenses.

During the Job:

5. Manage job turn-around times – the faster you do the job the faster they'll pay!
6. For service businesses that carry work in progress - issue progress invoices.

After the job:

7. Don't wait to send an invoice – instead of billing at the end of the month, bill as soon as the work or project is completed or when the stock leaves your business.
8. Format your invoices properly – have a specific due date for payment (not just “in 14 days”).
9. Make it easy to get paid 24/7 – offer BPAY, EFTPOS, credit card, website facility.

10. Offer discounts to motivate customers to pay earlier.
11. Deposit the cash/cheques as soon as you get them – don't bank just once a week.
12. Don't wait for people to get around to paying you – call them as soon as the invoice is due.
13. Review your debtors list each week and chase them (have a pro-active system).
14. Don't wait forever to get paid – at least get regular instalments.
15. Settle customer disputes quickly – Unhappy customers often will not pay until they are satisfied. Customers vote with their \$\$\$'s - if they are unhappy they will not pay and they may even leave.
16. Don't send aged statements as reminders - send letters of concern instead!