

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

clients solve their receivables problems, these tips from the experts might give you some ideas for getting the job done more effectively.

Apr. 17, 2015

Whether you're managing the cash flow of your own accounting firm or helping your clients solve their receivables problems, these tips from the experts might give you some ideas for getting the job done more effectively.

How to Incentivize Customers to Make Early/Timely Payments

Contributed by Dawn Brolin, CPA, CGMA, www.powerfulaccounting.com

"I always recommend to my clients the following: You educate your customers/clients how they will work with you, not how you work with the client. Having consistency in your message around how you deal with this part of the engagement can be the best move you can make towards a healthy relationship with your customers/clients because it takes out the hardest and most awkward conversation, money."

- In my practice, all new clients fill out an engagement letter which spells out exact expectations of the project/training, etc. The client signs the engagement letter and fills out a payment authorization form. The contract specifically states that there is a deposit that will need to be obtained prior to the first appointment. All subsequent payments are made upon service once the initial deposit has been used.
- Depending on the type of business, you might want to offer a small discount for early payment. There's the old standard of 2-10/net-30, but you can create any type of early payment discount that works for you and your customers.

- Some businesses give a bonus to clients/customers who refer new business. For

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

How to Deal with Clients Who Are Late with Payments

Contributed by Shayna Chapman, CPA.CITP, CGMA, www.shaynaco.com

“We know for our clients (and, sometimes, even for us), often sending out the invoice is the hardest part. They just need to GET IT DONE. Make the decision, bill it, and don't be afraid to collect it. As the old saying goes, ‘A Good customer is a paying customer.’ “

- Know your customer and have a general idea of their industry practices. How quickly does their industry pay? Are they fee sensitive?
- Know common practices of your industry. This often sets expectations.
- Decide if your billing amount is to be set up front, as you go, or determined after-the-fact.
- Decide if payment terms and discounts are appropriate, and if so, clearly state them.
- Check your payment terms in regards to profits to make sure any discounts are not too deep and are not hurting your profit.
- Check your accounts receivable aging regularly to make sure they are turning over at a proper rate and if any repeat slow payers are worth keeping as customers.
- Provide timely billing. Customers are most willing to pay at the time the project provides the most value.

How to Know When to Use a Third Party Billing/AR Software Program

Contributed by Randy Johnston, www.k2e.com; www.nmgi.com

“Billing should take a minimum time from the professionals and the partner/owner

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

needed within your system.

- Identify the billing format(s) required.
- Determine if the existing accounting product in use can deliver the items needed. If not, is there a product available that integrates with the existing accounting system, or is there a third party billing product that can deliver the results as a stand-alone product?

Accounting • Firm Management • Small Business • Technology

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved