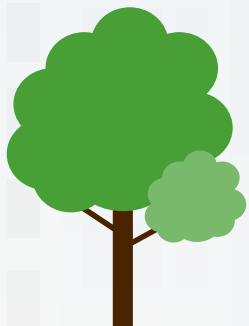


How your small business can improve cashflow



We know starting and growing your business is tough.

When you're focused on developing new products, hiring staff and generating sales leads, the last thing you need is the worry of chasing customers for timely payment.

Unfortunately, the negative financial and emotional impact of late payments is real.

To uncover what's going on and highlight the steps you can take to get paid on time faster, Intuit Australia and PayPal Australia surveyed the views of over 500 Australian small business owners.

The findings show how much late payments hurt small businesses.

Encouragingly, the research also shows small business owners are hungry to tackle the issue.

Read on for practical advice on how you can help your business improve cashflow and reduce late payments.



The late payment challenge

Cashflow is the lifeblood of any business but that lifeblood comes under threat when customers don't pay on time. Our research reveals small businesses are owed billions of dollars in unpaid invoices, and spend considerable time each year to chase payments.

Australian small businesses
are collectively owed

\$26 billion*
at any one time

\$13,000

is the average amount each
business is owed as a result of
unpaid invoices at any one time

Australian small
businesses spend an average of

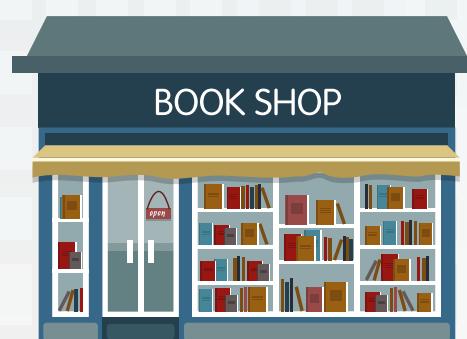
12 days
chasing invoices each year

27%

of small businesses have
taken out loans or credit to
pay suppliers or wages

21%

claim they can't afford any
outstanding debt before
they cease trading



*Calculated based on extrapolation of the research to reflect the 2 million small businesses in Australia (ABS)

Why you might not be getting paid on time

Our research shows there are a number of reasons that explain why small business owners aren't getting paid on time. One of the most telling findings is that most small businesses don't invoice upfront or offer electronic payment options - even though these actions would speed up the payment process.

67%

take up to a week to issue an invoice after work has been completed

Just **12%**

of small businesses request upfront payment

Less than 1/3

of small businesses issue electronic payment options, even though this would speed up payment and improve cashflow

24%

of small businesses that don't insist on upfront payments wait over a month to be paid

57%

of small business owners don't use any financial management software to manage their books



What you can do to get paid on time, more often

Almost three quarters (72%) of small business owners that don't currently invoice upfront say they would embrace new methods to help them get paid faster. Although that's less than their UK counterparts (in the UK we found 86% of small businesses would embrace new payment methods to get paid faster) it's encouraging most Australian small business owners want to take action.

Keeping that in mind, here are

8 tips to help your business get paid faster:

1. Put your payment terms in writing

If you don't have a payment policy in place set one up and if you do have a payment policy make sure you've communicated it with customers. You can't hold customers accountable to payment terms if you've not communicated them.

Use documents such as contracts and invoices to clarify payment terms and avoid customer confusion.

2. Invoice quickly and upfront where possible

Regardless of your payment terms, the clock only starts ticking when you issue your invoice so don't put invoicing to bottom of the pile once you're able to request payment.

If you're just starting out or taking on a big order ask whether you can invoice upfront for the work. Even invoicing for a percentage of the work upfront can be enough to ensure the timely flow of cash into your business.



3. Clarify customer invoicing processes

If you're dealing with a large business, spend time upfront to understand their invoicing processes and requirements. Most large businesses require a purchase order request before they will pay your invoice so request this before you start work.

If you're working with a large business for the first time it's also worth clarifying what's required to get set-up as a verified vendor so you don't waste time doing that after you've delivered your product or service.

4. Make it easy for customers to pay

It might sound obvious but the easier you make it for customers to pay you the more likely they will.

If you're using [Intuit QuickBooks Online](#) you can offer customers a 'Pay Now' option on invoices shared electronically so customers can pay using [PayPal](#), credit or debit cards, with just a few clicks. Offering customers this functionality increases the likelihood of fast payment and saves time on manual data entry as transactions are synced with [Intuit QuickBooks Online](#).

5. Pick up the phone and build a relationship

Getting paid on time isn't just about processes, it's also about relationships. If you're due payment from a customer it's generally best to call rather than send an email. Friendly phone conversations help you understand reasons for a delay in payment and give you an opportunity to request a date for when you will receive payment.

If you've got multiple customers that owe you payment consider prioritising calls to those that owe you most or are most delayed.



6. Adapt payment terms and incentivise early payment

If you're finding late payment is a recurring issue for a particular customer don't be afraid to adjust your payment terms. For instance, if your standard payment terms are 30 days you could reduce them to 14 days to encourage better payment behaviour.

Incentives can also lead to early payment. Few customers will turn up the opportunity to pay less for a product or service given the chance so consider offering discounts to those that pay within the first 10 days to encourage prompt payment. With [Intuit QuickBooks Online](#) you can apply a discount to an invoice in a matter of seconds.

