# QuickBooks®

# Client Newsletter

## March 2014

## 5 Ways to Accelerate Your Receivables in QuickBooks

*Increasing your income is good. But even if you can't, you can still take steps to collect the money you're already owed faster. Here are five.*

If you asked five small business owners to name the top three roadblocks they face in their quest for ongoing profitability, it's likely that all five would point to slow payments.

It's everyone's problem. Accounts receivable requires constant monitoring. As satisfying as it can be to dispatch a group of invoices, you know that it's going to take some work to bring in payment for at least some of them.

By using QuickBooks' tools and complying with accounting *best practices*, you'll be more confident during the invoicing stage that what you're owed will actually be in your bank account in a reasonable amount of time. Here are five things that we suggest.

### Let customers pay invoices electronically.

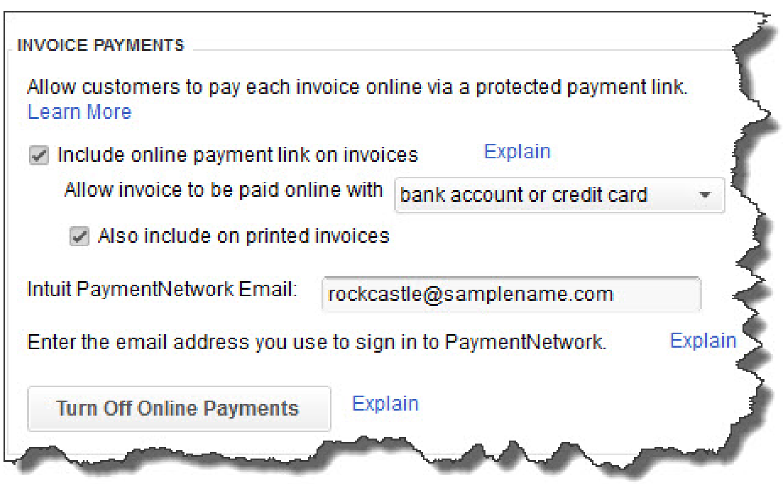


*Figure 1: You're likely to get paid faster if you let customers pay electronically when they receive an invoice. Go to* ***Edit | Preferences | Payments | Company Preferences.***

A few years ago, this was a good idea. In 2014, when people have stopped carrying checkbooks and are accustomed to using their mobile devices to pay for merchandise, it's become almost required. Whether or not you know it, you're probably losing some business if you don't have a merchant account that supports credit and debit card payments, and possibly e-checks.

If you have an online storefront, you've undoubtedly been accepting plastic for a long time now. Not many shoppers want to place an order on a website and hunt for envelopes and stamps and blank checks to complete it. If you invoice customers, it's just as critical that you allow them to remit payment ASAP.

Not set up with a merchant account yet? We can help you get started with the Intuit Payment Network.

### Keep a close watch on your A/R reports.

Part of being proactive with your accounts receivable is being vigilant and informed. Create and customize A/R reports regularly. When you customize your **A/R Aging Detail** report, for example, in addition to the other columns that you include, be sure that **Terms, Due Date, Bill Date, Aging** and **Open Balance** are turned on (click **Customize Report | Display** and click in front of each column label).

You should also be looking at **Open Invoices** and **Collections Report** frequently, or assigning someone else to monitor them closely. We can help here by creating more complex financial reports periodically, like **Statement of Cash Flows**.

