



## **Checklist: 21 ways to get paid and collect past due invoices more quickly and effectively**

**Late payments can cause cash flow problems, slow down your business, and be time consuming. Follow this checklist to speed up payments and follow up on past-due invoices.**

# Set invoicing expectations

Setting clear expectations from the beginning helps keep everyone on the same page. You'll know when to expect payment and your client will know what's expected of them too. When there are clear expectations from the beginning, you're less likely to deal with misunderstandings.

Here are a couple of tips to help you build a solid foundation with your client from the beginning.

### **Agree on clear payment terms**

Create a written agreement that clearly outlines terms, deadlines, fees, late payment penalties, and any other conditions. Emphasize these payment terms on each invoice with details like "due upon receipt" or "net 30" payment terms.

That way, you and the client know what to expect from the payment policy, including when invoices are sent and how long they have to pay the amount due.

### **Send the invoice to the right person**

Depending on the business, you might need to send invoices directly to your client, their accounting department, or their personal assistant. To speed up payment, make sure you know whom to send invoices to.

### **Request an upfront payment or deposit**

Ask clients to pay half the bill at the onset of the project and the other half upon completion. It's a sign of good faith and a sign that you'll get paid at the end of a job.

Payments in installments help improve your business cash flow. They also set expectations with clients to make payments prior to project completion.

Want to learn more about how QuickBooks can speed up your payment processes? [Read more.](#)

# Make it easy for your clients

Long or complicated payment processes that inconvenience clients will only discourage them from making payments promptly. Keep it simple and make payment processing easy for clients.

## **Be flexible with payment type**

The easier it is for clients to make payments, the more likely it is they'll do so quickly and efficiently. Some clients prefer paying by eCheck, credit card, or direct ACH bank transfer, while others prefer direct deposit.

If you accept multiple payment methods, it makes it easier for clients to pay on time.

## **Automate invoices**

Manually sending invoices either via email or mail is a slow, inefficient process. You also run the risk of invoices getting lost in the mail or buried in inboxes.

Automating the invoicing process through smart invoices and [accounting software like QuickBooks](#) means the invoice gets to the client more quickly. As an added bonus, you'll save admin time, paper, and mail expenses.

## **Write detailed invoices**

Missing details on invoices only slows down payment as it forces clients to ask you questions. That's why you want to make sure you've included all the product or service details a client needs.

This could include:

- Consultation time
- Hours spent on specific tasks
- Research time
- Distinct project numbers for pre-defined deliverables
- Cost of materials

You'll also need to include your contact details and business payment information. Invoice templates and generators can save these details and speed up the process.

## **Use cloud-based invoicing software**

Cloud-based financial administration management solutions like [QuickBooks](#) allow you to create, edit, and send invoices from anywhere. If clients need you to revise an invoice or send them another copy of it, you can go into QuickBooks and make any quick changes you need.

Even if you're away from your desk and get this kind of request, the cloud-based solution provides a way to respond so there is no delay in payment.

## **Offer different payment cycles**

Sometimes you or your client may prefer to pay on a weekly, bi-weekly, monthly, or quarterly basis.

Or, if you're providing long-term services, consider offering retainers. A retainer shows a client how much work to expect, when they should pay, and how much. This will help them better manage their budget and pay you more quickly.

# Streamline your internal financial admin processes

Stay organized and keep on top of business admin for sending out invoices and you'll be less likely to lose track of pending invoices.

## **Send invoices as quickly as possible**

As soon as you complete a project or payment cycle, send your client the invoice. Sending an invoice as quickly as possible connects the finished work and payment. Your client will see that your financial administration processes are efficient.

## **Follow a regular payment schedule**

If a client expects an invoice from you on the 1st and 15th of each month, then you need to invoice them on those dates. Standardizing the invoicing process can help reduce any confusion about when payments are due. Having a regular schedule helps clients know what to expect when and be more likely to pay you on time.

## **Check your invoice system regularly**

Although daily tasks and project work will take up the majority of your time, part of the responsibility of collecting invoice payments falls to you. This means tracking invoices with invoice numbers and reviewing accounts receivable weekly in order to determine which clients have and have not paid.

