

# Managing Cashflow Guides

## 7. Chasing payment

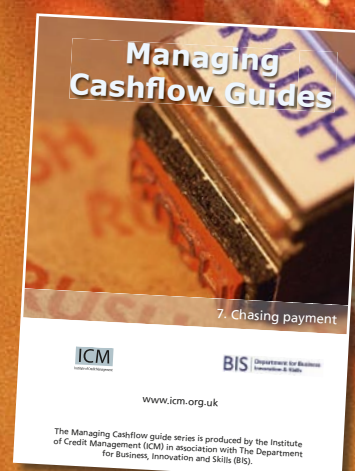
When you get paid, the sale is complete. When a customer doesn't pay, they're hanging on to money that is rightfully yours and you should ask for it. You should have a routine system for following up non-payment that includes letter, email, and telephone, but be prepared to act more quickly if the amount is large or you are concerned about the customer.

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

- Did you agree the payment terms with the customer before you accepted their order?
- Are you sure the invoice is accurate and no dispute has been raised?
- Has the payment due date passed?
- Has the customer confirmed receipt of the invoice?
- Do you have proof of delivery for any goods delivered?
- Does the invoice say how and where payment should be made?
- Do you keep a record of all collection activity? It will be vital later if you have to engage a third party (see **'When all else fails'** guide in this series).

### Five Top Tips

1. If the invoice is large, call the customer before the payment due date to make sure it has been received and there is no query; this is good customer service.
2. Make immediate contact when payment has not arrived, be assertive about what you expect and when you expect it, and make the consequences of non-payment clear. Follow up promises to make sure they're met.
3. If a customer persistently pays you late or makes excuses, check them out (see 'Knowing your customer' guide in this series) and consider whether you're prepared to continue supplying on credit terms. It may be better to lose an order, or even the customer, than supply goods, not get paid and suffer a bad debt (when that happens you lose the goods and the money you're due).
4. Be polite, professional and persistent; do what you say you're going to do when you said you were going to do it.
5. Try to get customers to pay by electronic transfer or Direct Debit to avoid waiting for the cheque to arrive.



# 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

**Business Change Partners** – [www.businesschangepartners.com](http://www.businesschangepartners.com)

**Credit Hound** – Get paid sooner and improve your cash flow – [www.draycir.com/credithound](http://www.draycir.com/credithound)

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

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)