7. Automate follow-up

If you've got a big customer-base and it's a stretch to call the late payers all the time, think about what you can do to automate the process. Apps such as [Float](#) and [Invoice Sherpa](#) can help you get a handle on the cash coming in and out of your business. Some can also send automatic reminders to customers about invoices that are due or overdue.

Another approach to automation is to bulk invoice where you can, particularly when a purchase order has been set up. Many customers prefer this approach as it means they can better manage their own cashflow.

8. Track progress over-time

Fixing the late payment challenge won't happen overnight so track progress over time to understand what actions are most effective in achieving timely customer payments. An automated system such as [Intuit QuickBooks Online](#) gives you real-time access to payment data that can be accessed via a mobile or laptop so you can check-in on payments from wherever you might be.

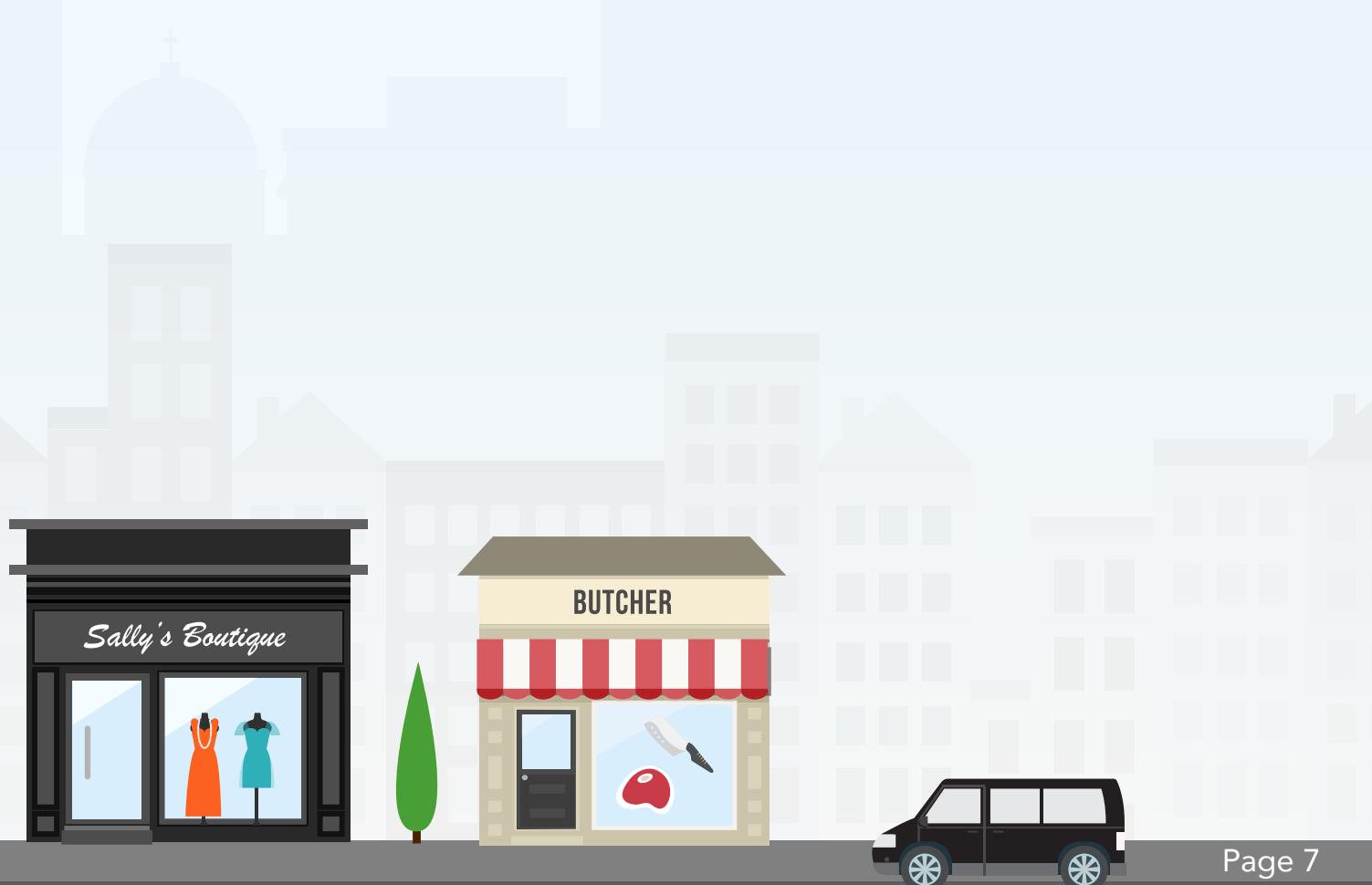


Speeding up payments

As a small business owner, doing the work you're passionate about matters most but if you're not getting paid on time your business will suffer.

If the late payment challenges identified in our research sound familiar, consider what simple steps you can take to get paid on time faster.

You work hard day in day out,
so simplify the payments process
for your customers and enjoy the
time this frees up to grow
the business you love.



Take action

Intuit QuickBooks Online has partnered with PayPal to help small businesses get paid faster and reduce the time spent chasing late payments.

Small business owners can:

- **Improve cashflow** by sending invoices from Intuit QuickBooks Online with a 'Pay Now' button to accept payments using PayPal, credit cards and debit cards
- **Save time** by securely importing PayPal sales transactions, fees and taxes into your Intuit QuickBooks Online account
- **Get instant insights** into your business' health by syncing sales receipts and expenses from your PayPal account into Intuit QuickBooks Online

To learn more visit intuit.com.au/payments

