

Ten Steps to Better Credit Management

Providing intelligent legal solutions

We all know that a healthy cashflow is critical to business success. But in today's difficult financial environment, many businesses are struggling to get paid on time.

These ten simple steps should help you take control of your cashflow, freeing you and your team to run your business:

Step 1

Review the terms and conditions your business operates to ensure that you have made your payment terms clear and enforceable.

Step 2

Make sure your clients have easy access to your terms and conditions. This may mean giving or sending them a copy, or making them available to download from your website.

Step 3

Do not be afraid to discuss payment terms as part of any contract negotiations, and make sure you follow this up in writing as part of any tender or proposal you submit to your clients. At this stage it is also worthwhile finding out who invoices should be addressed to, making sure they don't get lost in your clients' systems.

Step 4

Consider introducing early payment discounts to encourage your clients to settle your bills ahead of time.

Step 5

Make your clients know you will apply a late payment interest penalty currently 13% per annum.

Step 6

Provide BACS details on your invoices, as well as making the due date clear and adding details of early payment discounts and late payment charges.

Step 7

Send a statement of account with all your invoices; many companies only release payment on receipt of a statement.

Step 8

Develop a process you will use when payment is not received on time so you have a consistent and fair approach to chasing payment; this will help you ensure that you do not spend a disproportionate amount of time chasing debts. Make sure your clients know what action you are taking or are intending to take, and then follow it up.

Step 9

If your initial process is unsuccessful in obtaining payment, arrange for a solicitors' letter to be sent with details of next actions if payment is not received within a fixed period of time.

Step 10

If this stage does not succeed, use Leeds Day to take legal action to recover the debt.

Leeds Day Solicitors will be pleased to help you with any credit management issues, from reviewing your terms and conditions to managing court action and even winding up orders. For further assistance with these and any other legal matters affecting your business, call us on 01480 454301 for a free initial appointment.



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