

Strategy to Manage Future Overdue Invoices

- Do not give credit by default
- Only give credit to customers who complete an application
- Phone referees and keep record of responses
- Collect as much customer detail as possible and enter accurately
- Keep customers details up to date at all times
- Keep all transactions up to date
- Advise customers of Terms of Trade up front and establish an agreement, then follow up per the schedule if invoices become overdue
- Place accounts on hold if customer exceeds credit limit
- Stop credit if invoices become overdue
- Print detailed reports weekly
- Phone customers at least weekly and follow up as necessary
- Keep a written record of all conversations and correspondence
- Conduct weekly meetings to monitor collection activities
- Deal with and resolve complaints ASAP
- Make chasing overdue invoices a priority
- Assign one person to manage the ledger

Overdue Invoice Strategy

Phone call: 3 days after account due date

Account Reminder: after 7 days of due date

First Letter of Demand: after 14 days of due date

Final Letter of Demand: after 21 days of due date

Instalment Agreement: at any time after due date

Notice of Intention to Sue: after 28 days after due date

Notice to Issue Summons: after 35 days after due date

Make sure you have a management meeting before sending out either of the final two letters or get legal advice on costs. If you advise legal action then you MUST follow through. You may find your local laws make it illegal to threaten a customer with legal action and not follow through if you had no intention in the first place of carrying out legal action.