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PRODUCT & SERVICE GUIDE

4 Ways to Help Your Clients Increase On-Time Invoice Payments

Accounts Receivable (AR) are a critical component of a business' tax compliance. When it comes to accounts receivable, are your clients getting paid on time? When you review your clients' books, is their Days Sales Outstanding (DSO) more ...

Patrick Falle • May. 16, 2018



Accounts Receivable (AR) are a critical component of a business' tax compliance. When it comes to accounts receivable, are your clients getting paid on time? When you review your clients' books, is their Days Sales Outstanding (DSO) more than 30, 60 or 90 days?

If so ... Houston, we've got a problem. Getting paid on time, every time, is important for cash flow, but it's also good for securing capital, fostering long-term customer relationships and a number of other reasons.

You can help your clients improve their DSO by steering them away from static or manual bookkeeping with [something like Excel](#) to a predictive AR solution, as well as help them make their invoice more practical and readable. Through psychology and design principles, the wording, layout and color of invoices can be changed to encourage on-time payment. Many of the more popular online and desktop accounting programs come with pre-built invoice templates; go a step further and encourage your clients to make their invoices more personable. Here are four ways to do that:

- 1. Change the Color Scheme.** There is a direct link between psychology and color. Blue is associated with trustworthiness and turquoise is the best color for

attention-grabbing wording, such as “second notice.” Turquoise is not frequently used by companies, so using it will help you and your clients stand out even more. Another great option is purple, a color highly favored by women, while darker shades of purple, such as violet, translate into competence and firmness. Avoid orange, yellow and brown on invoices because men and women dislike these colors.

2. **Be Obvious About the Heading.** You’ll be paid more quickly if you put “Invoice” in bold letters in your subject line, on your envelope if you snail mail invoices and on the top of the actual invoice. Why? It will be go into the AR person’s inbox much faster because there’s no guessing what it is about. Also, include the company name and logo on the next most prominent line because recipients are more likely to remember images and logos.
3. **Personalize the Invoice.** There are several ways to make the invoice more personable. For example, include a headshot of yourself (or the head of the company) in the contact details. If you or your clients actually sign the invoice, the AR person will feel compelled to pay because it’s like you’re personally asking for payment. Make your contact information easy to find and add on your email address and phone number, and be sure to thank the customer for their business in a memo line and even use the word “please” in your request for payment. In addition, make sure any products or services are itemized on the invoice; if you provide value billing or have clients who bill on retainer, this may not apply.
4. **Be Direct With Your Payment Terms.** Don’t be shy to include the deadline for payment; use bold type and state, “Payment is due within X days.” A FreshBooks [study](#) found that the magic number for faster payments is 21 days. If you don’t put a deadline on payment, the invoice will most likely go to the bottom of the pile; remember that companies want to protect their cash flow as much as you do. Also, include your late fee policy and whether you or your clients offer a discount for early payment.

Other factors influence timely payment, such as options on how to pay the invoice. In our current always-on marketplace, online payments are preferred; AR departments want to dispense with handling paper, stuffing envelopes and adding postage. In addition, if you have a smaller client that doesn’t accept credit cards, encourage them to go with something like Bill.com or PayPal.

By Pat Falle is Chief Revenue Officer for [YayPay](#).

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