Atradius
Collections

Streamline your AR
Checklist: Controlling your cashflow

Besides anticipation and preparation, you need effective collections.

Creating, correcting, and chasing invoices. Have you spent too much of your precious time running around?

In order to get paid, you'll need to do more than just delivering your goods or services.

Getting your accounts receivable and invoicing process right doesn't only save you time, it also paves the way to being in control of your cash flow.

Use our checklist to have an efficient receivables and invoicing process.

Payment terms

Set clear payment terms. To save time, you can set general payment terms first. Then negotiate the specific terms with each customer until both parties are on the same page.

Typical payment terms to include on your invoice;

	YES	NO
The payment amount for the goods or services you deliver	☐	☐
When you will invoice your customer	☐	☐
When your customer has to pay	☐	☐
The payment method(s) your customer should use	☐	☐

Incentives and disincentives (depending on the situation of your business) to include;

	YES	NO
The consequences of late payment (e.g. late fees, interest charges)	☐	☐
The credit policies designed to discourage late payment (i.e. stop delivering goods or services until your customer pays all their outstanding invoices)	☐	☐
The rewards for early payment (e.g. discounts)	☐	☐

It's important to spell out everything. Leave no room for guesswork.

After negotiating, you and your customer should document all the agreed payment terms in writing and sign off on them before doing any business.

This will serve as a legally binding document in your favour if your customer violates the terms.

Keep accurate records

As you have more customers, you have more customer data to manage.
If you don't keep those records organised and up to date, you will lose track of what was agreed, what has been done, and what still needs to be paid.

Your data records of each customer should have:

	YES	NO
All the contracts made with the customer	☐	☐
All the sales orders received from the customer	☐	☐
The time you've spent on fulfilling the customer's orders	☐	☐
The resources you've put into the customer's orders	☐	☐
All the documents confirming the deliveries of your goods or services	☐	☐
All the invoices sent to the customer, including the paid and unpaid ones	☐	☐
When the customer has to pay each invoice	☐	☐
All the communications with the customer about payments (e.g. reminders, agreements)	☐	☐

This may sound like a lot of work. But it doesn't have to happen all at once.

You just need to keep records of each step taken as you go along. Many accounting software (e.g. FreshBooks, QuickBooks, Xero) can help you do this easily.

Storing all your customer data records in one place also has a great advantage. When something is missing or wrong, you will know immediately where to check first.

Tip: Offer easy payment methods

When you make it easy for your customers to pay, they can pay quickly and have fewer excuses to delay payment. It's necessary to choose the easiest payment methods for both parties.

Some common payment methods are:

- Credit card
- Debit card
- Direct debit
- Bank transfer
- Cheque

Choose electronic payments if possible.

Supported by many online payment services, they make the payment process short and simple for your customers. They also make it easy for you to keep track of where payments come from.

Invoice on time and on point

To reduce payment delays caused by invoicing, you'll need to make sure that each invoice meets the special requirement of the customer.

Each customer is different, so check with them beforehand:

	YES	NO
Is there any extra information they want to see on the invoice?	☐	☐
Do they want to receive the invoice via e-mail? If not, state alternative method.	☐	☐

Does the invoice have all the correct information?
Sometimes it's difficult to get the basics right. Ask yourself:

	YES	NO
Are the customer's name and address correctly written?	☐	☐
Are the goods or services correctly listed?	☐	☐
Is the invoiced amount correctly calculated?	☐	☐
Is the due date correctly stated?	☐	☐
Does the invoice include the agreed payment terms, and the incentives to pay early and disincentives to pay late if applicable?	☐	☐
Has the invoice been sent on time?	☐	☐

Tip: The customer will only pay after they receive the invoice.

If there are no specific agreements on this, you can send the invoice as soon as you have delivered the goods or services.

Use online collections services

The above tips can help you cut the number of outstanding invoices, but not all of them. It's always possible for your customers to pay late or not pay at all.

When this happens, you should contact the customers and find out why they haven't paid.

Many things can happen from the moment a contract is signed to the moment the invoice is due.

If this takes too much of your time, or your efforts haven't resulted in payment, consider getting external help.

An experienced and professional collections agency with the right approaches can encourage your customers to pay, while maintaining your business relationships.

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With Atradius Collections, you can use the online service to:

- Know right away how much it costs to collect your outstanding invoices. Get a free quote now.
- See real-time updates on the collections progress
- Get paid as soon as your customers pay their outstanding invoices

Being efficient is crucial for the profit of businesses. Whether it is managing accounts receivable, invoicing, or collecting, do what you can, leave the rest to those who can help. **Focus on growing your business.**

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