

# Shaking The Money Tree: Managing Slow Payers

By Angela Booth

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Angela Booth  
angela@zip.com.au

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Summary: Slow payers affect every business. Because they can seriously affect cash flow, it's vital that small businesses have a system in place to manage them.

Total words: 750

Category: Small Business

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When you're running your own small business, especially if you're a solo operator, you need four pairs of hands, eyes in the back of your head, and psychic abilities don't hurt either.

Most of your clients will be wonderful, but some will be difficult. And unless you have a system in place to manage them, slow-paying clients fall into the difficult class. If you allow it, slow-paying clients can damage your cash flow.

My system for managing slow-payers is simple. So far it's worked well, but I'm thinking of revising it, and following up more

quickly.

= Get it in writing

If you provide a service, you need a basic agreement that you automatically give to all new clients. You can tailor this basic agreement as necessary.

For example, when a new client hires me for a copywriting project, I send him my Writing Services Agreement.

Here it is ----

-----Writing Services Agreement -----

Your signature below authorizes me to write copy for the project above, for the fee stated.

Two revisions are included if requested within five days of your receipt of copy, and are not based on a change in the assignment brief made after the copy is submitted. Balance of payment is due on receipt of the invoice.

You understand that the assignment is work done for hire, which gives you the copyright. You release me from any responsibility for legal or other problems that may arise from the use of any copy I write for you.

-----

The agreement covers the details of the project, as well as the terms of payment.

Most clients are good about the agreement, and readily sign it. But what happens if you have a rush job --- say a client needs some work done within the next few hours --- and there's no time for formalities?

Always insist on something in writing, whether you fax them your own agreement, or they fax you a purchase order. Without the details of the project in writing, you'll forget what you said, or they'll forget what they said. It's worth taking the extra trouble to spell it all out in writing --- however briefly --- so that everyone's on the same page.

= The check's in the mail

Unfortunately, even with the agreement signed and sealed, some clients extend the payment period. I don't concern myself for 30 days, which is probably a mistake.

After 30 days, I follow up, usually with an e-mail reminder. If there's no result, I follow up again each week, either with an e-mail message, or with a phone call.

Sooner or later, the client will pay his bill.

To gee up the laggards, in future I'll be following up after 14 days.

= Tips to keep the cash flowing

\* Bill your client as soon as you've provided the service. I used to allow five days to pass, but since I provide two revisions of copy if necessary anyway, I invoice as soon as I've completed the work.

\* If you anticipate heavy expenses, bill the client up front for a portion of them. Keep track, and present your expense sheet for payment regularly.

\* For long projects, bill at stated intervals. Once a week is reasonable, once a fortnight is too long. Don't continue work without getting paid. Be inflexible about this. If you allow too much leeway, you can find yourself working for a month, and unable to collect because the client is insolvent.

\* Check your finance program to see whether it has a reminder feature. If it does set it remind you to follow up on slow payers regularly.

\* Keep your cool. Be calm, polite and completely professional when you follow up with slow payers.

Slow-payers are a fact of business life. Put a system in place that helps you to handle follow ups with them quickly, and they won't bother you too much.

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