

## *Financial training For non financial staff*



*The financial training specialists*

### **Getting paid (cashflow)**

Our aim in business is not to make sales, it is to get paid for profitable sales.

If I buy widgets for £4, and sell them at £10, I make £6 from a sale. But if I don't get paid I am £4 down off on the deal, and would have been better off if I hadn't made the sale at all.

Getting paid begins with establishing credit worthiness. Looking at their accounts may show how quickly they pay their suppliers. A credit search might be interesting.

Then we need to be clear about the terms of payment we expect.

There must be a clear process for dealing with late payment. Who follows up the unpaid invoices? How quickly? Many people don't like "asking for money", and businesses can fail simply because the staff are too polite to chase the money owed!

Finally there must be a process for dealing with consistently late payers. Long ago I was in charge of credit control for a Tyneside company, and I put a customer on "stop" because they weren't paying. (There is no point in selling more to a customer who hasn't paid for what we've already sold them). The sales director told me to take them off stop, as he wanted to make another sale! There must be clear consequences of not paying, which will include legal action.

Think about your BT bill. The blue one tells you how much to pay, the red one tells you when to pay it, and the black tells you that you are about to be cut off.