



# Grow your business, not your debt.



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Why having good credit control is essential for small business owners and tips for putting it in place.



You deserve every advantage you can get to increase your productivity and chances of survival.



## Introduction

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**S**mall business owners are usually the people who work the hardest, the longest, and often for little return – especially when they're starting out. So they deserve every advantage they can get to increase their productivity and chances of survival.

By working with our customers and partners, we have identified areas where small business owners can make changes to their operations to help them grow their business.

One of these areas is implementing a robust and constant credit control process and policy. This eBook outlines what credit control is, and what you can do to implement it into your business.



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...following up to ensure that the money keeps coming through the door

# What is good credit control?

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**G**ood credit control is making sure that you are enforcing your terms of trade and ensuring your clients pay you when your invoices are due.

It's about contacting clients when they have failed to make payments for these due invoices and following up to ensure that the money keeps coming through the door.



# Why is this important?

**60**  
DAYS

If your invoice is overdue by 60 days you've lost your profit margin.

**A**t the end of the day, there's no point issuing an invoice unless you're serious about making sure it gets paid. Our experience and research shows that once payment is late by 60 days, you've lost your profit margin. The faster you get it in, the more money you make which allows you to keep growing your business.

For a small business owner who is pouring their blood, sweat and tears into the business; it's just as important to have the back-end of the business working as much as the front end.



What steps do you need to take?



# Gather as much information as you can.

**F**irst up, make sure you have great contact details. Look at everyone that comes through the door as a debtor.

There are a surprising number of businesses that have little or no contact details on their ledger. They might have someone as J Smith at a particular address, which isn't that helpful when it comes to collecting. So if you are going to give them credit, then they need to provide as much information as possible.

Gather as much information as you can.

These are my terms.

Have a process in place and stick to it.

Good cop, bad cop.



