

Free eBook **smartcompany**
DOWNLOAD NOW 10 quick sales and marketing wins for SMEs

[Register](#) | [Login](#)

Editor's Note

Once you've started a business that goes global and then sell up, what do you do next? Stuart Archibald is doing it all over again.



Like Jack Delosa and 1,960 others like this.

Brad Callaghan

Wednesday, 05 October 2011 14:38



How long should I leave it before chasing a new customer for late payment?

One thing you need to become a master at is debtor management.

New clients are always the hardest to judge and read. You are always frightened that if you chase them too early they may become former clients.

But if they are not going to pay as new clients what are they going to be like every year down the track or every time they purchase from you?

You need to educate them from the start about how you do business, setting out strong trading terms and making them aware that you need payment by a particular date and enforcing it with penalties for late payment.

Small businesses are not banks and you can't afford to offer credit card terms, because you have your own bills to pay.

If you don't pay those bills you will become a late payer in the eyes of your creditors.

If you let your clients get away with paying late they will do it every time they buy from you.

The catch 22 with a new client is the way you handle chasing the payment.

If you are aggressive and threaten them with a debt collector it will leave a sour taste in their mouth.

First call them to ask how they are going with the product or if they are happy with your service.

During the conversation throw in that the invoice is still outstanding and that it falls due this week.

You need to send out reminders via post, email or text message and follow up with a friendly phone call.

If they are over their terms and you have not chased them do something about it TODAY.

Start with a phone call, asking when payment will be made and bring to their attention the fact that it has fallen out of your trading terms, as well as sending the invoice or statement to them via mail or email.

If your clients are businesses they will understand because they have to chase their own payments.

If they are individuals they will also understand, so do not be frightened, you are entitled to be paid for the work you have done.

If they are not going to pay or become slow payers you might have to consider not dealing with them again.

Brad has more than nine years' professional accountancy experience. He has worked in senior management roles within taxation and business services dealing with a number of clients from a range of business sectors. www.callaghanpartners.com.au

Ask Brad or any other StartupSmart Mentor a question [here](#)

[Previous](#)

[Next](#)

[How do you put together a growth forecast?](#)

[I'm struggling to get money from the bank or an investor. Now what?](#)

Like Be the first of your friends to like this.

[Tweet](#)

SHARE THIS PAGE :

RELATED ARTICLES :

- [Aussie duo launch Kickstarter-funded start-up from Argentina](#)
- [Services sector tipped to lead recruitment in 2012](#)

TOP MENTOR ARTICLES :

- [Should I be selective of the social media avenues I use for my business?](#)

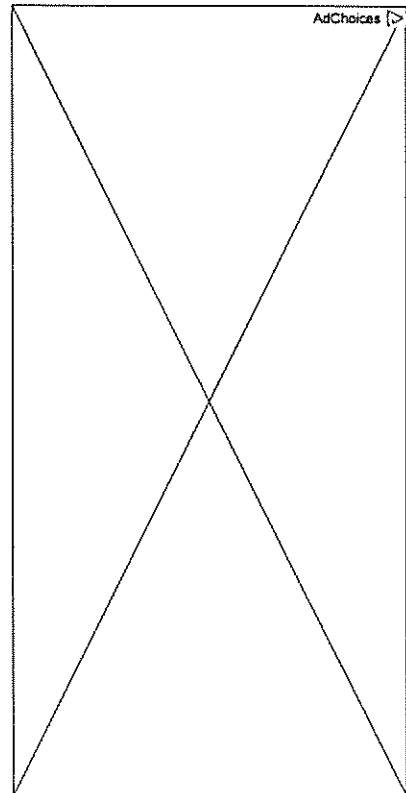
LATEST BRAD CALLAUGHAN ARTICLES :

- [I'm struggling to get money from the bank or an investor. Now what?](#)
- [How should I fund my start-up?](#)

startupsmart webinars
 View our latest Webinars
 REGISTER FOR FREE

Free newsletter - Enter your email

I wish to receive special offers via email from related companies.



Follow us



Top 5 Most Read

- The cult of Lean start-ups
- Top 10 PR disasters of 2011
- Social media in the workplace: To ban or not to ban?
- Mobile commerce surges ahead of Christmas rush
- Getting a big helping hand

startupsmart
 Download your free guide from the Skmaster