

5 Tips for Credit Control

1. Take care when opening new accounts

Business is tough at the moment, we all know that. The temptation is to rush to get as much business in as possible but stop and think: do you really want some of that business? Before you commit to taking on work that may prove more hassle than it's worth and may ultimately end up costing you money give some thought to who you are dealing with and what the risks of dealing with that particular client or customer are. Good credit agency reports can indicate the right level of credit you should be willing to give. Reports can easily be obtained online for a couple of pounds. This cost can even be billed to the customer as a cost of opening the account. Also listen to what others tell you and trust your instincts – if your new customer changes supplier every few months is there an underlying reason for this? If your instincts tell you that something is wrong think twice before opening the account or consider asking for personal guarantees on the account. Remember – some customers are not worth having.

2. Get close to the customer

Get to know your customers' payments staff by visiting them at intervals. Telephone your customer now and again for a general catch up. Cultivate them to get priority treatment - as they would buyers. Give them priority attention on queries and service and always be friendly and personable when dealing with them. If things become tough for your customer they will be more inclined to pay those people they have a good working relationship with first so make sure that includes you!

3. Make terms of business very clear

Terms of business are designed to protect seller's rights and limit liabilities. Effective terms will provide a level of security for the recovery of debts. It is essential that parties agree terms of business before they begin working together. This sets the ground rules, means that both parties know where they stand from the start and may avoid unnecessary disputes in the future. Of course in this context the most important terms are those relating to credit. If you expect interim payments make sure your terms provide for this. If payments are required within a set timescale following invoice again ensure your terms provide for this. It is much more difficult to pursue a debt in the future if there are no terms of business in place which can be relied on in evidence.

4. Invoice effectively

If your terms of business are that customers will be invoiced every 30 days ensure you stick to this. Don't catch your customers out by invoicing irregularly or allowing sizeable bills to build up. Another tip is to state your payment terms boldly on your invoice, preferably on the front. The aim here is to remove any confusion and avoid giving your customer any excuse for not paying on time.

5. Take action sooner rather than later.

If your customer doesn't pay your bills when they're due then take action! Don't allow your business to get caught up in a web of excuses and late payments. Try to resolve matters yourself; telephone your customer for an informal chat (if you've followed Tip 2 above you'll be on friendly terms!) and try to reach an agreement. There could be a genuine reason for non-payment or a simple oversight. However, if this doesn't work don't be scared to take things further. Although you may be reluctant to damage a working relationship bear in mind Tip 1 – some customers are not worth having, after all if they don't pay you then what's the point?!

Remember that in the current climate it is more important than ever to keep cash flowing and ensure effective credit control and debt recovery procedures are in place. If you don't

manage to call in your debts yourself then contact Archers' Debt Recovery Team who will provide professional, effective and efficient debt recovery on a fixed fee basis.