

Checklist for Managing Debtors

Topics covered

- The following checklist can be used to compare your existing procedures for collecting outstanding amounts from your customer and help identify possible improvements.

Tip: ► Send out invoices as soon as work is completed, not at the end of the week or month

Resources, advice and support

Your best sources of up-to-date information and support are:

Financial Management section on Business Victoria website:
business.vic.gov.au

Phone Business Victoria on 13 22 15

Financial Management Workshops assist with planning and managing your business finances:
business.vic.gov.au/workshops

Small Business Mentoring Service is a non-profit organisation mentoring small to medium business operators at low cost:
sbms.org.au

1. Set up credit controls

Tick when each is done and keep this checklist as a record ✓

Do a credit check on all major customers. Have a system in place that documents each credit check to ensure the process has been properly undertaken (you can get a company credit report online for a small fee or ask for trade references)

Rank all customers by credit risk, i.e. length of time they have been in business, quality of credit reference, credit limit allowed for each customer, etc.

Have a process in place to set credit limits for each customer depending on their credit risk

Set regular review periods for credit checks of all existing customers. During tough times, it is likely their credit status may change

Make sure your system tracks customers' outstanding credit and lets staff know if the limit has been reached. Make sure this happens before the next sale

Document procedures that need to be done when the credit limit is reached and make sure staff know what they are

2. Establish payment terms

Tick when each is done and keep this checklist as a record ✓

Document standard payment terms on each invoice

Make sure all staff (including sales representatives) are aware of the payment terms and stick to them

Have procedures to ensure all payment terms are met e.g. send out regular reminders and follow up on late payments

Have a policy and process in place for returned goods to avoid delays in payments

3. Maintain Customer Relationships

Tick when each is done and keep this checklist as a record ✓

Meet regularly with your customers. This will help you understand their business requirements and financial position

Review the payment with the agreed terms for each customer regularly and if you see they aren't paying on time, have a chat with them to see why

Make sure there are processes in place for customers when products or services are not provided as expected (returned goods)

Where an order or delivery is going to be delayed, let your customer know and work out another option. Only agree to a delivery date if you are certain you will have the stock in time

Be seen as a solid, dependable supplier to your customers

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