***How promptly do we invoice?***

Most businesses that fail do so because of cashflow problems – often triggered by customers who pay late. But the customer can’t pay at all until they receive the invoice! So prompt invoicing is incredibly important to the financial health of your business.

But, although most successful businesses have a real focus on customer service, they don’t always have the same focus on prompt invoicing. Which can in turn lead to cashflow problems and eventual failure.

So ask the question “How promptly do we invoice?” Alternatively, try “What stops us invoicing promptly?” Ask these questions to people responsible for doing the invoicing, and people responsible for providing the goods or services to your customers.

When people answer, listen to when the invoicing happens. Often it happens in a rush at the end of the month, to hit that month’s sales targets. But if we could have invoiced a couple of weeks earlier, we could have been paid a couple of weeks earlier!

Listen to whether there’s a sense of urgency about the invoice. The customer may be shouting for delivery, but they certainly won’t shout if they haven’t received the invoice! If we’re responding to the customer shouting, we could be damaging our cashflow (and the health of the business).

List the reasons for slow invoicing. How many of these are things we could do something about?

I worked with a company who couldn’t invoice promptly because they were always chasing subcontractors for receipts and paperwork. It turned out they didn’t tell their subcontractors in advance what they needed, and when they started doing this, invoicing speeded up.

A construction company project manager told me he couldn’t invoice (a substantial amount) right at the end of the month, because he had to certify all the subcontractor work done, and some things (like drainage work) took some time to certify. One of his colleagues asked “So why not start certifying the drainage work before the end of the month, rather than after?”

So, ask the questions, and listen to whether there’s an awareness of why prompt invoicing is important, and whether there are process or communication issues that mitigate against prompt invoicing.