



You Deserve To Get Paid

**An action plan for business owners
who are done with late payments**



TOTAL
ACCOUNTING

It is a wonderful joyful thing when customers pay on time.

But sometimes we can let ourselves forget - that's the way it's supposed to be.

The reason we celebrate a timely payment as an extraordinary feat of success, is because unfortunately we've all experienced the hardship of the alternative.

We produced this guide because chasing late payments is one of the most common shared achilles heels amongst the business owners we talk to.

The simple fact is - you really do deserve to get paid for the brilliant work you do.

So let's make it easier for you.

We've split the guide into three sections:

- 1. The Short term solution**
- What you can do if you're awaiting payments now
- 2. The Long term solution**
- What you can do to prevent late payments in the future
- 3. The Support solution**
- How we can partner with you to chase outstanding payments

Each section will finish with a set of action points, so you can put a plan in place! We're not here just to talk about how rubbish it is, we're here to champion some change.

The Short term solution

What you can do if you're awaiting payments now

Poor cash flow can be as devastating to a business as poor sales.

As a small business it's all too easy to let your 30 day payment terms stretch into 40, 50, or beyond 60 days. You find your credit control turns into 'credit out of control'.

We see it a lot. A really great company, with a great service, always willing to be helpful unfortunately goes under due to cash problems.

Let's not sugar coat it - asking for money is hard

It's a difficult conversation to have.

You love what you do, and you enjoy great relationships with your customers. We get that. Relationships are part of what makes your business so special.

You like your customers, and don't want to upset them. You might feel embarrassed to chase them for unpaid invoices.

All great relationships require boundaries - and as far as you're concerned, you've set them. Your terms quite clearly state 30 days for payment. These boundaries should leave no room for assumptions. They should ensure the

relationship is mutually respectful, laying out clear guidelines on what is acceptable and what is not.

So what happens when the boundaries you set have been crossed? When payment is delayed, how do you approach it? Send an email and hope it gets read? Send a statement? Maybe you do nothing and just wait. After all, you're sure your customer will pay you when they are ready. Right?

The problem is that you haven't been paid for the work you have already done.

Dealing with the immediate problem

You've set payment terms, what if you're still not getting paid on time?

Every time you don't get paid for the work you've done, it starts a chain reaction.

Think about this in terms of another business.

Imagine ordering dinner in a restaurant. You make it all the way through your spaghetti carbonara and generous glass of wine, and when the server brings you your bill, you decide you'll pay in a couple of weeks time, get up and leave.

It sounds unacceptable. You can't really imagine anyone doing it, can you?

If you don't pay your bill, the restaurant isn't reimbursed for the stock they used to prepare your meal. The staff have spent time they won't make back. If every table in the restaurant decides to pay on their own terms, electricity bills go unpaid, wages go unaccounted for, debts mount. Families lose their income and find it hard to pay their household bills... and so on, and so on.



The same chain reaction applies to your business when payment terms aren't met:

- Your customers are late in paying.
- You owe your suppliers money, which you are unable to pay without leaving yourself too short.
- You start ignoring reminders. Your suppliers don't get paid, so they now can't pay their suppliers.
- Somewhere along the line mortgage payments can be missed.
- HMRC might start dishing out fines for late payments.
- Opportunities to invest and grow could be lost.
- The business could go under.
- Families could go hungry.

It sounds like a dramatic example, but it's true and unfortunately it's one we've seen many times before.

Whilst larger businesses may have reserves and access to overdrafts and alternative finance, many smaller businesses and start ups simply don't have adequate reserves to cope financially if they don't get paid.

This is why you should place as much emphasis on getting paid on time, as you do on paying your suppliers on time.

How to respond to the immediate issue without upsetting anyone

Effective and concise communication is essential throughout the credit control process. This is particularly useful if you have to resort to the legal route. In most cases though establishing a rapport and trust will get matters resolved.



Your actions:

- ✓ **Make sure the invoice has actually been received by the right person.** If the business has seen transitions or structural changes recently, it could simply be the case that the invoice isn't in the right hands. Check this out before making assumptions.
- ✓ **Pick up the phone.** An email asking for payment is easy to ignore. A phone call isn't. Don't be afraid to tell your customer the consequences of them withholding payment.
- ✓ **Ask for a payment date.** This makes it harder for your customer to back out of paying, and if there is a genuine reason that your customer can't pay straight away, at least you can plan for when the payment is expected.
- ✓ **Be prepared for excuses.** If you know the customer is going to delay payment again because they're missing invoices, send copies and then call to check they've been received.
- ✓ **But be prepared to be flexible too.** You never know what could be going on in someone's life. It might be the case that your customer does want to pay but just can't manage the full amount due to unforeseen circumstances. They may be able to pay in split payments, and they may want to! Keep this option in your back pocket for situations where you feel a customer is genuinely in need.

The Long term solution

What you can do to prevent late payments in the future

So you've solved the immediate problem of one late payment. Relief!

Psychological research tells us that as humans we're far more motivated by the avoidance of short term pain and the gain of short term pleasure, than we are in the long term successes and failures.

