

Financial training For non financial staff



The financial training specialists

You won't get paid until you send the invoice (cashflow)

I got my car serviced this week. In most garages you pay the bill before you get your car back. Not in our local garage. The invoices get printed later. Usually much later.

And then they don't post the bill. They give it to you next time you're in. If you haven't been in by the end of the following month they'll drop it through your door.

Even then there's no pressure to pay. I still don't know what their credit control procedure is, as I've never yet been asked to pay an outstanding bill. Even though – because I normally buy petrol whilst I'm away – I'm rarely in the garage to pick up or pay the bill. It's often been two months between having work done on the car and paying for it.

Think about what this means for cashflow. If sales are £100,000 a month (£1.2m pa), and there's a two month gap between doing the work and getting paid for it, they're always out of pocket by two months' work: £200,000. It's actually £240,000 because of the VAT. And that £240k comes out of the overdraft.

It's easily done too. I did some work in the USA recently, and tagged a few days holiday on the end. I returned jetlagged, and was away again immediately. I invoiced a week late.

So what stops your business being able to invoice promptly? It's often a complex web of reasons: [here's](#) some examples.

How can you help accelerate invoicing?