

Financial training For non financial staff



The financial training specialists

Financial habits - part 4 (Budgeting, Profit)

Having looked at invoicing promptly, this week's habit is about ensuring the invoice gets paid promptly.

Slow customer payment damages our cashflow, and poor cashflow is a major cause of business failure.

So that invoice you've sent needs to be paid! Customers can be creative when finding excuses for late payment, but often we've given them a ready-made excuse.

Maybe there's no PO number on the invoice. Or it's been added up incorrectly. Or sent to the wrong person. Or we haven't sent the supporting paperwork. Or the order hasn't been delivered in full.

You get the picture!

So, when you send an invoice, get into the habit of contacting the customer a couple of days later: "I'm just checking you've received the invoice, and you're okay to approve it for payment." That will probably short-circuit any problems we've created that will delay the payment.

If you feel uncomfortable with this, you can sweeten it by also checking that they're happy with the delivery or service, and whether there's anything else they need. Passing leads to your sales team won't damage your reputation!

Make a diary note of when the invoice is due for payment, and check whether it has been paid. If it hasn't, your customer contact can often put pressure onto their colleagues in Accounts Payable more effectively than your Credit Control team can.

By adopting this habit, you'll find that your invoices get paid more quickly than average. That will help your business's cashflow, and your reputation!