



## PERFECT INVOICE POWER!

We understand cash can be very tight and there are many excuses that some customers will use to get out of paying you on time. Don't let an inaccurate invoice be one of them!

You need to create a successful invoice template, this includes these essential details:

- Date of invoice
- Customer name
- Order number
- Description of goods/services provided
- Total amount payable & VAT value if appropriate
- Payment due date

It is very important to ensure that the invoice is Accurate.

Proofread your invoice, pay special attention to spelling, names, numbers, dates, addresses. If any of the essential details are inaccurate or the calculation is wrong it makes your company look very unprofessional and gives your customer a reason to delay paying you.

If your invoice is clear and correct, customers are more likely to pay it than one that's messy, hard to read and spells their name wrong.

To help you get paid on time, it's important to ensure that your invoice is being sent to the right person at the right address or email address.

There are very few things more frustrating, or potentially damaging, than customers who are reluctant to pay for goods and services, to avoid the curse of late payments it's important to have procedures in place.

**Set strict limits.** Don't give credit terms to customers unless it is necessary. Where you do offer credit, set a limit for each customer account and don't exceed it.

**Use credit checks.** Ask customers for trade and bank references and always follow them up. Get new customers to complete and sign credit agreements; if they refuse, they may be hiding something. If the customer is a limited company, you can find out how long they have been trading by contacting the Companies Registration Office.

**Insist on written orders.** If you take a verbal order, get written confirmation before supplying against a credit account. That way, there is no doubt about what the customer has ordered, should there be a dispute. You could also ensure customers sign confirmation that the product or service has been satisfactorily supplied when it is delivered.

**Send out invoices promptly.** They should be dispatched as soon as goods or services are supplied. Make sure they clearly state the amount payable and the exact date payment is due. Clarify payment terms. Make sure your customers and clients are clear about your terms and conditions from the start, whether you expect payment within seven days or 30 days. Include a reminder of your terms with order confirmations and invoices.

**Follow up late payment promptly.** Call your customers about any outstanding amounts and issue statements and reminder invoices. Keep copies of letters or notes of telephone calls.

**Be alert to possible problems.** If customers begin to act differently, or become difficult to get hold of, it may be a signal that payment issues are on the horizon. If payments are delayed from a previously good payer, find out why and try to resolve the problem before it escalates.

**Employ late payment legislation.** Remember that you are legally entitled to claim late payment interest and reasonable debt recovery costs from companies who do not comply with agreed payment terms. The legislation is often seen as a valuable deterrent on invoices and reminders, rather than as a last resort for collecting bad debts.

**Use negotiation.** If a customer really can't pay, try to come to an arrangement that is mutually beneficial, such as arranging payment by instalments or having the goods returned. If this fails, you could consider using a debt recovery service, bearing in mind the charge they make for their services.

**Consider court action.** It is possible to take customers to court to recover debts, but you should weigh up how much it will cost you in time and energy, as well as in monetary value. Evaluate the amount of the debt, whether the debtor has the means to pay and whether they have any defence.