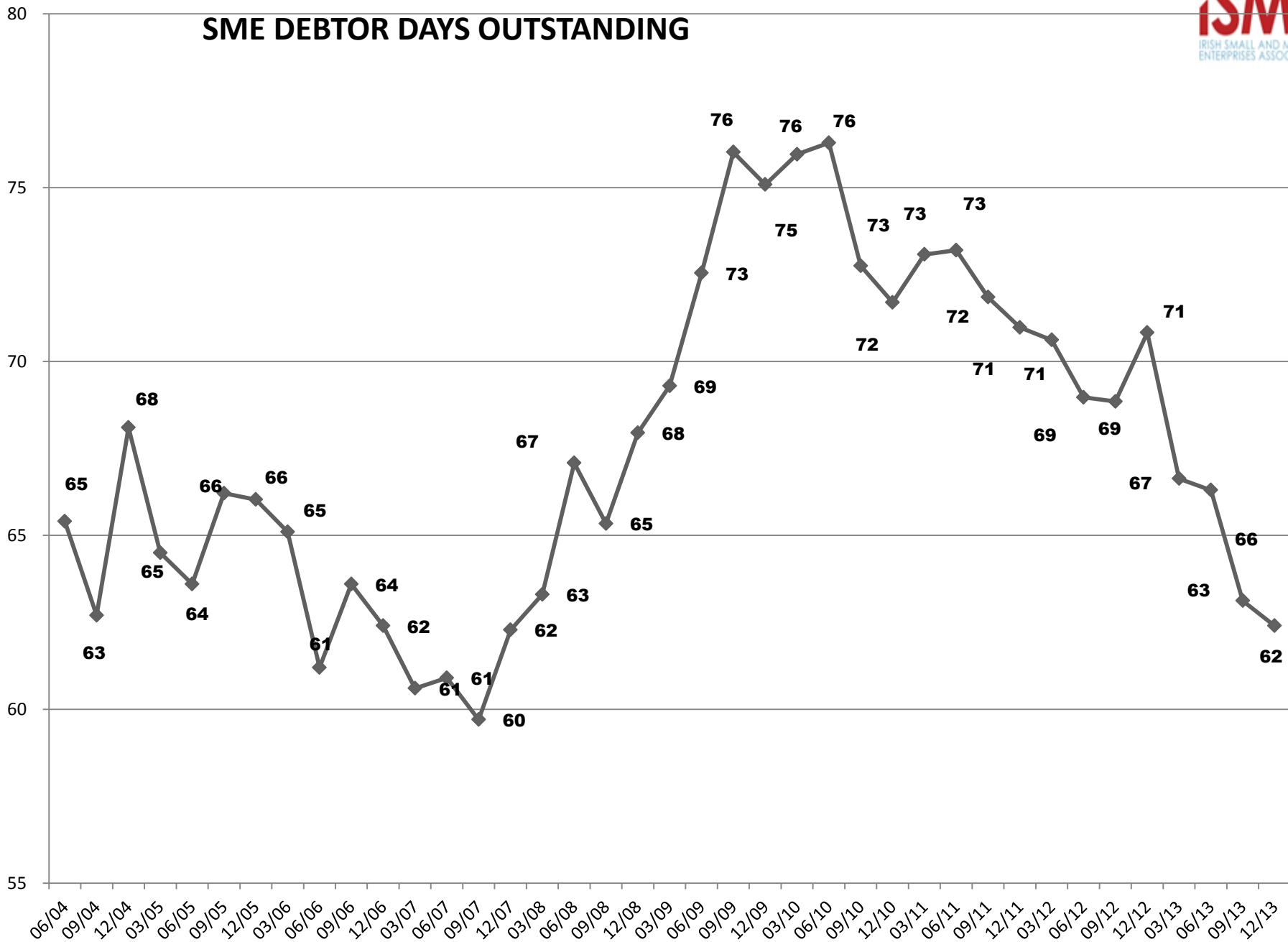


GETTING PAID

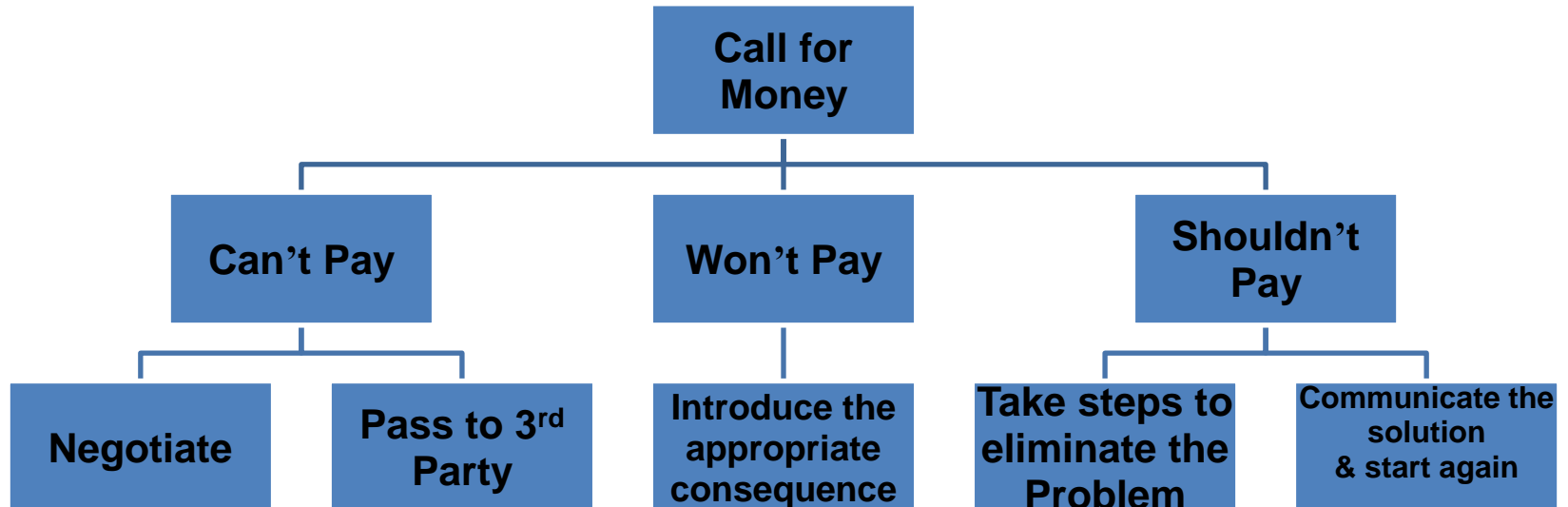
A sale is a gift till it's paid for.

