

Financial training For non financial staff



The financial training specialists

Get the invoice right (cashflow)

Several of my blogs focus on getting paid. That's because it's such an important issue. Many companies that fail are profitable – they fail because of cashflow problems. And the biggest element in successful cashflow is getting the customer to pay on time.

When I talk to sales and production people they often say that getting the customer to pay is the responsibility of Finance and Credit Control. But often the way the sale was agreed, or the way the invoice was produced guarantees that customer won't pay on time.

Common reasons for non-payment of an invoice include the lack of a Purchase Order number; an error in the invoice; the price being wrong; extras that haven't been agreed; etc. These are all down to sloppy invoicing. There's no point raising an invoice if we know it won't get paid on time, and we'll have to raise a correct invoice later.

Sometimes delivery hasn't been made in accordance with the contract. Not everything has been delivered; the paperwork isn't in place, warranty documentation hasn't been sent; etc. So when we ship the goods we can do it in a way that guarantees that the customer won't pay on time.

Perhaps the sales person was sloppy in tying up the details, and the criteria for payment haven't been clarified, or we've agreed to their terms rather than ours.

We need to understand why our customers don't pay in time, and stop giving them excuses for late payment on a plate!