

How do you ensure you get paid in a timely manner?



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We asked Calgary entrepreneurs about how they track accounts receivable.

Here's what members of our community had to say about how they get paid for the work they do:

“I ensure I get paid in a timely manner by adhering to my accounts receivable management. To start, I clearly put the terms of payment on each invoice. I transfer the terms of payment for each invoice to a spreadsheet that lists my receivables with the date the invoice is suppose to be paid. I simply start each day by looking at my accounts receivable list. I follow up a week or ten days in advance from the date the invoice is suppose to be paid to make sure the invoice is in my vendor's accounts payable system first of all and find out when it is scheduled to be paid. I document all the conversations and follow up accordingly until the invoice is paid in a timely manner. As we all know, ‘the squeaky wheel gets the grease.’ ”

— Daryl Turko, Owner of [The Interface Financial Group](https://www.interfacefinancial.com/team/turko/)
(<https://www.interfacefinancial.com/team/turko/>)



Communication with customers is the key to getting paid promptly, says Don O'Dwyer, CEO of Raven Bay *DION DICKS / DIREQTION.CA*

“Our approach to getting paid in a timely manner is to have ongoing discussions/updates and create a relationship with our clients.
— Don O'Dwyer, CEO of Raven Bay
(<http://www.ravenbay.com>)

“One of the best ways to ensure you get paid on a timely manner is providing good service. A well respected business partner that a company wants to stay connected to is less likely to have their payment delayed than one a business is not intending to deal with again. Another way is to stay on top of your receivables. As soon as they are due, a reminder

should be sent to show that you are not willing to let this debt slide. And lastly, the squeaky wheel gets the grease, so if you suspect a client is not going to pay, keep at them until they do. They will not want to put up with you repeatedly calling or visiting them, and if they are the type not to pay, you have no reason to attempt to maintain the relationship anyway.”

— Merri Lemmex, Managing Partner, Operations, Lemmex Williams Training Inc. (<http://www.lemmexwilliams.com>)

“Getting paid in a timely manner has been a huge learning curve for me. Starting out, I always thought I was providing a service and should be polite and patient to my clients. Since then I have learned. Especially, as I now have contractors to pay and expenses. There have been times where I have had to pay out of my own pocket! That is why I learned my lesson. Now, on all my invoices I make my client aware that if payment is not received within 30 days a five per cent late fee incurs. If they continue to be late, I sometimes halt services unless circumstances call for otherwise. I felt harsh at first, but people will take advantage if you let them. It’s important to stand up for yourself, especially in the business world.”

— Jessica Steffens, owner of To The Beat Safety Training (<http://www.safetytothebeat.com>)

“Our company provides software and services for oil and gas, mining and health care. Our accounts receivable and payable departments were automated a few years ago to enable faster invoicing and payments. We signed up for electronic invoicing networks, such as CORTEX to connect with our clients as well as our vendors. This reduced our billing cycle from 90 days to less than 30. Having our accounting systems automated gives us immediate visibility into our cash flow. It also provides transparency and immediate resolution when an invoice or its payment terms are in question. This is of great value to smaller companies such as ourselves as it ensures timely payments and a positive cash flow.”

— Dan Gurescu, founding partner at Caldeonia Solutions Inc (<http://www.caledoniasolinc.com>).

“I think a lot of solo consultants have this issue. We found two strategies that help: we get a significant deposit on work at contract signing, which ensures we’ve got cash flow to support the effort; we also offer a discount

on the total project price for paying the entirety up front. About half of our clients take the discount and that means we have cash to fund operations, and also reduces the likelihood of delays or cancellations, and the consequences to our cash flow if they do occur. Not a strategy that will work for every business but for our consulting practice it has been very effective.”

— Jeff Griffiths, co-founder at Griffiths Sheppard Consulting
(<http://www.griffiths-sheppard.com>)

“I use email transfer for many of my coaching clients and I typically receive funds for service in two business days. My corporate invoicing for corporate clients is more traditional and takes up to 30 days to receive funds for services delivered. These corporate invoices are paid by cheque. Collection has rarely been problematic, for that I am grateful!”

— Carmen Goss, HR consultant and career coach
(<http://https://ca.linkedin.com/in/carmengoss>)

“Make sure that the customers know what the cost is and the value that price is providing before receiving an invoice. Many invoices and/or payments are held up because companies haven’t explained what they did to require that payment or what value was provided. Unless you are a big name brand or incredibly loyal repeat customers, just because you think you should be paid for something doesn’t mean your customers believe you should or thought that level of commitment was required with little trust built in between the transaction and the invoice. Advice: If this is happening it may be that you will need to provide more clearer terms and ensure that what you are getting paid for is worth it. If customers are not paying it could be a sign that your pricing and/or business model may need some fine-tuning. Next step deliver quick with quality. Depending what you are selling get paid up front, if you can’t then get a commitment documented, then send reminders before the payment is due.”

