

FREE GUIDE

YOUR VA

TAKING THE PAIN
OUT OF CREDIT
CONTROL

If you're struggling with overdue payments, you're definitely not alone. Based on Xero Small Business Insights, Newsroom reported that "Small businesses are struggling to make ends meet as they wait for an estimated \$7.4 billion in overdue payments." They went on to report that, "half of small businesses are owed at least \$7,000 on any given day, with half of the overdue invoices at least 16 days past due on average."

This is why we need to get better at debt recovery. No more sleepless nights!

I solved the sleepless nights in my business by delegating our debt recovery to Hazel, our finance manager. This way I'm not contacting clients I've built a relationship with to ask about the overdue payments. Sales and customer service is (and should be) kept separate to overdues. Plus, I'd rather do ironing for a week than ask for payment as it's just not my zone of genius, whereas Hazel represents me professionally in a friendly manner and approaches overdue payments as a personal challenge. She gets the same buzz when an invoice is paid as I get after a successful discovery call.

Debt recovery isn't rocket science; it's a mixture of persistence, tenacity and sometimes pure courage. We have a procedure and we follow it, repeatedly. Whether we're collecting for clients or for our business, the procedure remains the same.

5 Steps to Approaching Overdue Payments

The Statement

Sending regular statements minimises the risk of invoices being unpaid.

STEP
1



STEP
2

Email Payment Request

When an invoice falls overdue, email a friendly reminder.

Email Payment Request #2

This is when we pass on to our Finance Manager, who will send a second payment request via email.

STEP
3



Make A Phone Call

Chasing late payers by phone tends to get the best results. Once we have them on the line, it's hard for them to ignore us.



STEP
4

Be Tenacious

Don't give up on chasing them until the payment is received. Be both consistent and tenacious!

STEP
5



01 **THE STATEMENT**

Sending regular statements is a proactive way to trigger a copy of a missing invoice or raise a query if an invoice is in dispute. We send our invoices out at the beginning of each month and statements are sent out 10 days later, so any copies can be sent through and processed before the 20th. Marg, who does our bookkeeping, is responsible for our statements going out each month.

02 **EMAIL A PAYMENT REQUEST**

A friendly reminder sent by email is your next point of action. If a payer has innocently forgotten to make the payment, this reminder will prompt them to do so quickly.

03 EMAIL A SECOND PAYMENT REQUEST

If a friendly reminder doesn't result in payment, send a second email or, depending on the amount or client history you may go straight to #4 and phone the client. We will accompany this email with a short text message reminder.

In this second request, simply write: *"Following up on my email sent to you [first name] we have yet to hear back from you. Could you please contact me in the next 2 days regarding payment of your account by return email or call me on [mobile number]."*

04 MAKE THE PHONE CALL

Chasing late payers by phone tends to get the best results. Once you have them on the line it's hard for them to ignore you! Simply identify what's overdue, ask when it will be paid, then wait in silence. Don't get off the phone until you have a firm expected payment date which you'll note for follow up.

05 BE CONSISTENT AND TENACIOUS

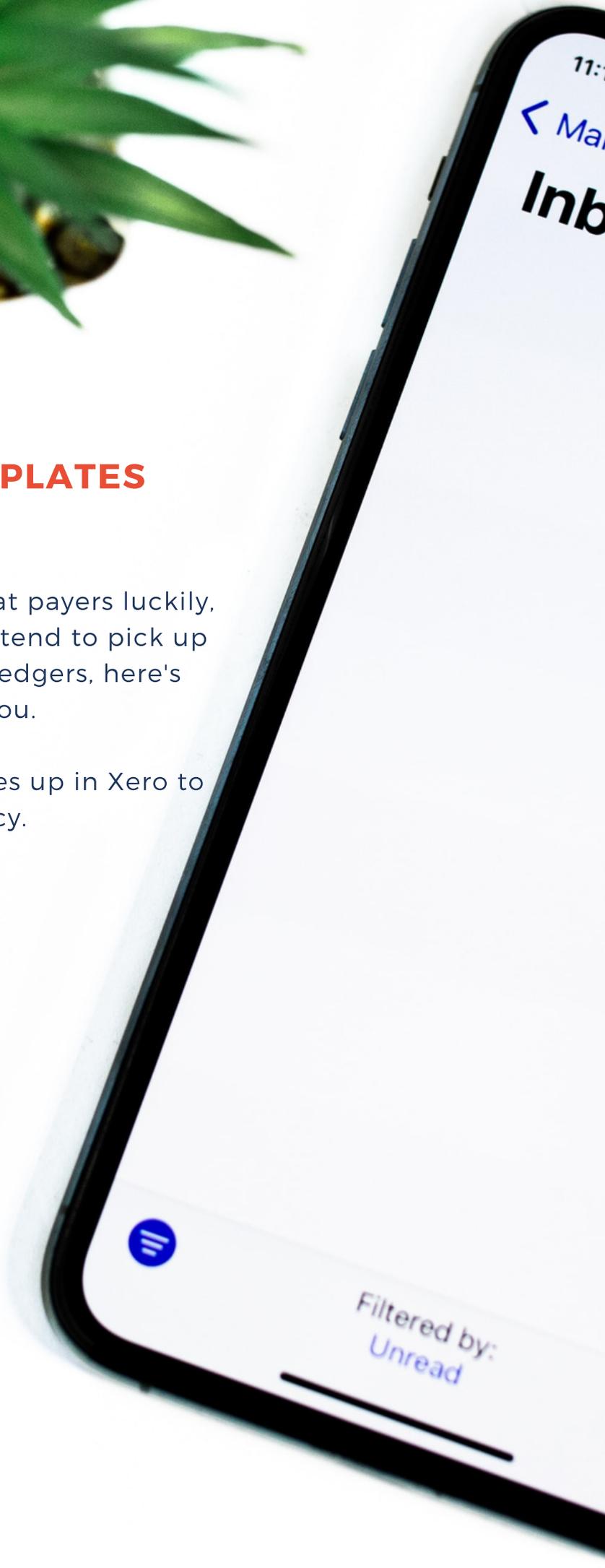
If the overdue amount isn't paid as promised, it's back on the phone until the debt is paid. If a payment plan has been agreed on, monitor it and any missed payments trigger another call. At this stage, it's a case of making sure that when the client has money to pay overdue accounts with, you're top of the list. And it's a case of the debtor knowing you won't go away until that happens. Tenacity and persistence are key!