### Send statements.

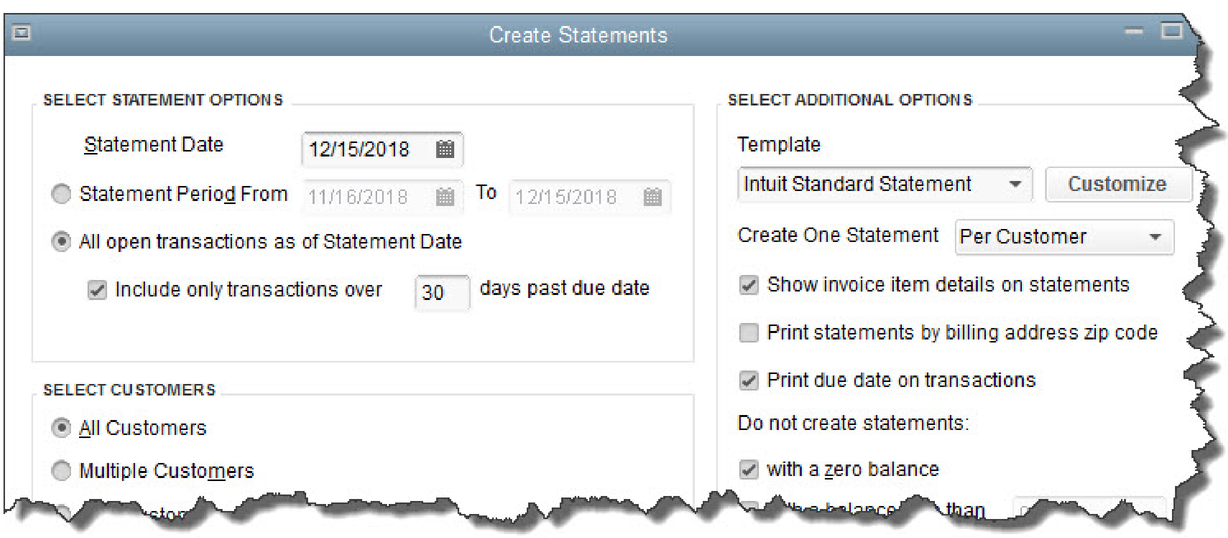


*Figure 2: In this window, QuickBooks wants you to create filters to identify customers who should receive statements. Here, everyone with transactions that are more than 30 days old will be included.*

Invoices are generally the preferred way to bill your customers, but you should consider sending statements in addition when customers have outstanding balances past a certain date. QuickBooks sometimes calls these *reminder statements*. You're not providing the recipients with any new information; you're simply sending a kind of report that lists all invoices sent, credit memos and payment received.

To generate statements, click **Customers | Create Statements**. You'll see the window pictured above. You can send statements to everyone, a defined group or one customer, and you can define the past-due status that you want to target in addition to other options.

**Send accurate invoices the first time.**

Few things will slow down your accounts receivable more than incorrect invoices. The customer can wait until payment is almost due to dispute the charges, which means that they'll probably get another 15 or 30 days (or whatever their terms are) to pay the amended bill.

So whoever is responsible for creating invoices needs to be checking and re-checking them. If it's logistically possible depending on your workflow, have them verified by a second employee.

**Offer discounts for early payment and assess finance charges.**

Offering discounts is a balancing act. You'll be getting less money for your sale – even 5 percent multiplied by many customers can add up – but it may make sense financially for you to take a small hit in return for being able to deposit the payment sooner. We can help you do the math here.

To offer this, you'll have to set up your discount scenario as a **Term** option (**Lists | Customer & Vendor Profile Lists | Terms List**), as seen here:

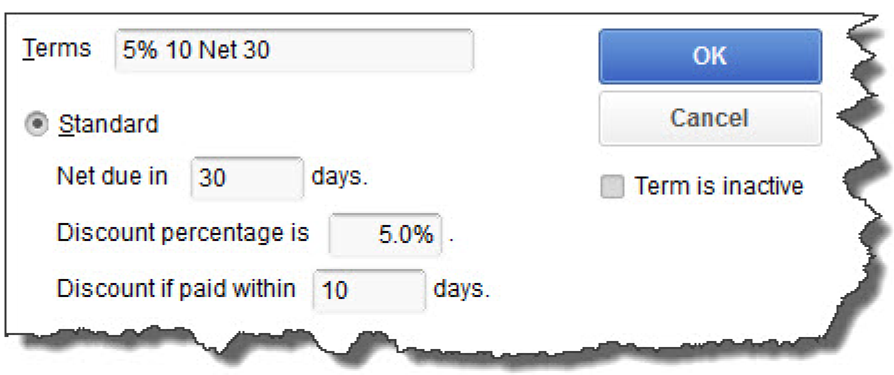


*Figure 3: This **Standard** discount term gives customers a 5 percent discount if their invoice is paid within 10 days.*

To make a customer eligible for the discount, open the **Customer Center** and double-click on a customer, then on **Payment Settings | Payment Terms**.

You might also want to be assessing finance charges. The revenue you bring in from finance charges will probably be negligible. But sometimes, just knowing that a late payment will be more costly may prompt your customers to settle up in a timely fashion.

Whatever approaches you choose to accelerate your receivables, be consistent. If any of your customers should compare notes, you want to be regarded as being firm but fair.

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