

5 Steps To Avoid Losing Your Shirt

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A couple months back I had a little plumbing problem that required turning off the water to the house. Our do-it-yourself job was great until we needed to turn the water back on and nothing happened. Several frustrating hours later the emergency plumber came to the rescue and made everything all better. Should have been a hefty bill right?

Well I wouldn't know because even through I've called them, they've never sent a bill.

Hello, how do you make money if you work for free?

It's not on purpose but this same scenario happens over and over with small and large businesses alike. The key is to develop a billing system so that you handle money collection the same way every time you do it. Think about it once, put the process into action and then monitor it regularly. Here are 5 ways put more cash in your pocket.

#1 Get your customers to pay upfront

Put a package together or estimate what the bill will be and get your customer to pay you before you ever start working.

Yes, you can do that.

Think about the number of programs, seminars, networking dinners, books, CDs, etc. you have paid for before you got to have it. If you set the expectation with your clients up front many will be happy to pay you in advance. It's the surest way to get paid for your goods or services.

Not comfortable with getting payment in full, consider getting a deposit.

#2 Send invoices on a regular basis and make sure you get paid

Pick an invoicing day such as the 1st or 15th of the month. Set that on your (or your assistant or bookkeeper's) calendar and do all billing at once. Make sure you have a system in place to make it easy to create invoices.

Get paid before you end up in a never-never land situation. One of my clients is a high end copy writer. She charges a deposit up front and then the balance once copy is complete.

The problem was she would deliver the final product and the client wouldn't pay the balance. She had nothing to hold on to because they already had her words. So we changed her process, now she never releases the final product until she has been paid in full.

#3 Automate, automate, automate

Got clients on a payment plan?

Have a recurring monthly fee?

Set up automated payment through a shopping cart service such as www.1shoppin.com. You tell it when to charge and how much and it does it for you. The money comes flying in.

But wait; my clients pay me by check. And they are always late.

Try sending a nice reminder email or make a kind reminder phone call the week before payment is due.

Talk to your bank. See if you can have people wire you payments. Cuts down on the strenuous task of finding a stamp.

Or set a policy. Something like two late check payments means they have to pay you by credit card.

#4 Make an effort to collect

Monitor the aging of your invoices. When it gets close to the due date, start calling. Don't

just expect that others are going to make paying you a priority. Call them, fax them, and email them. Ask them to pay with a credit card. Even if you don't have a merchant account you can always have someone send you a payment through Paypal. It's worth the small percentage they charge if it gets you paid. You are entitled to collect your hard earned cash. If you have to, turn your invoice over to a collection agency.

#5 Ensure your money actually gets to the bank

Is there money sitting in your Paypal account that you haven't cashed out?

Are there checks sitting in a PO Box somewhere?

Are you reconciling to make sure your merchant account payments made it to the bank?

I was having a conversation with a client who told me her bookkeeper caught a large credit card payment that the bank "forgot" to credit to her account. As my Grandpa Lenny says, don't assume the bank is always right.

Reconcile regularly.

Deposit regularly.

Get your money to the bank so it collects interest, not dust.

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