

WHAT TO DO WHEN YOUR CUSTOMER DOESN'T PAY?



How to increase the odds of recovery while ensuring your organisation is protected and proactive.

The due date comes...the due date goes and a new reality sets in: will your customer pay? How will you know when a good customer suddenly begins to struggle? The threat is real.

Therefore, what steps do you need to take to maximise the chances of getting your money back?



CALL YOUR CUSTOMER AND/OR RESEND THE INVOICE:

- Take steps to address non-payment the minute that an invoice becomes overdue.
- Sending notices of late invoices will help to highlight the issue. The practice provides a valuable paper trail so that you are prepared if you need to escalate the matter later.
- Are you tracking all of your activities with key dates and communications?



EXPLAIN WHAT YOU WILL DO IF THEY FAIL TO PAY:

- Are you going to:
 - stop supply;
 - escalate the issue in their company;
 - involve a third party (lawyer, collection agency etc.);
 - go to court?



ENSURE THE RIGHT PEOPLE ARE INVOLVED:

- Do you have the right people in place on your team?
- Who's doing the chasing? Have you defined what your escalation process is?
- Are you talking to the right person on their side? Who is in charge? Who has the power to get things moving?

**SET A SPECIFIC TIMEFRAME WITHIN WHICH TO RECEIVE PAYMENT:**

- Are you all clear on the timeline, past, present, and future?
- Is it documented?

**CONSIDER CALLING A COLLECTION AGENCY (SMALL PAYMENTS) OR FILING A LAWSUIT (LARGE PAYMENTS):**

- Are you consulting with legal and collections?
- Is it that time yet?

**GATHER TOGETHER ALL YOUR DOCUMENTATION**

- Do you have a trace with your signed documentation to date?
- Is it in order and without gaps?
- In order to collect on a debt, you will need to have all of the relevant documentation to support your debt. Every time you work with a customer, create a contract that specifies the work or products you provide as well as the payment schedule to which your customer has agreed.

**DETERMINE THE FINANCIAL IMPACT:**

- What is the impact of the unpaid debt on your cash flow?
- Do you have enough cash flow on the horizon?

**GIVE EMPLOYEES CLEAR EXPECTATIONS ABOUT THE SITUATION:**

- Do you have clear next steps and customer-facing roles assigned?
- Who's reporting to whom?

**ENSURE A PROMPT AFTER-ACTION REVIEW:**

- How can you improve credit control? Could you have seen this coming?
- Are you learning the right lessons from this situation?

**WANT TO AVOID NON-PAYMENT SITUATIONS?**

Did you know trade credit insurance could help you with unpaid debt?

A variety of resources is also available to support you, from how credit insurance works and many more, visit www.eulerhermes.co.uk.

Contact the Euler Hermes UK team today on +44 (0)800 056 5452 or email to info.uk@eulerhermes.com.