

# **CASH FLOW** NIGHTMARES?

## **5 STEPS TO GETTING INVOICES PAID ON TIME, EVERY TIME**



**THE SMALL  
BUSINESS OWNERS**

**GUIDE TO STRONG  
CASH FLOW**

**MORE PROFITS AND GREATER  
BUSINESS VALUE**

**Jan Reeves**

# 5 STEPS TO GETTING INVOICES PAID ON TIME, EVERY TIME

*Cheat sheet by Jan Reeves*

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Getting your invoices paid on time isn't really as difficult as you may think. You'd be surprised (actually, astounded!) at how many invoices are sent out with incorrect details and/or to the wrong person or address. Is it any wonder then they aren't getting paid ... or at least, severely delayed?

To make sure you're in the 'getting paid' category, here's:

***5 key tips covering the all-important invoice fundamentals.***

## Step #1 – Don't delay

As a small business, I understand invoicing can be a hassle. It takes up valuable time you could be spending actually doing the work you get paid to do. But shifting your mindset to realise it's a vital part of your day-to-day job is important. After all, without invoicing your business simply couldn't survive!

### Delays in payment often start at invoice creation.

To address this, here's a good rule of thumb to follow: once you've done the work, invoice it.

You don't need to wait until the end of the week or the first of the month. You're in charge as you've done the work! So if you finish the work on Monday, invoice on Monday. The sooner you send out that invoice and it's in front of the person who ordered the work, the sooner it will be paid.

I acknowledge this may be a little hard to do if you have multiple invoices to write and send in a day. But there's a few quick fixes for that. One is to take advantage of accounting software programs like Xero. It's easy to use and exponentially speeds up the invoicing process. Another may be to hire

#### Hot Tip:

Send your invoices *immediately – ie the day you finish the work.*

#### Success Strategy:

**Utilise accounting software** to speed up your invoicing process. Alternatively, **hire someone else** to do it for you.



## Step #2 – Check all invoice details are correct

Another big reason invoices aren't paid on time is due to invoicing errors. Perhaps you failed to include the right customer reference number or sent it to the wrong person or address?

To avoid this, find out **your customer's invoicing requirements** from the get-go. Before you issue an invoice, **ask them**:

1. Do they need an order number or any other reference on your invoice?
2. What's their invoice delivery address?
3. Do they have a different 'ship-to' address?
4. Who should you attention the invoice to?
5. What is the name of the person who 'signs off' the invoice (confirms receipt of goods / service) ?

These details are really important to ensure your invoice gets to the right person quickly. Sometimes your invoice needs to be dispatched somewhere completely different to where the goods or the service were actually provided (a 'ship-to' address). Or there may be a vast difference between who signs off the invoice and who physically makes the payment.

You may be concerned your customer may think you're hassling them by asking all of these questions. You don't need to be as long as you frame it the right way and in the right tone (friendly and polite). Tell them you prefer to know the details upfront to save wasting their time down the track. You're doing them a service (you don't actually have to say that bit - implying is enough!).

By doing this, your customer views you as highly 'service-focused'; a great trait to have in a small business. It sets you apart from all the bigger fish in the sea. Using the right tone also endears you to your customers. The more they like you, the more they'll buy from you ... and the more likely they will pay on time (or even early!).

### Hot Tip:

**Ask your customers about their invoicing requirements** so you get the details right the first time.

### Success Strategy:

**Be polite and friendly** when asking. Help them realise **the benefit of you asking first** – you're saving them time and providing an optimum level of customer service.

## Step #3 – Ensure your customer knows the invoice due date

The next key thing is to make sure your customer knows the exact due date of your invoice.

Payment terms vary from company to company so your customer is likely dealing with all manner of due dates. They probably also have their own payment schedule – perhaps they pay invoices 60 or 90 days after they receive them or (in the worst case), they go in a pile until somebody calls them and reminds them to pay!

When writing up your invoice, make their job easy by **clearly highlighting the EXACT due date**. Don't include vague terms like 'within 30 days of invoice receipt'. Spell out the date - even in another colour if you have to - with lots of white space around it so that it really stands out.

An example - if your payment is due seven days from date of invoice and today is the 1st of the month, then write:

**“This invoice is due for payment on the 8th June 2017.”**

### Hot Tip:

**Write the exact due date on your invoice.** Highlight it in a different colour.

(use blue as it's the colour of communication).



## Step #4 – Provide clear payment instructions

Once you've got your due date all brave and bold on your invoice, clearly tell your customer how you want to be paid. List all accepted methods of payment in a prominent position and consider highlighting your preferred method in bold.



### For example:

Please make your payment out to [Your Company Name] via:

- › **Bank transfer (insert your bank details) – preferred method**
- › Credit card (phone insert your contact number)
- › Paypal (provide your 'pay me' link)
- › Check (insert who they should make it out to and any associated terms)

### Hot Tip:

Offer your customer **as many payment options as you can**. This way, there's no excuses such as 'Oh, but I don't have a credit card' to delay payment.

## Step #5 – Make a well-disguised reminder call

The final step to getting paid is a well-timed phone call or email.

If your invoice is due on say, the 8th of the month then around the 4th, call or email your customer and state you're just 'checking in' to make sure everything is ok.

**Ask them one or two of the following:**

1) Is everything ok with the service/product?

2) Do you have any further queries about it?

3) Is there anything else you need from me?

Asking these questions further reinforces how great your customer service is (remember they experienced it when you checked their invoice requirements during step #2?).

Great service establishes a good rapport which can only up your likeability stakes. And clients tend to pay people they like first!

Now that you've got your customer in a great frame of mind, you finish the call by saying "Well, if everything's ok and you don't need anything more from me, I look forward to receiving your payment in a few days, on the 8th."

### Hot Tip:

**Make a follow-up call** or email a few days before your invoice is due. That way, if your invoice is at the bottom of a pile, it will prompt your customer to bring it to the top to be able to answer your questions. Moving it to first-in-queue means it's first-to-get-paid.

### Success Strategy:

If you're worried your customer might think you're chasing payment, **frame your contact as a follow-up customer service call.**

# Jan Reeves

So many businesses fail because they don't get paid. Jan Reeves know this firsthand as it almost happened to her - even though she had worked in credit control and collections for almost 20 years!

Jan began her working life in the UK and arrived in Australia aged 40, flat broke and looking for a change. After temping for a while, she set up a recruitment agency specialising in credit control and collections.



Fast forward 15 years and Jan had 28 staff and 24% profit on a \$12m turnover. However, she faced struggles along the way including one early customer who didn't pay on time to the tune of 100K - almost ending her business before it began. Jan learnt her lesson and quickly put a simple strategy in place that made sure every customer paid on time from that day forwards, and in doing so, grew her business with no debt and record profits.

After Jan sold her business to an ASX listed company, she had a lightbulb moment. She realised that the simple strategies she used to get invoices paid fast in her business could help other small businesses struggling with cash flow. Jan then recreated her collections strategy into a simple 'how-to-get-paid' eCourse designed to show all small business owners how to get paid without upsetting their customers in the process.

Since she sold her business, Jan has 'lived the dream' dividing her time between Australia and France ... and enjoying plenty of wine along the way!

**To learn more about Jan Reeves, visit [www.janreeves.com](http://www.janreeves.com)**