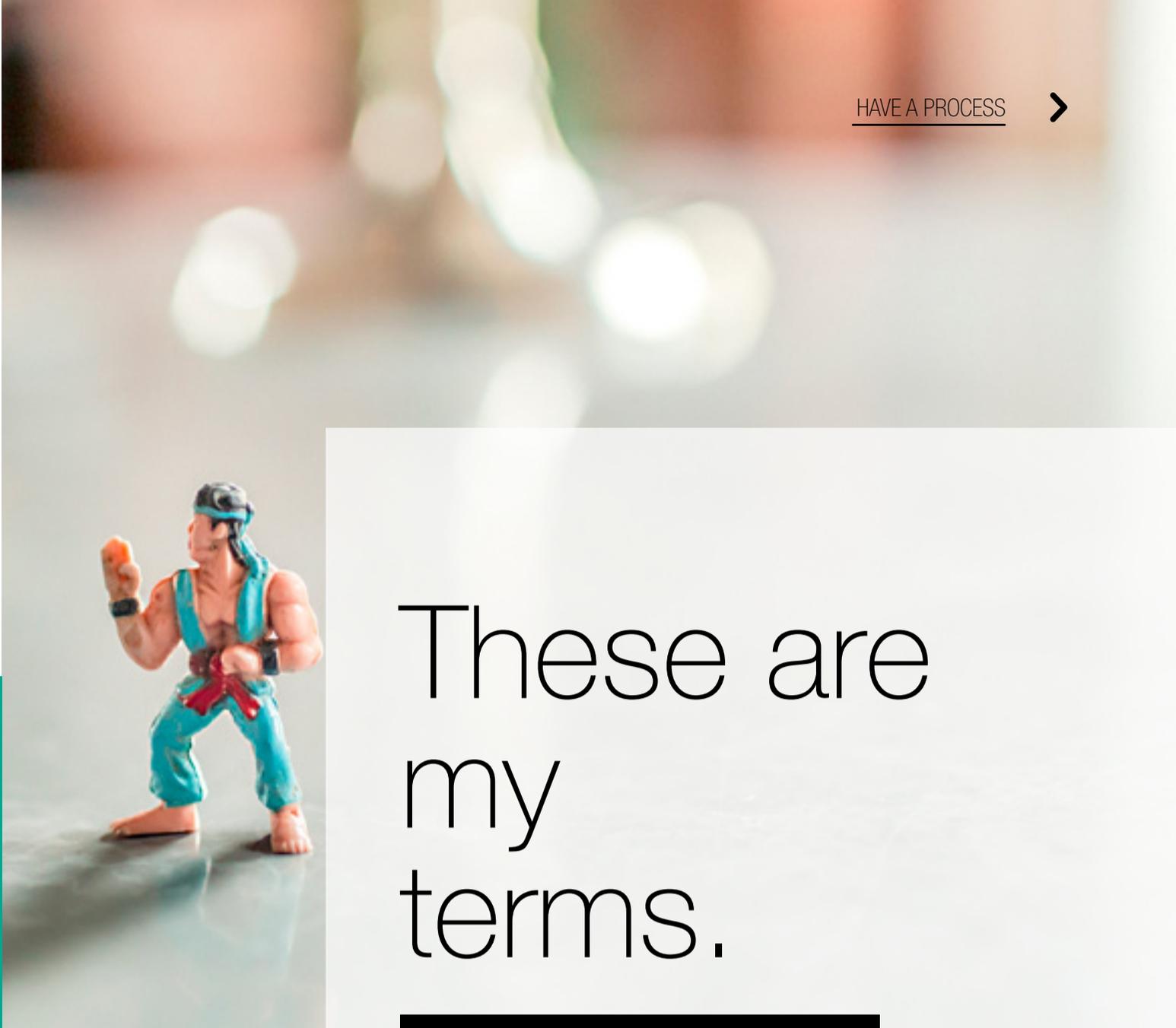
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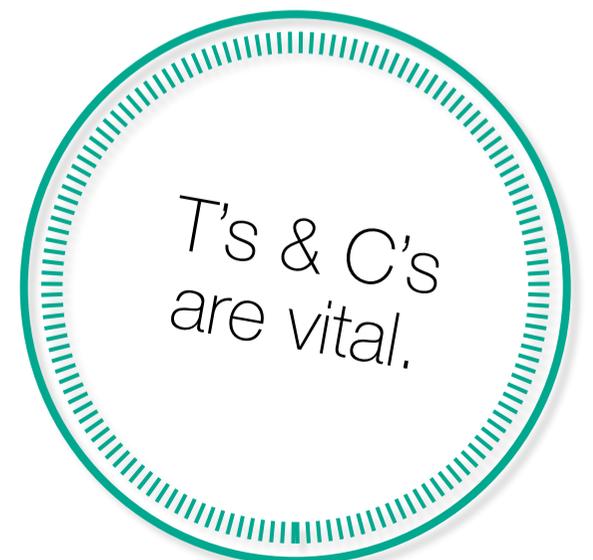
Good cop, bad cop.



# These are my terms.

**Y**ou need to make sure that your terms and conditions are clear and that it backs up what your collection and late payment terms are. So that way if it does end up starting to cost money to chase them up, it will cost them, not you.

So pass on anything in terms of collection fees.





# Have a process in place and stick to it.

What steps do you need to take?

Gather as much information as you can.

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Have a process in place and stick to it.

Good cop, bad cop.

**Y**ou need to have a constant process for invoicing and reducing your accounts receivable. From the minute the invoice is issued, to when the money is in the bank you should know what is going to happen in-between to determine that outcome.

Every invoice has a due date. It's your job to plan what happens if it hasn't been paid by then, what your follow-up to that is, and determine the course of action if nothing happens after the final notice. It's taking the hope out and putting the certainty in.



What steps do you need to take?

# Good cop, bad cop.

Gather as much information as you can.

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Have a process in place and stick to it.

Good cop, bad cop.

One of the worst things small business owners can do is mix sales and collection. You need to separate them out. Clients need to have a clear definition of whose role is what. So if you or your sales team contacts a client, they know it's not going to be about money.

This helps avoid awkward situations and allows the business owner or the sales team to blame someone else (the collector). It gives them the impression that they are on their side and helps improve the relationship with the client.



