



13 Strategies to Speed up Collections.

With the end of the month fast approaching, companies are eager to get their accounts receivable up to date despite the current crisis. Most companies wait until an invoice is past due before taking action. But why not be proactive?

By taking some steps to improve your billing and collections process, you can go a long way toward getting your sales finalized sooner and more efficiently. Going proactive on this is like money in the bank.

The following strategies can be used to get accounts paid before they are due and speed up the collection process.

1. Offer payment alternatives.

Payment alternatives are important negotiating tools and key to the ultimate success of the collections process. Companies must offer various payment alternatives adjusted to fit the diverse needs and situations of clients. This is akin to arming collections agents so they can win the debt collections battle. The timely use of these tools is very important and demonstrates the institution's capacity to react and respond to delinquency.

2. Review your policy regarding billing dates and procedures.

Make sure invoices are mailed on a regularly scheduled basis and that they include all necessary information. Include your payment terms and any past due interest charged on the invoice itself.

Some companies have sped up collections simply by changing their billing cycle from twice-a-month to once-a-week.

Another idea is to invoice early in the month. Many companies do a once-a-month check run and, if your invoice happens to miss their monthly run, you'll have to wait another 30 days to get paid.

3. Review the technology your company is utilizing to interact with customers.

Are you using e-mail, text messages, WhatsApp, telegram, signal, voice mail, electronic bill presentment and payment? While all might not be appropriate for your organization, using one or more might speed things up.

4. Discuss your terms with your buyer at the time of sale.

Make sure they are agreeable. Also, discuss the best way of getting paid before you ship or begin work. Will it speed up payment if you send the invoice to the actual buyer rather than the Accounts Payable department? Who has to authorize it?



5. Make it easy for the customer to pay you.

This may seem like common sense, but it's an element that is often overlooked. Offer all standard payment options. Ensure that your invoices have the correct contact information and postal address for remittance. Include a payment envelope with the correct remittance address. Use invoices that make it easy for the customer to remit, as well as easy for them to keep a record of the invoice and payment.

6. Review your experience with the late paying customer.

Has this customer been a consistently late payer? Does he wait until you call, or even place with a collection agency, before paying you? Has anything changed with the customer? Knowing how your customer responds and what he needs to get him into payment mode can give you the edge in keeping his account current.

7. Review your company's overall procedures to see if you can determine why payments are late.

Are there any procedures that you can tighten up to in order to speed up payments?

For instance:

- Are shipments accurate? Were delivery and quality promises kept by your firm?
- Are your salespeople making promises your company isn't able to keep?
- Are invoices being sent timely? Are they accurate? Do they include all necessary information, including a phone number for billing inquiries? Were they sent to the correct address and attention?
- Are follow-up contacts being made on a regularly scheduled basis?
- Are you placing your defaulted accounts with collection professionals on a timely basis?

8. Develop a specific collection plan and stick to it.

For instance:

- Call 7-10 days prior to the due date to ensure the products/services were received timely, there are no disputes, and the customer plans to pay (and when).
- Call within a week after payment is due to find out what is delaying the payment, and to get a payment commitment from the customer.
- If the customer reneges on their payment promise, contact them again until payment is received. If it's not received within 30 - 90 days after the due date, hand over the account to professionals.
- If possible, and especially for larger past due balances, don't rely on letters, faxes or emails, which can be easily ignored or "lost" in transit. Make a phone call.



Very important - record any promises made by the customer, including the date they were made and the date payment was promised. Saying to a customer, "When we spoke on Monday, May 25th, you promised payment by Friday, May 29th", puts the debtor on the spot - much more so than a vague recollection of the conversation.

If you can't manage to stay with a collection schedule in-house, consider outsourcing to a collections agency.

9. **Create "collection specialists" within your credit department and provide some collector training.**

If everyone in the department has multiple responsibilities, you can be sure that collecting will be the last thing they do. Why? Because it's uncomfortable asking for money from customers.

10. **Recruit branch managers and sales people to help in the collection effort.**

In many cases, these are the people closest to the customer with the greatest ability to impact the collection cycle.

11. **After a reasonable period of time (say, 30 days) contact the person that directly purchased from or requested you to bring them the goods or provide them with the services.**

Send them a copy of the invoice. If you are supplying to a medium to large business, it's likely the person who bought your product or service has nothing to do with Accounts Payable. However, they're usually happy to help, especially if the product or service was "as promised".

12. **Develop a personal relationship with the Accounts Payable managers at your largest customers.**

If more than one person handles your account, always ask for the same person and attempt to develop rapport with that individual.

13. **Update your collection management software.** Ineffective systems not only slow the process down but fail to provide the intelligence required to improve your credit to cash results.