




The Mobile Chapter of SCORE (Service Corps of Retired Executives) is a part of the national nonprofit organization of more than 10,500 volunteer business counselors who provide free, confidential business counseling and training workshops to small business owners. 

When It Comes to Collections, Never Assume

Business relationships are usually straightforward. You provide a product or service and the customer pays you for it in a timely manner. But in this current business climate, many small business owners will likely have to deal with tardy or missed payments. Don't ignore them or assume the customer will eventually follow through. Money owed to your business – known as receivables – cuts into your profits and complicates cash flow.

A good collections strategy can help prevent slow payments before they become a problem and can ensure that income from aged invoices isn't lost forever.

The aim is to create a step-by-step collections process that starts by making smart credit-granting decisions. And make no mistake – granting credit is exactly what your business is doing whenever you deliver a product or service without first collecting payment.

Customers are more likely to pay quickly if your invoice arrives in a timely fashion and is clear and simple. The invoice should state explicitly, in itemized fashion, what it covers. Make it look clean and professional and include your company logo. Cute designs may only get in the way.

Design it like a real invoice, not just a piece of paper with "amount due" typed in,

and be sure it is clear how the check should be made out and where it should be sent. Including a return envelope can help. Also include a phone number and contact name for questions. Small business accounting programs such as QuickBooks can easily create invoices.

Mail invoices quickly and send a reminder immediately if payment is not received by the stated due date. On long-term projects, consider progress billings.

If you do need to press for collections, don't use threats or emotional appeals. Phone calls are more effective than letters or e-mails, according to collections experts, so contact your customer and/or the business's accounting

department directly. Be polite, yet firm in asking for immediate and full payment. If a letter is necessary, it should be personalized and sent by registered mail to verify its receipt should legal action be necessary.

Collections are only one critical financial issue a small business can face. For a free, confidential one-on-one counseling session, contact the Mobile SCORE chapter at 431-8614.

For more advice on how to succeed, contact the Mobile Chapter of SCORE, operating out of the Mobile Area Chamber. For a confidential one-on-one counseling session at no charge, call 431-8614.

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