# You're not a bank.

**Y**ou can't effectively grow your business if you keep supplying clients that don't pay you. What you're actually doing is helping them grow their business by essentially providing them credit. It might put people on the floor in the workshop or in the office in the short-term but you're actually paying them out of your own pocket, instead of from your business profit.

You shouldn't be scared or apologise for asking for your money. If you do a good job, it's not surprising that people are expected to pay for your product or service.

Putting a process in place isn't as hard as it sounds. You just need to make a decision, stick to it, and make sure it's constantly ticking away. Doing so will allow you to stop worrying about collecting the money and focus more on growing your business.

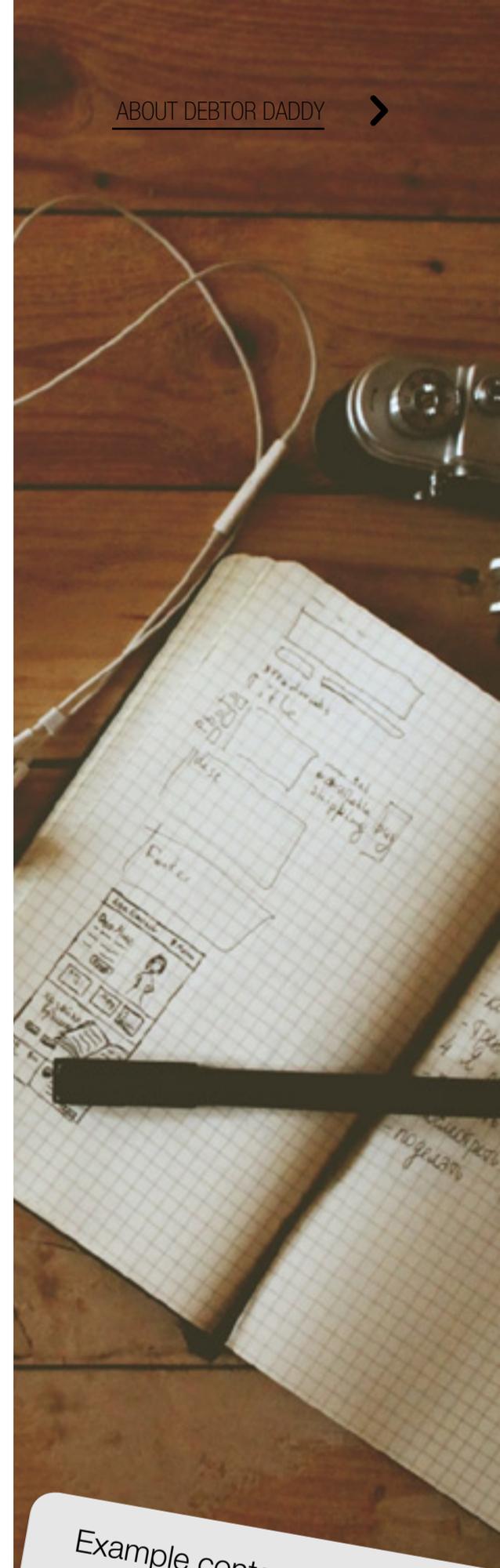
If you do a good job, it's not surprising that people are expected to pay for your product or service.



# Good credit control must-haves checklist.

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- Customer's full name
- Business name *(if applicable)*
- Physical and postal address
- Phone number *(landline and mobile)*
- Email address
- Robust payment terms and conditions agreed by both parties
- Set process for invoice distribution, due dates, follow up contact and resolution, and escalation if required
- Have a clearly assigned collector who is set apart from the business owner or sales team



## Example contact details:



**Mr Michael Smith-Jones**  
TRADING COMPANY LTD.  
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# About Debtor Daddy.



**D**ebtor Daddy is a platform that allows people to create an ongoing process to manage the accounts receivable process in their business.

Too many good and promising businesses run out of cash and fail because their customers don't pay their invoices on time – an outcome that can be avoided if the proper controls are put in place to identify and remedy cash flow problems before they become terminal.

Hence our mission at Debtor Daddy is to give business owners globally the wherewithal to increase their cash flow, quickly and easily, before they're brought to their knees by slow paying customers.

[Try Debtor Daddy for free >](#)

