***Habit 3 – Follow up customer invoices***

If we’re responsible for invoicing, the tendency is to send the invoice to the customer – and then forget about it.

But most businesses that fail, do so because of cashflow problems. And the biggest cause of cashflow problems is slow customer payment.

So that invoice you’ve sent out is only helpful once the customer has paid. Many customers can be quite creative when finding excuses for late payment – after all, they want to hang on to the money for as long as possible, to help with their cashflow problems. But often they don’t have to be creative, because we’ve given them a ready-made excuse to pay late.

Maybe there’s no PO number on the invoice. Or it’s been added up incorrectly. Or sent to the wrong person. Or we haven’t sent the supporting paperwork. Or the order hasn’t been delivered in full.

You get the picture!

So, when you send out an invoice, get into the habit of contacting the customer a couple of days later: “I’m just checking you’ve received the invoice, and you’re okay to approve it for payment.” That will probably short-circuit any problems we’ve created that will delay the payment.

If you feel uncomfortable with a call like this, you can sweeten it by also checking they’ve received the delivery in full, and are happy with it. That also give the opportunity to check whether there’s anything else they need. Passing the odd lead across to your sales team won’t damage your reputation!

Make a diary note of when the invoice is due for payment, and check whether it has been paid. If it hasn’t, your customer contact can often put pressure onto their colleagues in Accounts Payable more effectively than your Credit Control team can.

If you adopt this habit, you’ll start to find over time that your invoices get paid more quickly than the average. That will help the cashflow of your business, and it will enhance your reputation.