

Financial training For non financial staff



The financial training specialists

How long is a piece of string? (cashflow)

That was one of my grandmother's favourite responses. I eventually thought to ask how long a piece of string actually was: "It depends where you cut it."

Years ago a friend of mine went self-employed. He'd worked out his costs and prices (my previous two blogs) and I asked him what payment terms he wanted.

"Won't my clients just pay me after 30 days?"

"Only if you make that happen." And that's true for every business: large or small. Of course, most shops make it happen by getting payment at the point of sale.

Others need to agree terms in advance, and ensure they're not simply agreeing to their customers' payment terms.

Then we need an effective process to chase for payment. Credit Control have a role to play here, but the payment process will be helped – or hindered – by others in the business too.

We won't get paid until we've sent the invoice. But how often do urgent issues get in the way of "doing the paperwork"?

Payment is delayed if the customer queries the invoice. Yet lots of queries could be short circuited if the person doing the job and sending the invoice also checks that the customer is happy with the invoice, and can approve it for payment.

What are the most common reasons for late payment in your business, and what do you need to do to plug the holes?

How quickly will customers pay? How long is a piece of string? It depends on you!