[QuickBooks](#) organizes outstanding invoices according to their due dates, making it simple to see which invoices are unpaid.

# Standardize late payment processes

[QuickBooks found](#) that in a typical week, 65% of businesses surveyed say they spend a standard workday or longer (average was 14 hours) on administrative tasks to ensure that their company is paid.

In addition, 72% said that payment processing also impacts the ability to grow their business.

## Send proactive payment follow-ups

Being proactive before payment is due ensures clients are aware of upcoming due dates. But sometimes work and life get in the way of admin and clients might forget a due date is approaching.

Send friendly and professional reminders up until the due date to remind clients that the deadline is approaching.

Try creating some email templates for past-due payment reminders to help you standardize your follow-up process.

## Provide small discounts for early payments

Incentivize clients to pay early by offering small discounts. Try offering the discount as a percentage of the total invoice amount. Large clients who have requested lots of work will see this as a big cost advantage.

[A 2% discount](#) on early payment may encourage clients to pay the invoices early.

## Don't back down on payment terms

Sometimes clients push the boundaries and take flexibility too literally.

Although life happens and you may choose to offer a grace period once, always remind clients that your payment terms haven't changed.

## **Regularly follow up on past-due payments**

Standardizing your approach to following up on late outstanding payments makes the process much easier and less time consuming.

If you haven't received payment after an initial reminder, send a quick follow-up email to confirm receipt of the invoice and to check whether they have any questions about payment or your details.

Using [QuickBooks](#) allows you to see if your client has viewed the invoice, which can tip you off that they've overlooked the email.

A quick reminder email might be enough to jog their memory into making payment.

## **Keep your cool when following up on late payments**

Payments that are 15 days or a month late can understandably provoke a lot of stress in businesses. But maintaining a calm and professional attitude will help you follow up correctly with clients and receive payment.

If you have already spoken with the client, resend the invoice, along with any new charges, and reference the conversation you had and any concrete plans they had stated to send payment.

## **Penalize late payments**

To encourage on-time payments, try adding a percentage fee for late payments (e.g., a 2% late fee to invoices not paid within 15 days). These additional costs for nonpayment can incentivize a client to pay promptly.

If you do choose to implement late payment fees, make sure they're outlined in your initial contract--don't surprise clients with hidden overdue fees.

## **Don't give up**

Even if an invoice is 60 days late, be persistent and continue to politely follow up with your client.

To help improve your chances of taking payment, consider sending the bill to a collections agency or using an invoice factoring agency.

# Build strong client relationships

Open lines of communication help boost client relationships and ensure that issues are addressed quickly and efficiently.

## **Focus on developing rapport with clients**

Invoicing clients is another opportunity to build a solid business relationship. Adding lines like “Thank you for your business” and “We appreciate your timely payment” positively reinforces the relationship you have with a client.

If payments become an issue, a well-established positive client relationship can help both parties reach an agreement. Maintaining positive relationships with clients can help prevent issues from arising too.

## **Acknowledge clients who pay on time**

Show appreciation for those clients who pay you consistently on time. Send them a quick thank-you note or a small quarterly gift to show how much their business means to you.

## **Adjust your approach**

Regularly ask clients for feedback on your payment processes and how you could improve them. Remember that not all payment terms and methods will suit your clients’ processes, so check in to see if there’s anything you can do to make it simpler for them.

Remember, the best way to get paid is to protect your business by signing a contract and creating an invoice template that outlines all terms and conditions of the job.

Want to learn more about the impact of late payments on midsize businesses? Find out more in our new [QuickBooks research](#) and see how they’re affecting other businesses like yours.



## Ready to get paid on time?

Handling invoices and payments with QuickBooks Online Advanced is ideal for growing businesses with 10 or more employees. QuickBooks Payments can help you with your growing business payment needs. QuickBooks Payments integrates with QuickBooks Online Advanced. Simply activate it in your account to get any job paid, online or on-site. [Learn more here.](#)

You'll need to [sign up for QuickBooks Online Advanced](#) first and then add "Payments" to your account.

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