



Accounts Receivables Can Kill Your Business Success

By Dr. Linda Hancock

ABOUT THE AUTHOR

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A few years ago, my Assistant told me that there wasn't any money in the business chequing account. I couldn't believe it because I knew how much I was charging per hour. It just didn't make sense.

One of the first things that I did was start to educate myself. I watched the training videos for the bookkeeping software and then began using the knowledge to review the figures that had been entered into the program. How shocked I was to find that my Accounts Receivables were over \$25,000.00 and that much of it was from blue stock companies who had outstanding balances for several months.

It didn't take long to realize that I had an Accounts Receivable problem.

You see, when people or companies haven't paid their accounts, it is like lending them money out of your pocket!

I made a decision right then and there that from that day on I would focus on collecting the balances and never allow this situation to occur again.

The next step was to print out a listing of the outstanding balances so that I could see which ones had been overdue for the longest period of time. I began calling the organizations and found that most had not received invoices or statements, but all were very open to making payment once they received duplicates.

Next, I printed and mailed, emailed, or Faxed the necessary documentation.

Cheque by cheque the payments began arriving and the Accounts Receivable balance went down.

I still have Accounts Receivables in the business, but I have never allowed things to become so out of control. At the end of each month I print the listing and begin the process of contacting those who have outstanding accounts with a request for the time frame regarding when payment will be made.

It is very interesting (and not at all scary) to print the list each month as I now only view a couple of accounts that are more than sixty days overdue and these are likely because of a special arrangement that I have made in advance with the vendor.

Letting your Accounts Receivables grow will kill your business success and jeopardize your own personal financial situation. Your staff likely doesn't have the same motivation for collecting money as you have so it will likely fall to you to take on that role. One of the keys for doing this is to not let the problem get ahead of you again.