

Business Resilience Toolkit

Improve your billing

Presented by Jane Arnott, General Manager,
Consulting and Business Services

Transcript:

Poor cashflow can be a real challenge for organisations - particularly if you don't have much in the way of working capital. If you generate your income through fees for products and service, watch this video for four simple steps you can take to improve your billing processes, to strengthen your cashflow.

Hello, I'm Jane Arnott and I'm the General Manager for Consulting at Community Business Bureau.

If you're paid in advance of providing your service, you're probably not too concerned about cashflow. But the chances are, if you're providing services on a fee for service basis, you're paid after you've delivered the service, but many of the costs of delivery are incurred before you receive payment. This can create cashflow problems. Some changes to your billing systems and processes can improve your cashflow.

First – look at the payment terms for your service. If you're delivering services under the NDIS, these may be out of your control. If you can control the payment terms, consider what's a reasonable payment term for your service – for example seven days, or thirty days. This may depend on the type of client, and the nature of the service, and you might want to set different terms for different customers, depending on their credit worthiness.

Second - bill clients as soon as possible. If you deliver your service on the first of the month, but you wait until the end of the month to issue your invoice, and you have 30 day payment terms, you're effectively waiting two months from delivery of service to payment. Chances are you've paid most – or all - of the costs of delivering your service by this point, which is clearly not good for your cashflow.

Where possible, set up systems that allow you to invoice immediately after providing your service. Even if you're working in a highly controlled environment, such as the NDIS, invoicing promptly will help to reduce the delay between service delivery and payment.

Next - follow up outstanding invoices. Your clients may well wait to the end of the payment period to pay their bills – this helps them manage their cashflow. You can incentivise early payment by offering a discount – but only if it's affordable for you.

You can send out reminders during the payment term, and you should certainly be proactive in chasing up payment of overdue invoices, and you could even have payment terms to charge extra for late payment. In many cases, a simple reminder email or a courtesy phone call is sometimes all it takes for an unpaid invoice to be paid. You can set up an automated system to routinely follow up invoices that have passed their due date.

Finally, make it easy for customers to pay. Don't put barriers in the way that make it inconvenient for your customers to pay you. Multiple, easy options to pay invoices will increase your chances of getting paid quicker, and should include online payments via credit card or B-Pay.

Related video to watch next: [Managing your cashflow profile.](#)