We know that if we train every week for long enough, eventually we'll be fit enough to run a Marathon and see success. So why is it so hard? Because it means overcoming the short term pain of hitting the pavement every week! It means battling the short term pleasure of grabbing a snack and melting into the sofa for a netflix binge instead.

We've seen in Chapter one that one late payment can cause a ripple effect on your cashflow. **That's a short term pain** we've hopefully helped you to solve. Once you make it through, and you're paid what you're owed, it's tempting to just continue as you were, until you're hit with the next late payment.

But if you don't tackle the processes in your business, one late payment can become a late payment culture, which can seriously cripple your business, and stunt your opportunities for growth. **That's the long term pain part.**

You can't control your customers, and their decisions - but you can control your processes

You can create a system that makes it **easy for people** to pay you fast, and easy for you to chase those that don't pay so fast in a productive way.

Don't wait until the next late payment to think about sorting out your internal processes. Be proactive and can start to move towards your next big goal.

You don't want to lose out on money, but you also don't want to lose out on the time spent by you, or by your staff. That time is money, too.

Make the most of fast-payment technology

In the actions, we're going to suggest getting set up with some apps that integrate with Xero.

Quick bit of jargon-busting, so you know what these apps are:

- **GoCardless** - GoCardless is an easy way to collect direct debits, and is perfect for recurring billing. It integrates with accounting software such as Xero and QuickBooks Online to name just a couple. It's easy to set up, and you can control the amounts, so if your customer pays a variable amount each time you invoice them, it's not a problem. The great thing about automated payments is that if you know when you're getting paid each month you can plan your cash flow accordingly.
- **Fluidly** - Our preferred app for helping you chase late payments. Fluidly pulls in the outstanding balances from Xero and sends automated reminders (which you have complete control of). We like to send out the first reminder when an invoice is about to become due, but the time settings are completely up to you.

In order to use these time-saving apps, you are going to want to be using cloud based accounting software. If you're not already set up on Xero - [talk to us](#) about how we can help you get caught up.

Your actions:

- ✓ **Consider your payments options.** Make it easy for customers to pay you by offering easy payment methods. Always include details of accepted payment methods and your bank details on invoices and statements.
- ✓ **Do a free trial of [GoCardless](#)** to see how you can automate recurring payments.
- ✓ **Got international clients?** Look at global payment platforms like [Stripe](#) for fast secure payments.
- ✓ **Create a system for sending customer statements, every time.** Many businesses won't even consider paying until they receive one. It also gives customers the opportunity to ask for copies of any missing invoices.
- ✓ **Streamline your invoicing workflow.** The faster the invoice goes out, the faster you get paid. Use Xero like a pro and save time, by creating recurring invoices, and sending groups of invoices at a time.
- ✓ **Consider using an app like Fluidly to chase late payments.** There are many of them out there (Fluidly, Chaser, Santago). You still have full control over what gets sent out and when, but you can automate the process to save time and stress.

The last straw solutions

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Quick bit of jargon-busting, so you know what these apps are:

- **You might need to withdraw credit facilities altogether for bad payers.**

Remember, you are not a bank. You don't need to withdraw your services, just charge upfront instead of offering credit.

- **Be prepared to send a solicitor's letter before action.**

These are inexpensive (around £2 each) and tend to be very effective.



The Support solution

How we can partner with you to chase outstanding payments

We know you're busy, and chasing debts is probably your least favourite task

It's okay if it all feels too daunting, especially on top of keeping your business running day to day. For this reason you might want to look at having a third party perform your credit control - someone who will be professional and polite and won't cause any bad feeling.

At Total Accounting Kent we receive positive feedback from those clients who have chosen to outsource their credit control to us.

We speak to your customers like we would our own. Treating you and them with respect is really important to us. We won't upset anyone, but we'll make sure you get paid because you've done the work and you deserve to be paid for it.



We provide a credit control system you control with credits!

It sounds a bit like a tongue twister, doesn't it?

So let me explain.

Our credit control support is a partnership. We want you to feel in control, so we make sure that:

1. **We agree on a day for chasing** - and we'll make sure you have a list of your late payments beforehand.
2. **We agree on who to chase** by you informing us who you'd like to prioritise on the list.
3. **We'll chase them as per your credits** - and keep you informed on how many credits you've used.

FAQs on how it works

How much is a credit?

Credits are £7.50 each, and we start at a minimum of 10 credits a month.

What does a credit get me?

One credit = one chase. A 'chase' is a phone call and email follow up. If we don't get an answer by phone, we will try again until we do, so that no credit is wasted.

Why credits?

We've found our system of credits puts you in greater control of your chases, and helps us achieve a cost for the service that matches your individual needs.

Your actions:

1 Before Contact



You get your credit control report by 10am



You choose your chases by 12pm

You get your weekends back

2 Making Connections



Respectful phone call + email at these touch points:

Becoming due

7 days overdue

14 days overdue

21 days overdue

30 days overdue

You can focus on doing business

3 After Contact



We check-in with you after each session

4 You get paid!



Remember,

You Deserve To Get Paid

Your action:

Say it like a mantra. "I deserve to get paid"