



Guide

6 ways to ensure you get paid on time



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Companies face many struggles as they grow and develop. We know that one of the most common challenges is collecting payment for the goods or services you have provided. Read on for our six most popular solutions to getting paid on time...



1 Agree scope of work

Clearly state your costs and payment terms on the contract and ensure your client agrees before starting work

Making sure all parties are clear and in agreement before any work goes ahead will make it far easier to chase your customer once payment is due. Proof of their agreement to your terms and conditions will make your case much stronger if they cause delays.



2 Multiple forms of payment

Be open to accepting multiple forms of payment

Not accepting certain payment methods could give your customers reason to delay paying you what you are owed. Being open to multiple forms of reimbursement – ideally including credit cards – leaves your customers no excuses! Take advantage of the fact that everyone with an Internet connection has access to free cloud systems, such as *PayPal*. For more information, download our free guide on how cloud computing can support your business.



3 Upfront payment

Get an upfront deposit or set up a payment scheme

This involves taking a proportion of the cost before work commences and is an effective, yet reasonable way to set boundaries for your customers. The reduced balance once the work is complete may also have a positive impact on their ability to pay.



4 Terms

Stick to your payment terms

If your clients do not pay within the time limit then it is important that you follow through with your conditions. Make sure your invoices clearly state what will happen when payment is delayed, whether it means charging interest, reporting them to the relevant parties or taking legal action.



5 Prompt Payment Code (PPC)

Sign up to the Prompt Payment Code (PPC)

The Prompt Payment Code was set up by the Department for Business Innovation and Skills and encourages best practice between organisations and their suppliers. The code enables businesses to build stronger relationships with their customers and to be confident that they will be paid. Independent analysis by Experian suggests that current signatories to the Code represent over 60% of total UK supply chain value, so the Code is making a difference¹.



6 Invoice finance

Use invoice finance

Invoice finance is a smart solution for companies that may be struggling with the restrictions that late payments can have on cash flow. It gives you immediate access to your money as soon as you issue an invoice, meaning you can ease cash flow and cover all of your monthly outgoings. It comes in two guises; factoring and invoice discounting.

With factoring you work in partnership with a third party Credit Control Team that will collect customer payments on your behalf. In the meantime, up to 90% of the value of your invoice is released, allowing you to take new orders safe in the knowledge that you will have the funds and resources to honour them.

Alternatively, using an online invoice discounting facility such as *IDea*TM offers the same benefits and releases working capital for you up front, however it is also completely confidential as you continue to manage your own customers' settlements.

For further peace of mind, you could also sign up for bad debt protection cover which ensures you get paid for your work, even if your credit approved customers get into difficulty.

¹Matthew Hancock MP, Minister of State for Skills and Enterprise <http://www.promptpaymentcode.org.uk/>

If you're looking for cash flow support or additional funds to support your business please us on 0808 149 8449 or visit www.closeinvoice.co.uk