— Charity Callahan, partner at C4Skunkworks
(<http://www.c4skunkworks.ca/>)

Use automation services. There are so many incredible services to

automating key aspects of your client communications, including accounts receivable. Just make sure you edit all the default messages, sound like a human, otherwise you will just get overlooked. You could also try, you know, the phone.

— Michael Tighe, managing partner at [Solid Site](http://asolidsite.com) (<http://asolidsite.com>)

“I’ve learned that some things are in my control and others are not. What kind of client? Business? Government? Private client? What kind of invoicing process/payment style? Upfront? Post-service? Cheque? Online? Some of these components come with their own set of rules and time restrictions. Here a couple of additional notes on the logistical side:

1. Maintain accurate and consistent systems.
2. Always follow up.
3. It sounds simple, but doing it right and checking it twice the first time will save you headaches later on.

“Regardless of all these factors and beyond these practical tips, the absolute most important thing I’ve learned is to value the relationship. There’s always a person on the other side. Be polite, friendly, kind, and patient. The person paying you has their own life going on, ask about it. Show that you care.”

— Sara Dasko, CEO at [Free Mind Language Services](http://freemindls.com) (<http://freemindls.com>)

“Getting paid in a timely manner, in theory, is easy: just let your customer know how and when they should pay for your service. The challenge arises when you let the customer dictate how and when they’re going to pay you. They’re trying to protect their cashflow as well. Every industry is different. Regardless, make it easy to buy and make your teams simple and clear to pay for. In our business we have our clients sign an agreement which indicates how and when they pay and by what method: credit card or

electronic funds transfer. In both cases, we control the payment. What's right for you might be different, however (ideally) ensure you're getting paid before or on the day of providing the service, or before you have to pay for your own materials and/or labour."

— Vince Fowler, chief challenger of the status quo at Vested Interest Group (<http://www.vestedinterestgroup.com>)

"Processes, relationships and great employees are key to getting paid in a timely manner. You need processes in order to make sure that your business can get work done, invoices completed and information delivered in a timely manner to your customers. Relationships, know how your customers operate: Do they use an online portal or do you send your invoice in the mail? There can be a significant timing differences in your cash cycle based on how a customer receives their invoices. Building a relationship with your customers will help ensure that they make you a priority on the next cheque run. Finally, great employees, without a team that is aligned with the processes and customer relationships of your business, you will get paid last. A team that understands cash flow will help you get paid fast, educate them about the cash cycle and they can be your greatest proponent to getting paid in a timely manner."

— Angelika Gocalves DaSilva, business advisor at Stawowski McGill (<http://stawowskimcgill.ca>)

"We lay out payment terms in the contract, which includes a 50 per cent project deposit before any work product is shared. This ensures our hard costs are covered. We also make a gentle reminder when invoices are 30 days past due. With long term clients, timely payments are rarely an issue."

— Sue McMaster, principal consultant at Quest Communications (<http://questcommunications.ca>)

"In addition to accepting multiple payment options to make it easier for customers to pay us and having a clear due date of seven days instead of Net30, we have a 10 per cent prepayment discount so that is a motivation for our clients to pay us not just on time but ahead of the due date. Most of our clients are small businesses and our invoices are usually in four figures so even a 10 per cent discount saves them a few hundred dollars.

Business owners like that saving and we love that we don't have to chase customers for getting paid. Win-win!"

— Devesh Dwivedi, business coach at [Ideas2Inception](http://www.idea2inception.com)

(<http://www.idea2inception.com>)

"With most of our projects being larger and extending over long periods of time, we outline key stages and deadlines in our contracts to invoice the client periodically over the course of the project. This fosters mutual accountability and transparency as the client knows when to expect our invoice and we know when to expect the money so we can plan our cash flow accordingly."

— Kris Hans, strategist at [Market Grade](http://marketgrade.com) (<http://marketgrade.com>)

"We get experts at that to do it for us. If we have a client who takes a while to pay their bills, then we use Fundthrough to forward us the cash and collect on the invoice (i.e. factoring.) The fee (less than a line of credit) more than offsets the delay and cash flow disruption."

— Len Nanjad, partner at [COREInternational](http://www.coreinternational.com)

(<http://www.coreinternational.com>)

"As a service-based company we are always upfront about fees and the expectation of payment. With that in mind, we also offer many different payment options. We accept credit cards and can also do EFT (directly from your bank account) so at that first meeting we always take time to discuss the different ways to pay and the best option for our client. We don't accept cheques very often, mostly because of the old saying 'the cheque is in the mail' as we want to drive the payment, not the other way around."