*MARK
FIELDING
CEO, ISME.
February 2014*

SME DEBTOR DAYS OUTSTANDING



COLLECTION



CREDIT CONTROL OVERVIEW

- **Credit Policy**
- **Check them out!!**
- **Set Credit Limits**
- **Follow Procedures**
- **Review Regularly**
- **1st Loss is Best Loss**
- **Stay in Control**

Key activities to control your debtor levels

- Invoice promptly.
- Keep Signed Delivery Notes/ Agreements until payment is received (to avoid disputes)
- Keep unpaid sales invoices in date order to check them.
- Set aside a regular weekly/ monthly time to chase outstanding invoices.
- Concentrate your efforts on: -
 - *largest debts
 - *Customers you suspect are in financial trouble
 - *oldest debts
- If customer exceeds his/her credit, hold his/her credit facility until payment is made.
- It may be wise to insist on payment by setting up a banker's draft at the start.

SAMPLE CREDIT APPLICATION LETTER

- Dear Madam/ Sir,
- Thank you for your custom. It is our aim to provide the best service we can to you, the customer. In order for us to do that, we need to follow some guidelines, which help us to run our business efficiently.
- To open an account with us we require the following information:
- NAME OF FIRM _____ CRO REGISTRATION NUMBER _____
- REGISTERED OFFICE _____ NAME OF CHIEF EXECUTIVE _____
- PERSON DEALING WITH ACCOUNT _____
- PERSON PASSING INVOICES _____ CREDIT LIMIT REQUESTED _____
- TWO TRADE REFERENCES _____
- BANK REFERENCE _____
- Our credit terms are 30 days from date of invoice or receipt of goods (whichever is the later). All queries on goods must be made within 5 days of delivery; otherwise no credit notes can be issued. All goods remain the property of _____ Ltd. Until the full amount paid.
- PLEASE SIGN _____ POSITION/ TITLE _____
- Return this to accounts department _____ Ltd.
- We will contact you when a decision has been made on your application for credit facilities.
- Yours faithfully

Nine Credit Management Tips

- 1. Credit should be granted for the right reasons**
You should only give credit if it enables you to sell more.
- 2. Getting Paid must be important to you, and you take action consistent with this belief - You get what you focus on**
- 3. You have to know your customer**
Have a clear new account system and update mechanism
- 4. Have clear credit terms**
30, 60 or 90 days are not good enough,

Nine Credit Management Tips

- 5. Get your administration & documentation - Right first time – every time – this shows respect for your customers and reduces your costs and theirs. You will improve your company image and get paid faster.**
- 6. Know your Risk levels - and take appropriate steps to secure your position- At a minimum, categorise customers High, Medium and Low risk**
- 7. Crystal Clear Communications – internally & externally. Credit people are best placed at the hub of all communications**
- 8. View Credit Management as the completion of the sale. A sale is a gift until it is paid for**
- 9. Develop positive reporting. - What gets measured gets done**

7 DAY NOTICE LETTER

- Dear _____,
Legal Collection Notice
- Thank you for your custom. We in _____ Ltd appreciate our customers and always do our utmost to satisfy your needs. In order to run our business efficiently, we need to be paid for our sales.
- Despite numerous phone calls and letters you have not settled your account with us, which is now long overdue (a statement is attached for your attention).
- If we do not receive settlement payment within seven (7) days i.e. by _____ of _____ 20XX, we will send this account to our legal representatives for collection. Collection will involve you in legal costs.
- Please contact the undersigned if you have any queries.

Yours faithfully,

Cash Collection: MY 30 DAY CREDIT PROCEDURE

1. Send out invoices immediately.
2. Send out a statement to arrive on day 15max
3. Phone the customer on day 25
4. Send 'low' impact letter on day 33
5. Phone the customer on day 35
6. Send 'medium' impact letter on day 38
7. Send 'high' impact letter on Day 41
8. Send solicitor's seven-day letter on Day 45

Final Thought

**ITS YOUR
MONEY -
GO AFTER IT**

5 Reasons to Join ISME



A photograph of a person standing on a vast, rolling green grassy hill under a bright blue sky with scattered white clouds. The person is small in the distance, emphasizing the vastness of the landscape.

**REMEMBER
NEVER FEEL
ALONE IN
BUSINESS**

The *Independent* Business Organisation