

# Requesting payment of overdue accounts in an economic slowdown

Cash has always been king but it's even more important during times of economic slowdown. The slower the economy, the less cash is available in businesses, and the more likely it will be for some customers to be unable to pay.

To protect your business and minimise the risk to your cashflow, follow these six steps to help ensure you get paid.

## **1. You must continue to enforce your Terms of Trade, however, your approach must change.**

Do not adjust your expectation to receive what you are owed but tread carefully with your payment request, or you could risk irreparable damage to your brand and reputation.

## **2. Triage your debtors.**

Consider each customer's likely financial position; how impacted will their cashflow be in these times? Those who are most at risk need to be treated with empathy and flexibility.

## **3. A phone call is likely to be the most appropriate contact method.**

An email may get missed or inadvertently deleted. Also, it's hard to portray empathy in an email. A quick, polite phone call to your customer will be respected.

## **4. When you call customers with outstanding payments, first ask how they are.**

Your initial assumptions may be wrong, and they may have been more impacted than you realise. Be respectful and kind in your positioning. If your customer is genuinely struggling, demanding payment within 48 hours may not be appropriate.

## **5. Offer severely impacted customers options to resolve their balance.**

Be honest and tell the customer you are calling to discuss their overdue account and offer them some options, such as spreading payments across the next 6-12 months. Empathy, directness and professionalism are key.

## **6. Reach an agreement, record the details and set a reminder to check when due again.**

If payment doesn't come through on the agreed date/dates, follow up with the customer (again, with empathy, flexibility and options). Flexibility now will pay off in the future.

In reality, some customers may simply be unable to make payments. If this is the case, referring their account to a debt collection agency may be pointless. Consider the potential brand damage of appearing aggressive during difficult times.

**Nobody is immune to the impact of an economic downturn, now or in the future.**

Contact us for some scripts that will help you achieve better debtors' outcomes when phoning clients to discuss overdue accounts. We can also provide you with a Credit Management Guide to support you to manage your accounts receivable and ensure your best shot at getting paid.