

THE CASH COLLECTION PAIN CHAIN



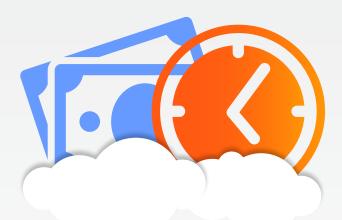


THE CASH COLLECTION PAIN CHAIN

Now we realise that you are in business partly because you love what you do but we also know that it's about making money. This can be hard when you have to go through the pain of collecting cash (which sometimes seems like it will never arrive) when you should be concentrating on generating more. You already did that deal, so the time has come to move on to new ones; but instead you have to spend time chasing payments.

Not only does this take away time that could be better spent on generating more cash, it stops you making accurate plans, it hinders growth and threatens your company's stability. When times are tough, as they most certainly are at the moment, collecting on accounts receivable becomes more important than ever. At the same time, as in the ageold chicken and egg scenario, it also becomes more difficult as your customers experience cash flow problems themselves. Add to this the fact that the global financial crisis has made it much harder for businesses to access credit. Mounting statistics show that invoice payments are getting slower and slower. Cash collection problems, and the impact that they have on your cash flow and business, don't seem like they will be going away any time soon.

Then there's the issue that this situation could end up giving you a bad reputation; as if you're not getting paid, you can't pay your bills on time. A bad reputation means less business; all through no fault of your own. Well, apart from the fact that you haven't got the right systems in place to make sure your cash gets collected when it should.





SO HOW CAN YOU MAKE CASH COLLECTION EASIER?

You can follow these top tips for cash collection that can help improve cash flow and help make your business more stable.

Cash Collection Tips

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1. Require a down payment on projects so that your customers fund the project, not you.

2. Set your terms to be paid in full upon completion. Don't give 30 or 60 day terms after you've completed the work.

3. Negotiate terms with your vendors for 30 days or more so you have an opportunity to complete the work, bill your customers and receive payments prior to paying your vendor.

4. Have a collection process in place, and follow through. When your customers delay payments, they're using your cash. You need to ensure that you're being diligent in collecting from your customers.

5. Offer incentives for early payment by giving small discounts to quick payers.

6. Charge for late payments by adding a clause to your contract which states that if a customer doesn't pay within the timescales agreed they will incur a fee.

7. Include payment reviews in your sales meetings so that the sales team know which of the customers they have sold to haven't paid.

8. Adopt a strategic approach to cash management so that your payments get processed more quickly and enable your business to grow.



MAKE LIFE EASIER WITH CRM INVOICE MANAGEMENT

You can also invest in a CRM system that automates and integrates your sales, marketing and accounts processes. This way everyone is involved, rather than just the accounts team who have never met or spoken to the customer and have no real idea of who they are, the circumstances of the deal or why they might be slow in paying. If the sales rep who closed the deal can see that it's not getting paid then he or she can step in and talk to their contact within the business and see if they can get the issue resolved.

Having all of your business's processes managed in one place means that you have a clearer idea of what's going on where, when you can expect revenue to come in and who is not paying on time. A system that can schedule and record activities against your invoices means that reminders are automatically generated when an invoice becomes overdue, so you know about it immediately and can react quickly to get the problem resolved before it starts to have a negative impact on your business. Having one CRM system that everyone in your business uses means that all departments that might have contact with the customer can see that they are late with their invoice payment. Having a conversation with them about this can lead to payments suddenly being made as it's likely that the person your customer services representative or sales rep spoke to will be suitably embarrassed by the situation and hotfoot it to their accounts team to get it sorted.



So, get yourself a cash management strategy drawn up and invest in Workbooks CRM as it gives your entire team a complete view of every customer – from the time they became a lead generated from a campaign through to the moment they were invoiced for the services or product you sold them. It will also tell you when they paid their bill; or didn't, as the case may be.