



Securing Your Financial Health - Accounts Receivables

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ABOUT THE AUTHOR

Dr. Hancock has written a regular weekly column entitled "All Psyched Up" for newspapers in two Canadian provinces for more than a dozen years. Over the years, her readers and clients have said that they have benefited from her common-sense solutions, wisdom, and sense of humour. Dr. Linda Hancock, the author of "Life is An Adventure...every step of the way" and "Open for Business Success" is a Registered Psychologist who has a private practice in Medicine Hat. She can be reached at 403-529-6877 or through email office@drlindahancock.com

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Accounts Receivables are monies that are owed to you for goods and services that you provided to your clients. It is important to remember that this is your money and because of this, you need to have an excellent system for keeping track and collecting it.

When you see a client, you collect a fee. I inform each person in advance that I only accept cash or cheque. That way you do not have any vendor fees that are charged by merchant services. I also have the client sign an agreement which includes the fee, method, and timing for payment. Include a section on if/how interest would be charged as well as policies for unpaid accounts (collections procedures).

You will either prepare a sales receipt (for cash or cheque) or an invoice (for third party payers) immediately after the appointment. My first choice for sending these to the payee is by email or FAX as this saves the cost of postage.

You will also need to have a method of preparing monthly Statements for clients with unpaid balances. These need to be sent out immediately after the last day of the month. I like to print a listing of my Accounts Receivables for the month and then make a plan to contact those which have been owed for the longest period of time. A polite telephone call can reveal the fact that the invoice had been misplaced, forgotten or missed the payee's cycle.

Not collecting your Accounts Receivables on a regular basis is like losing your wallet. Somebody else has your money. What is the point of working hard if you are not going to be paid? Remember, this is a business.

If you have signed contracts with third party payees, you will find that they usually have specific forms or requirements that must be met before they will make payment. You still need to have a central system that will record everything in a standardized manner. I use an amazing software program that allows me to set up the client and then do the invoicing and sales receipts with only three clicks! Simplicity is good.

If someone asked to borrow a large sum of money from you and pay it within 30 days, I think you would be watching the calendar and eager to collect. This is the same thing. The buck stops with you! Go get your money - you earned it!