

CASH FLOW PROBLEMS

If the company has a cash flow problem, it is important to phone frequently (no more than 3 times per week). Be consistent because you may be able to get paid before others when funds are available.

Try to avoid dealing with the accounts payable person and deal with the management. Get your own management involved. Accept part payment on a weekly basis. At least some of the debt is being reduced. Don't give more credit. Put the business on stop credit.

You may decide not to stop supply if you can get COD because if the company can continue trading then there is less chance of them liquidating. This would be a management decision as it depends on how bad things are for the customer. Put it in writing that your terms are COD and have them sign that understanding. Still try to get some part payment to reduce the current debt.

Unfortunately, if the customer goes into liquidation or bankruptcy you are in the hands of the legal system and if you are lucky you might see a small percentage of your invoice paid. So you need to make sure that you do everything possible to get your invoice paid by due date and reduce your risk of non-payment.