

## Late payers need a call

Ever felt as though you have been treated like a bank by your customers? You are not on your own.

The latest Dun and Bradstreet figures show the average trade payment period has blown out from one week to 56 days compared with payment periods at the beginning of 2005.

What small businesses don't understand is that many large companies avoid paying accounts until someone has phoned to follow-up their invoice. It is a deliberate strategy to manage their cash flow. They use your money to run their company, because it is cheaper than borrowing money from the bank.

While many business owners struggle with the fear of asking customers for money, understanding the business process can accelerate your cash flow and can even win long-term customer loyalty.

The most effective of early-stage debt recovery tactics is surprisingly simple - a customer service call made 7-10 days after the first invoice has been sent. Here's how:

1. Focus on your customer. Are they completely satisfied with the product or service you have provided?
2. If the answer is no. You now have the chance to resolve the issue and secure your payment.
3. If the answer is yes. Now you can confirm they received your invoice, and fax or email another copy if they didn't received the original.

You should also feel confident asking what date you can expect to receive your payment, and how it will be paid. This gives you a firm arrangement for payment that is foolproof nine times out of ten. On the tenth occasion, muster the courage to phone your customer again and make another payment arrangement.

While a customer service phone call might seem simplistic and perfectly obvious, over 90% of small and medium sized businesses struggle with significant cash flow issues as a result of poor debt collection strategies.

Most don't pick up the phone and communicate with their customer. Instead they use "GST overdrafts" and personal credit cards to get by – and deal with the worry of going out of business in the meantime.

Using the "First Phone Call" technique not only shows customers you care, but empowers you to take charge of your credit situation and have a positive impact on your bottom line.

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