INTERNATIONAL ALLIANCE OF ENTREPRENEURS

FACT SHEET 102 How to Improve Your Credit Control

Every business, no matter how small, should have a credit control procedure in place to reduce the risk of bad debts.

1. Establish a Credit Control Policy

- Clear terms and conditions for extending credit to customers.
- Who can authorise credit limits?
- Appoint a person responsible for monitoring debtors.

2. Credit Check Procedure

- Conduct thorough checks on new customers before extending credit using credit reporting agencies.
- Do not rely on references from other suppliers provided by the customer.

3. Determine Credit Limits

- Stick to credit limits, especially until you have an established track record from a customer.

4. Orders Must Be in Writing

- Ensure that the customer's authorised person signs all orders to avoid misunderstandings.

5. Payment Terms and Conditions

- Ensure that the customer is aware of your payment terms and conditions.

6. Send Out Invoices Promptly

- Ensure invoices are correctly addressed and include order numbers and reference numbers.

7. Follow-Up Procedure

- Before the payment due date, check that the invoice has been received and approved.

8. Do Not Delay Chasing Late Payments

- Late payments and bad debts are major causes of cash flow problems.

9. Use a Collection Agency if Necessary

- It may involve a fee, but it is better than having a bad debt.

10. Staff Awareness and Communication

- Ensure all staff know your credit policy and communicate effectively to secure payment.

Learn more about the IAE TOOLKIT How to Make Your Business Success CLICK HERE

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