

Having the money you're owed sitting in someone else's bank account can seriously interfere with your business' cash flow. If many of the clients or customers you invoice are slow payers, maybe it's time to look at your invoices; they could be contributing to your collections problem.

Does the invoice you're sending out encourage action or inaction? For example, many invoices are simply marked, "Payable upon receipt". Invoices so labeled are saying to your customers or clients, "Pay me when it's convenient for you," instead of "Pay me now." Those inclined to be slow payers will find the built-in excuse especially convenient; we've all heard the line "The cheque's in the mail!"

Worse, some invoices have boxes such as "current", "30 days", "60 days", "90 days", and "over 90 days" that broadcast the aging of the account that's due. Using an invoice that's formatted this way is also broadcasting to those inclined to be slow payers that you're willing to serve as a creditor; there's no reason to pay you right away.

Instead of using invoices that encourage inaction, use invoices that encourage prompt payment. All of the invoices you send out should state a specific date of payment, such as "Due on November 30, 2008", rather than "Payable upon receipt", or "Due in 30 days". People are much more likely to pay attention to a specific payment date, and you eliminate the possibility of misunderstanding or loose interpretation.

You can also encourage prompt payment of invoices by offering an incentive to pay on time. Many businesses, for instance, offer a small discount for paying within 10 days of an invoice date. A discount of two per cent for payment within ten days is common.

Don't let your invoices contribute to collections problems and make your prompt payers feel as if they're being unfairly treated. Using invoices that state specific dates that payment is expected and offer an incentive to pay promptly encourages action - and will help get the money you're owed flowing into your bank account.