

5 Tips to Accelerate A/R Collections

Assuming you wish to keep someone as a customer, your choices are simple. Either grin and bear delinquency or actively pursue collection to persuade them to change their policy. To make your life even easier, these steps will help you to avoid delinquency all together.

1. Automatic debit the customer's bank account as the invoice comes due.
2. Request that the customer pay you using an automated clearinghouse (ACH) transfer to your bank account.
3. For those not paying electronically, have a lockbox set up in the most strategic location to minimize float time for receipt of payment.
4. Set a maximum grace period deadline for payments to be received. This can be as short as one day to as many as 15 days, depending on your corporate philosophy.
If the payment is not received before the end of the grace period:
 - Assess a late fee
 - Automatically e-mail the customer a copy of the invoice with proof of delivery along with a request for immediate payment
 - Place the customer on credit hold and notify internal parties that need to know of the delinquency and e-mail the customer that this has occurred while requesting immediate payment of the past due invoice.
5. Depending on the size of the invoice, a phone call may be worthwhile to determine any problems or their reason for the nonpayment.