



HOW TO GET CUSTOMERS WHO PAY ON TIME

"Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver."-- Ayn Rand

Before banks extend credit, they go through a process of due diligence to ensure the applicant's ability to repay the debt. When you sell on credit and allow your customers to pay you on 30/60/90 day terms, you are also practically lending money as part of the trade finance industry. It would make sense to see the same practice of assessing creditworthiness applied in this sector, but that is unfortunately not the standard in trade finance. This is why it is way too common for companies to find themselves with bad debts and losses on their invoice receivables.

In this month's InfoPays, we are listing a few suggestions that you can implement in your daily course of business to ensure that you minimize any losses when selling on credit:

1. Ask your potential customers/clients to fill out credit applications.

Credit applications are in a way similar to job applications where you could seek recommendations from the applicant in the form of trade references. It should be a good indication of solid financial status if the business can come up with at least three or four clients who can speak well of their payment habits. Otherwise, the lack of references may provide an indication of a bad payer and therefore serve as a cautionary warning.

2. Do your research and talk to people in the industry.

It is simply amazing how much public information is available out there. Research a potential client by visiting their website, checking industry forums or by asking around in your business community.

3. Check credit tools offered by credit agencies.

Companies that are in the credit monitoring business include DnB, Equifax, TransUnion, to name a few. In their reports, you can see a company's financial history including any critical financial information, and you may also be able to assess long-term risks through graphs and predictive software.

Source: entrepreneur.com



At IPS, through dealing with thousands of companies across North America, we have developed the IPS Payment Index which represents the Days Sales Outstanding (DSO), or the average number of days a company takes to pay its receivables. We encourage anyone seeking to extend credit to a new customer to check with us for information from our growing database because the IPS PI can offer some information about a company's credit standing. A PI of 120 days will at the very least give you an alert, whereas a PI of 36 days will give you the much-needed reassurance to do business.

HOW TO IMPROVE YOUR TIME MANAGEMENT SKILLS

"The bad news is time flies. The good news is you're the pilot." — Michael Altshuler

Time management is a vital aspect of personal effectiveness, and this is why IPS recommends 5 simple time management tips that you can include in this year's resolutions:

1. Find out where your time goes.

A good practice to get into is to log your time on a timesheet. This will give you insight as to whether or not you may need to improve your productivity, sharpen your schedule planning or delegate more.

2. Identify problem areas.

Whether the factors are under our control or not, most people's time management suffers from certain problem areas. The majority of us have felt the adverse effect of other departments' errors and inefficiencies on our own time, but this issue area is out of our immediate control. The real opportunity for improvement lies in settling our inefficiencies such as putting off problems, avoiding unwanted tasks or poor planning.

3. Define objectives.

Ensure that your job responsibilities are clearly defined and if possible, in written format. Not only you, but also your entire team will be thankful for having clear directions on accountability.



4. Focus on self-improvement.

Plan

Plan your next week and review the agenda every morning, adjusting the schedule as you go. Based on your experience, decide what would be a reasonable slack time to account for in your schedule to avoid running over your time limits.

Prioritize

The tasks you enjoy the most are not always the ones highest on the priority list. Learn to stick to the order of importance, but also build contingency plans for which

activities you can afford to delay if something unplanned happened.

Delegate

Delegation is one of those things that we can label as easier said than done, but if you assign the task to the right person, under the right circumstances, delegation is a tactic that can significantly improve your productivity.

5. Make time for play.

Overwork is counterproductive. Plan time for leisure in order to maintain high-performance levels at work and live a much happier life.

Created by the IPS Business Owner Success School (BOSS) 



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