

THE MORE COMMON INEFFICIENCIES AND PROBLEMS IN PROCEDURES THAT CAN LEAD TO INADEQUATE CASH FLOW AND INSOLVENCY.

- 1. Failure to advise the customer of the business's terms of trade**
 - a. Failure to advise your customer of your terms of trade is like handing your credit control to your customer so they could pay when they like.
- 2. Failure to ask for a deposit**
 - a. On a job where the purchase of equipment etc. is required you should ask for a deposit to at least cover that purchase or you are putting yourself at risk
- 3. Poor telephone-collection skills;**
 - a. Refer to the notes on the phone script.
- 4. Disorganised, incomplete and out-of-date files and records;**
 - a. It is important to keep records up to date at all times, such as invoicing, credit notes, payments, customer details and correct age of debt.
- 5. Lack of persistence in chasing debts;**
 - a. Consistently follow up with the outstanding debts. The older the debt the less likely it will be paid.
- 6. Failing to run credit checks on all credit applicants;**
 - a. You need to be able to assess the credit risk and that means checking with their referees.
- 7. Giving customers too much credit before they prove themselves.**
 - a. Some customers have a difficulty in managing their cash flow – you are not doing your customer a favour by giving too much credit.
- 8. Allowing credit to customers who lack credit-worthiness;**
 - a. If you give credit to customers who are doubtful you are risking write offs.
- 9. Poor interpersonal and collection skills leading to customers being antagonised;**
 - a. Check with the ACCC guidelines on dealing with customers as you or your staff may infringement some of the rules and the result may a complaint to the department and a penalty to you.
- 10. Failure to apply sanctions (such as COD only) on seriously overdue accounts;**
 - a. You should place stop credit on delinquent debtors as you just increase the problem.

- 11. Not knowing who to deal with in a debtor's business;**
 - a. This is particularly important when dealing with larger companies
- 12. Errors in shipping ordered goods.**
 - a. You should have procedures in place to ensure efficiency
- 13. Failure to deal with customer complaints in a timely manner.**
 - a. Complaints can hold a payment up
- 14. Not having one person in your business managing your debtor ledger.**
 - a. Passing the debtor's ledger around to anyone who has time to make phone calls has no consistency and your debt will grow.
- 15. Not asking for the money because it make you feel uncomfortable**
 - a. Hopefully the phone script and this training will give you confidence.
- 16. Extending credit to anyone who walks in the door (credit by default)**
 - a. If you do not control the credit you give then you will writing off invoices or spending a lot time on the phone for outstanding invoices.