
Pay Up!

(Sample prepared exclusively for customers of
Training4YourBusiness.com)

A concise guide to getting your cash

by George Guibal

First published 2002
This edition published 2018

© Copyright 2018

All rights reserved. No part of this document may be reproduced in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system without permission from the publisher and copyright holder (sample letters excepted).

DISCLAIMER

This book is for information purposes only. It is not intended as – nor does it purport to be – a substitute for professional legal or financial advice. The author and publisher accept no responsibility or liability whatsoever for any outcome as a result of following the information in this book. Anyone who has difficulty in obtaining payment from a client is advised to contact their solicitor or local Citizens' Advice Bureau.

E&OE

Chapter 2. The business of getting your money.

Let's assume you are having trouble getting a client to pay up. An invoice is overdue and you want your money. What should you do?

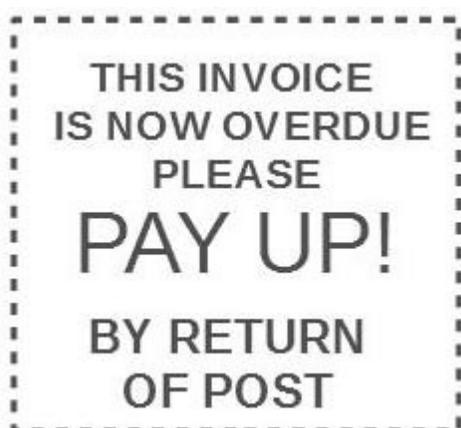
Well the first thing I usually do is pick up the 'phone and give the client a call. Most late payment issues can be sorted out this way. More often than not, there's a perfectly logical explanation for why your invoice hasn't been paid. It could be that your invoice was never received, or has fallen down the back of someone's desk and hasn't been noticed. If you're expecting payment by cheque, it could also be that payment has been sent to you but has got lost in the post (I know it's the oldest excuse in the book, but these days it might just be true). Some companies – quite reprehensibly in my view – operate a policy of never parting with any money until payment is chased. You'll wait forever to be paid by these guys unless you take action. Some clients, and this is particularly true of large multinationals and government agencies, have longer payment cycles than other companies. Your terms of business might be 30 days, but if their terms of business are 90 days, guess who's terms they're going to adhere to. Make sure you and your client are “singing from the same hymn sheet” (see Chapter 1). Others will try and “test you out” by delaying payment of your first invoice to see what your reaction will be. If you don't chase this first invoice it, and future invoices from you, will go the bottom of the priority list; in other words: if you lay down, expect to get walked over.

Be polite but firm on the telephone, and be reasonable. If the managing director is on holiday in Barbados until next week and no-one else is authorised to sign cheques in his absence, screaming at his secretary isn't going to get you paid any quicker.

It's best to deal with a specific contact rather than simply asking for "the accounts department" or "bought ledger." Incidentally, it's best to speak to your contact on the 'phone rather than send an e-mail or text message, as a phone call is less likely to be ignored.

If it's not possible to speak to someone on the 'phone – or you don't get a specific assurance that your invoice is to be paid ASAP – then send a duplicate invoice as a reminder. Be sure to state that it is a duplicate invoice and that the original is now past due. If you prepare your invoices on a word processor, it is quite easy to do.

Simply create a reminder like the one below using a different typeface to make it stand out from the facts and figures.



If you have a colour printer, you can print it in a different colour from the rest of the text (red is best). If you use online invoicing, you can usually send a duplicate invoice with a reminder. Likewise, your accounts software may also be able to issue a duplicate, reminder invoice. One reminder is usually enough and payment will be on it's way; however, what can you do if it isn't? What if the client starts messing you about?

Keep track of your dealings with the client.

It is absolutely imperative that you keep a record of every 'phone call, fax, and e-mail made or sent when chasing an invoice. Record the date, where necessary the time, and the name of the person you spoke to. Note down what was said and what action was promised. If someone promised to return your call and didn't 'phone you back, note that too.

Stay calm.

If you find one reminder isn't enough, and you're being constantly "fobbed off," a stiff letter is the next step.

Sending a stiff letter.

You don't need to be a professional writer to put together a winning letter designed to force open a reluctant payer's chequebook and get him reaching for his pen.

