

Financial training For non financial staff



The financial training specialists

12 details to clear before signing the sales contract

We are really focussed on closing the sale and getting the customer to sign that sometimes we can forget some of the details that lead to a profitable sale, with the cash on our bank. Here's some issues to think about:

- 1 Can you squeeze a slightly higher price? Any increase in price will be additional profit, so a bit more on the price increment is a lot more profit.
- 2 Remember that a small discount to win the deal can be a large slice out of your profit.
- 3 Who's paying for delivery? If it's the customer rather than you it can make a big difference to the profit.
- 4 On a longer term contract can you get some payment in advance? That will make a big difference to your cashflow.
- 5 How will the payment in advance be recovered? From the first contract milestone, the last, or evenly over them all?
- 6 If the customer wants a retention, can you offer them a guarantee or a bond instead? That way the cash will be in your bank rather than theirs.
- 7 If it's an overseas customer do you need a letter of credit to guarantee payment?
- 8 On a longer term contract have you broken it down into milestones for stage payments, to help our cashflow?
- 9 Are the milestones within your control to achieve, or does the customer control their achievement?
- 10 Have you front loaded the milestones as much as possible so we are getting paid as early as possible?
- 11 Have you agreed our payment terms, or have we let them use their supplier payment terms?
- 12 Have you found out when they pay suppliers? That will help us chase for payment before the payment run rather than after we've missed it...

Of course, the customer will be aiming for exactly the opposite, but there may be some points they haven't considered, and will give us our way. And we can play some of these points off against others in the negotiation process.

Good luck!