

**Client:** Hamilton Bradshaw  
**Source:** Evening Standard (Main)  
**Date:** 23 January 2012  
**Page:** 34  
**Reach:** 700000  
**Size:** 129cm2  
**Value:** 8087.01



## How do I get my clients to pay on time?

**Ask  
James**



James Caan

*Dear James,*

Some clients pay our property maintenance company late, which starves us of money we'd like to use to grow the business. How can we break the cycle of stagnation that occurs in a young company's growth when poor cashflow starts to disrupt progress?

*Declan Curran, HomeFix Direct*

EARLY on in my business career one of my clients – in fact my biggest – told me I'd be paid by the end of the month. I wasn't. I had to say to my staff: "Look guys, I'm not going to be able to pay you." Luckily they stuck with me but it taught me a hugely important lesson: winning a piece of business is exciting, but negotiating payment terms is just as important. Make sure you agree them up front.

A lot of people are reluctant to be aggressive. But you have to chase late payment vigorously. About 90% of the time when businesses run out of cash it's because they were expecting payments to come in which didn't.

The sad fact is that if people think they can get away with not paying on time, they generally will. Most customers only pay regularly if there's a consequence of not paying – so I would be brave and consider withdrawing your service. But if the client owes you a lot of money, think about offering a payment plan.

Never send invoices by post. Always use email so the client can't use the excuse: it got lost in the post. And when you win a new client, make sure you understand their payment

processes and how invoices are approved. For example, do they require a purchasing order number?

Remember, cash is king, particularly for a small business.

■ For the full article and news of James Caan's free app go to [standard.co.uk](http://standard.co.uk). His new book *Start Your Business in 7 Days* will be available from March 1