The key principles are as follows:

- As on the telephone, adopt a polite but firm tone.
- In a large company, you may have to remind the client who you are and what your invoice is for.
- Make it clear that if there have been any misunderstandings, now is the time to set the record straight.
- Keep it simple – state the bare facts and avoid any deviation or waffle. One page is usually enough at this point.
- Don't make any threats or accusations.
- Leave the client under no illusion that you expect to be paid and you expect to be paid now!
- Send a copy of the original invoice with the letter – I usually highlight the date to emphasise how long I've been waiting for payment.

- Send the letter to a specific individual. Your contact is probably the best person to send the letter to, but if you're not getting much joy from him, send it to his boss or the most senior person in the department or office. If you're just getting the run around from the accounts department, it's probably not a good idea to send it there.

As a side note it's best to send a letter rather than an e-mail or text message. A letter has to be opened, unfolded and read. That means there is necessarily some kind of engagement. It's not so easy to ignore as it is to (say) delete an e-mail from your inbox.

The following hypothetical story illustrates the point:

Allison Trader is a freelance interior design consultant. She was hired by the mythical PLC Limited to redesign the reception area of the company's head office. For the sake of argument, we'll assume that all labour and materials costs were met by the client directly and all Allison is invoicing them for is her fee of £1,000. It was agreed at the beginning of the job that Allison's invoice would be paid within 30 days of the invoice date. When it wasn't paid on time, Allison telephoned the office manager, her contact. He wasn't very helpful and suggested she deal with the accounts department direct. After six weeks and a lot of telephone calls to the accounts department, Allison is getting nowhere. She's heard every excuse in the book ranging from: "the Accounts Clerk is on holiday" to "the computer has crashed." At one point they couldn't find her invoice at all and she had to fax them another copy. Fed up, she's decided to write to Mr Smith, the Managing Director.

If I were Allison, I'd write a letter like this:

A Trader
123 Any Street, Anytown, Anyshire AN1 23Y
Tel/fax 01234-567890 E-mail: alision@atrader.co.uk

Mr D Smith
Managing Director
PLC Ltd.
PLC House
London Road
Anytown
Anyshire AN2 34X

12 December 2017

Dear Mr Smith,

I am the interior design consultant responsible for redesigning the reception area of PLC House. Mr Jones, your Office Manager, hired me to do the job. I have enjoyed working with PLC Ltd and at no time have I been led to believe that my services were less than satisfactory.

With that in mind, I would like to draw your attention to the enclosed invoice, an invoice which is still unpaid nearly three months after it was issued. This is in spite of my many telephone calls to your accounts department - all of which have resulted in a "fob off" of some description, or the promise of a telephone call which was never kept - and my fax to Christine on 28 November.

I really would appreciate this invoice being paid. Now. Before Christmas. £1000 may not be much to a large firm such as yourselves, but to a small businesswoman like me it represents a sizeable chunk of cash.

Yours sincerely,

Allison Trader

cc A. Jones
enclosure

The letter meets all the criteria outlined earlier. It is polite but firm in tone. Allison reminds Mr Smith of who she is and what she's done. She states that she is not aware of any dissatisfaction with her work and thereby indirectly invites him to bring any grievances out into the open. She sticks to the bare facts – says that she has been fobbed off by the accounts department and they won't return her calls, but leaves the exact details for another time (if necessary). She clearly states the outcome she expects from this letter (her invoice paid) and when she expects it (now). As it would be easy for someone who runs a big company with a large turnover to think "it's only a thousand quid, what's she worried about?" Allison emphasises how important this money is to her. She includes a copy of the invoice. She also copies the letter to Mr Jones, her contact, so he isn't left out of the loop. The letter has plenty of active language and avoids passive phrases like "at your convenience". It's not asking, it's telling – the word "please" doesn't appear anywhere – yet it's not a rude letter. The recipient will be under no illusion that the sender means business.

A letter like this should generate a response of some kind. If non payment is down to incompetence in the accounts department, the likely result will be payment sent right away. If there is a problem, or something the client isn't happy with, this kind of letter will almost certainly flush it out into the open. It is then up to you to resolve it (see Chapter 4 for some thoughts on this). If this type of letter is ignored, you may have to repeat the exercise a couple of times. If, however, letter writing doesn't achieve a result, or you get the impression that the company is trying to "rip you off," then more drastic action is needed.

Summary

- Be polite but firm in all dealings.
- Be reasonable.
- Try and deal with an individual, not a department.
- In the first instance, a telephone call is best.
- If a telephone call is impractical, or you're forced to leave a message, send a duplicate invoice with a reminder.
- If the above doesn't work, send a stiff letter.
- Keep a log of all telephone conversations and copies of all correspondence.