REMINDER EMAIL TEMPLATES

We're a small business with great payers luckily, so if we do have an overdue we tend to pick up the phone. For bigger debtors ledgers, here's some email templates to help you.

Note you can set these templates up in Xero to save time and ensure consistency.



EMAIL 1: BEFORE DUE

Email subject : <our_name>: invoice <invoice_refnum>

Hi <recipient_firstname>,

I hope you are well. I just wanted to drop you a quick note to remind you that <invoice_amount_owed> in respect of our invoice <invoice_refnum> is due for payment on <date_due>. I would be really grateful if you could confirm that everything is on track for payment.

Regards

<sender_firstname>

<sender_job title>

<our_name>

EMAIL 2: NOW DUE 7 AND 14 DAYS

Email subject 7 Days: <our_name>: Gentle reminder of your overdue invoice <invoice_refnum>

Email subject 14 Days: <our_name>: Second reminder of your overdue invoice <invoice_refnum>

Hi <recipient_firstname>,

I hope you are well. We have yet to receive payment from yourselves of <invoice_amount_owed> in respect of our invoice <invoice_refnum> which was due for payment on <date_due>. If my email has crossed with your payment please accept my apologies for the unnecessary follow up. If you've not paid it, please do so as soon as possible.

How To Pay

Online Payments: Please quote the invoice number when making payments.. Payment should be made to <company_bank_details>.

If prefer to pay by Credit Card or Paypal, you can do so by following the 'Pay Online Now' link at the bottom of the invoice we sent you.

Best regards

<sender_firstname>

<sender_job title>

<our_name>

EMAIL 3: MEDIUM OVERDUE 21 DAYS

Email subject: <our_name>: Third reminder of your overdue invoice
<invoice_refnum>

Hi <recipient_firstname>

I hope you are well. We have yet to receive payment from yourselves
of <invoice_amount_owed> in respect of our invoice
<invoice_refnum> which was due for payment on <date_due>.

This invoice is now <overdue_days> days overdue and we would
really appreciate it if you could advise when we can expect to
receive payment as soon as possible. If my email has crossed with
your payment please accept my apologies for the unnecessary
follow up.

How To Pay

Online Payments: Please quote the invoice number when making
payments.. Payment should be made to <company_bank_details>.

If prefer to pay by Credit Card or Paypal, you can do so by following
the 'Pay Online Now' link at the bottom of the invoice we sent you.

Regards

<sender_firstname>

<sender_job title>

<our_name>

EMAIL 4: LATE OVERDUE 28 DAYS & BEYOND

Email subject: <our_name>: Please arrange payment of your invoice <invoice_refnum> OVERDUE

Hi <recipient_firstname> I hope you are well. We have yet to receive payment from yourselves of <invoice_amount_owed> in respect of our invoice <invoice_refnum> which was due for payment on <date_due>.

This invoice is now <overdue_days> days overdue and is becoming really problematic for us. Please could you let us know when payment will be made as a matter of urgency.

Late payment charges may be applied to your account in line with our terms and conditions. If my email has crossed with your payment please accept my apologies for the unnecessary follow up.

How To Pay

Online Payments: Please quote the invoice number when making payments.. Payment should be made to <company_bank_details>.

If prefer to pay by Credit Card or Paypal, you can do so by following the 'Pay Online Now' link at the bottom of the invoice we sent you.

Regards

<sender_firstname>

<sender_job title>

<our_name>

DON'T FORGET TO SAY THANK YOU!

Email subject: Thank you for your payment!

Hi <recipient_firstname>

I just wanted to drop you a quick note to let you that we have received your recent payment in respect of invoice <invoice_refnum>.

Thank you very much. We really appreciate it.

Regards

<sender_firstname>

<sender_job title>

<our_name>



GOOD CREDIT CONTROL CHECK LIST



- Customer's Full Name
- Business Name (if applicable)
- Physical and Postal Address
- Phone Numbers
- Email Address
- Robust Payment Terms & Conditions Agreed by Both Parties
- Set Process for Invoice Distribution, Due Dates, Follow Up Contact and Resolution, and Escalation If Required
- Have an Assigned Collector who is Not Part Of Your Sales or Customer Service Team

**TRY OUR DONE-FOR-
YOU SERVICE:**

ONGOING SUPPORT?

BOOK A DISCOVERY CALL TODAY

NEED HELP IN A HURRY?

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