



INVOICE MORE EFFICIENTLY



Learn how small changes in your invoicing process can **make a big difference** in how — and when — customers pay.

A small business is like an automobile: With the right person behind the wheel, it drives the business owner to his or her destination. Whether that destination is an early retirement, a higher standard of living or a legacy for the next generation, it's the vehicle that gets them where they're going.

Of course, every vehicle needs fuel. And for small businesses, that fuel is cash. "Steady cash flow is key to sustaining and growing the business," says Andrew Schrage, co-owner of Money Crashers Personal Finance, an online personal finance community.

Unfortunately, you can't fill your company's tank at the pump. You can, however, help fill it with better invoicing procedures. "There are many benefits to efficiently invoicing," Schrage says. "First, the faster you get invoices to your customers, the quicker you'll see the cash. Second, you'll develop a better reputation among clients, vendors and other business associates."

Invoicing may seem straightforward, but it's often easier said than done. In fact, 50 percent of small businesses fall behind on invoicing at least every few months. Another 42 percent say they currently have past-due invoices.

Fortunately, forming good invoicing habits is easy when you have the right system in place to make sure invoices are sent — and paid — as often and quickly as possible. That system should be:

Consistent: How often you invoice — daily, weekly, monthly — is up to you, as long as you do it consistently, Schrage says. That consistency should also apply to invoices themselves, which should be produced using a branded template that looks the same every time and can be electronically distributed to save time and money.

Automated: Invoicing solutions should automate as much of the invoicing process as possible, says Alaia Williams, president of One Organized Business, a company that helps businesses organize their finances. The best tools, she says, allow you to enter and store clients' information along with standard payment terms and core products and services. This allows you to populate invoices with the click of a button, saving time by eliminating redundant manual data entry. Once you enter your payment terms, some "set-it-and-forget-it" solutions will even automatically issue payment reminders and past-due notices.



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User-friendly: The best invoices are designed for customers, not their accountants, according to Lorrie Thomas Ross, CEO of Web Marketing Therapy, a marketing agency specializing in strategic optimization of the online customer experience. Invoices should include graphics and text — for instance, your company’s logo, the customer’s name and a brief but personal “thank you” message — that attract and engage the recipient.

For example, Ross says, “Instead of, ‘Dear Client, attached is your invoice, please remit immediately,’ say, ‘Dear So-and-So, it was so exciting to have supported you with XYZ.’ It’s all psychology — even collections.” The key is tailoring the message to each customer and making it relevant to the product or service you provided.

Informative: Your invoicing solution should include a reporting function that displays and summarizes important data, including which invoices are upcoming, past due and paid. According to Williams, such reports assist not only in financial projections and planning, but also in customer relationship management. They give you the information you need to reward customers for consistently paying on time —or penalize them for consistently paying late.

Flexible: Paying invoices should be as easy for your customers as sending them is for you. When possible, give customers multiple payment options, Williams says. An emailed invoice, for example, should offer customers more than one payment method option. Customers should also be able to set up recurring payments via automatic debit. In addition to flexible eBilling options, businesses should consider offering a Web page where customers can opt to pay electronically.

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¹The Western Union® Payments Small Business Barometer, January 2012, conducted by Celent, a division of the Oliver Wyman Group