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peace of mind they will be paid on time.

May. 25, 2023



*By Matt Kanas.*

Coming off the heels of tax season, accountants, bookkeepers, and tax professionals are shifting their focus to collecting accounts receivable (AR) to ensure they get paid for the work they've completed. But, many accountants, bookkeepers, and tax professionals struggle when it comes to managing and collecting client payments. According to Ignition's 2022 State of client engagement report, 31% of invoices on

average are paid late, and 94% of accountants and bookkeepers have said they need

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These include unclear and inconsistent communication around billing schedules, ineffective billing practices, a lack of detailed invoices, and not leveraging technology to automate tedious processes like billing and managing invoices. Identifying these issues is key to resolving AR.

Another root cause of the problem is that accounting and tax professionals are not talking to their clients. ” Jennie Moore, Founder of Moore Details and Partnerships Manager at Ignition says, “We’re all very good at parenting and training dogs, but sometimes we’re not good at having that conversation with our clients. We’re building accounts receivable by simply not talking.”

One way to diagnose AR is referred to as “The Two Cs: Communication and Cadence.” The tone and frequency of communication with clients is an essential first step in the process. Perfecting the two Cs at the onset of working with a client will lead to a trustworthy and positive relationship, ultimately improving the bottom line.

Additional tips that can improve cash flow include:

- Taking client payment details upfront as part of your proposal.
- Invoicing promptly.
- Establishing clear payment terms.
- Charging for out-of-scope requests.
- Ongoing engagement letters to provide clarity on scope.

These straightforward steps can help you maximize revenue streams almost immediately.

## **Step 2: Rethink your billing model**

Ignition's proven framework also encourages accounting, bookkeepers and tax

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So accounting professionals need to start getting over that mindset first.”

By identifying what your clients value most and how you can display your value, means embracing a new mindset when it comes to billing.

### **Step 3: Stop the bleed and move to upfront payments**

To move to a zero AR practice, accountants, bookkeepers and tax professionals need to be ready for change – stop delaying invoicing and start billing and getting paid for all your work. For example, tools like Ignition help you collect client payment details upfront in your proposal and then automate billing and payment collection.

Marie Phillips, Founder of Connect Accounting who uses Ignition for upfront payments and says, “We have zero accounts receivables, literally none. I used to have to chase people. Now, we charge our clients the first of the month. It’s automatically withdrawn from their bank account or from their credit card account.”

Another option is to use retainers, where clients pay a set amount on a regular basis for a certain amount of time.

### **A more successful future**

By setting clear client expectations on payment terms, maintaining a steady cadence of communication, moving to upfront payments, rethinking billing models, and embracing technology to automate billing as well as managing invoicing, accountants, bookkeepers, and tax professionals can pave the way to become a zero AR business. Sean M. Duncan, CPA, and Founder of SMD Consulting & Accounting LLC says, “We used to have over \$100K of accounts receivable every month, but after 12 months of using Ignition, that number went down to zero.”

*Matt Kanas is the Managing Director at Ignition, North America.*

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