

# Managing Cashflow Guides

## 1. Knowing your customer

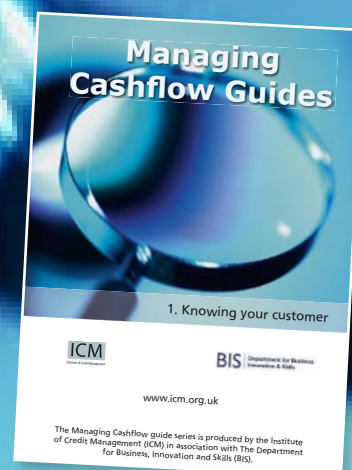
Unless you know exactly who you're trading with, you won't be able to check if they are good for the amount of credit you need to grant, you won't be able to commence legal action effectively if it becomes necessary.

### Can you answer yes to all these questions?

- Do you know the exact name and trading style of the business? The people or company that own the business, and are liable for any debts, may not be the same as the name under which the business trades. Types of business include, amongst others, limited companies, partnerships and sole proprietors.
- If it's not a limited company do you know the name (s) and personal address (es) of the proprietor or partners?
- Have you seen headed paper or documentation that verifies this information?
- Have you used a credit reference agency to check their details and credit status?
- Does the information support the amount of credit they'll need? There are many sources of information, the most common and readily available being credit agency reports and references.
- Have you talked to other suppliers of the business to obtain references?
- Do the details on the order match those you were given earlier?
- If they were previously dealing with your competitor, are you happy about their reasons for coming to you?

### Five Top Tips

1. Check out the exact name and legal status of the business you're supplying. If it's a sole trader or partnership, the proprietor or partners are personally liable so make sure you have their full details. Businesses can disappear much more quickly and easily than individuals! *For limited companies you can undertake a free check on a limited company's basic details using the Companies House **WebCheck service**.*
2. Don't be afraid to push for all the information you need – if you can't get it now, it will be far more difficult later.
3. Watch out for 'friendly' references that the potential customer gives you. References that you choose are far more effective.
4. Invest in credit reference information – it could save you a bad debt.
5. Set some rules that you (and all your employees) always follow and don't be tempted to break them, even if you're put under pressure to supply urgently.



# Contacts and suppliers

**NEW!** Credit Services Providers – Your details could appear here – Email [cashflowguides@icm.org.uk](mailto:cashflowguides@icm.org.uk) for further details

**Creditsafe Business Solutions – changing the way business information is used – [www.creditsafeuk.com](http://www.creditsafeuk.com)**

**Graydon – credit risk intelligence – [www.graydon.co.uk](http://www.graydon.co.uk)**

**Credit Guardian – A brand new approach to managing risk in business – [www.dracyir.com/creditguardian](http://www.dracyir.com/creditguardian)**

**Top Service – Construction sector specialist – [www.top-service.co.uk](http://www.top-service.co.uk)**

**Equifax – [www.equifax.co.uk/business](http://www.equifax.co.uk/business)**

Note – inclusion of Supplier details in the above list does not constitute endorsement or recommendation of that company, its products or services.

## The Guides in this series:

1. Knowing your customer
2. Payment terms
3. Invoicing
4. Treating suppliers fairly
5. Credit insurance
6. Factoring and financing options
7. Chasing payment
8. When cash runs short
9. When all else fails
10. When your customer goes bust



For tips on getting paid and advice on best practice in credit management, call the Institute of Credit Management on **01780 722912** email [tech@icm.org.uk](mailto:tech@icm.org.uk) or **visit [www.creditmanagement.org.uk](http://www.creditmanagement.org.uk)**

For further information and advice on starting up, running and growing a business, call Business Link on **01845 600 9006** or visit **[www.businesslink.gov.uk](http://www.businesslink.gov.uk)**