— Donita Fowler, marketing specialist at [Vested Interest Group](http://www.vestedinterestgroup.com)

(<http://www.vestedinterestgroup.com>)

"We believe that open and honest communication is what is key in ensuring that we get paid in a timely manner. In today's market, getting paid on time from our clients is imperative to a smooth development cycle for their project. We make that clear during our proposal phase with them & allow them to provide us with their best payment plan options. We have found that by having the client tell us how they want to pay us before we begin their project, it shows them we are open to working with them

however they need, as long as it will work for both parties. We will accept cash, credit cards, PayPal, BitCoin, Email Money Transfers and their first born ... okay — maybe not the first born — but we are open to working with our clients however they need so we don't get into a situation neither of us wants. Mobile app projects are a partnership; one that we want to last for a long time.”

— Ryan Hnetka, founder and CEO at [App Guys Inc.](http://www.AppGuys.ca) (<http://www.AppGuys.ca>)

“Because the majority of my items are personalized and customized, I request full payment up front before the design process can begin. I offer various forms of payment to make it easy for my customers and my payment terms are laid out clearly on my website and order form. If I don't require payment up front I take the risk that the product will never be paid for and I'm stuck with hours of work and a personalized product that I am unable to sell.”

— Valery Klassen, owner of [Sun 7 Designs](http://www.sun7designs.com) (<http://www.sun7designs.com>)

“We have three ways to ensure we get paid. 1. Recurring revenue model on 12-month contracts that require a credit card pre authorization form; 2. 50 per cent up front (with) 50 per cent on completion on our additional services. 3. 40 per cent down with remaining payments by credit card. It is important that you outline your expectations in your contract. Also having a good collections agency and being upfront about all costs involved, recurring renewals, NSF fees, and making sure they are signed off on from the beginning is key to successful relationships. With any business, you need to have a pretty good idea of who can and will benefit from your product/service. Focusing on who your ideal clients is how you will build and achieve long-term revenue goals.”

— David Barnes, strategy advisor at [Paradox Performance Group](https://www.paradoxperformancegroup.com) (<https://www.paradoxperformancegroup.com>)

“We ensure this in the way we structure our billing. Projects are 50 per cent upfront and 50 per cent at completion. Retainers are billed at the beginning of the month before service delivery. This seems to help keep us stay ahead of this issue.”

— Lisa Genovese, president and CMO at [Bottom Line Marketing](http://www.bottomlinemarketing.ca) (<http://www.bottomlinemarketing.ca>)

These answers are in response to a question posed by Wellington Holbrook, executive vice-president of ATB Business (<http://atb.com/business>). Here's his advice:

“The first step is so obvious you'd be surprised how many entrepreneurs miss it. Just ask. Setting tight but reasonable terms is acceptable to more of your customers than you might expect. If you are worried that this might sacrifice your relationship, don't worry, they will let you know and you can adjust. The second step is maybe less obvious. Make sure that you understand your customer's billing cycle. By taking this into consideration you can optimize the best time to get your invoice into their system and to get your payment sooner, and not later.”

Get Involved!

Answer our next question: **What make Calgary a great place to do business?**

Submit your answers at the Capital Ideas website

(<http://capitalideascalgary.com/capital-questions/what-makes-calgary-a-great-place-to-do-business/?source=CH1029>) by Monday, Nov. 2. We'll publish the best answers, along with your business name and website.

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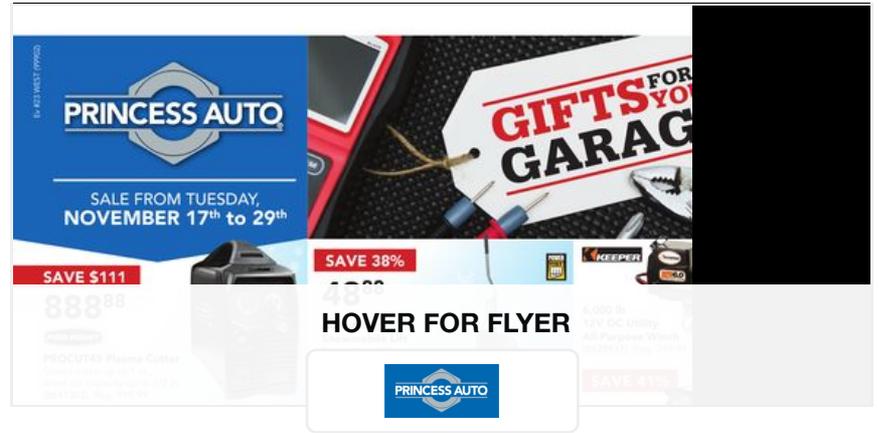
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Barry Kenley · Trade Credit Agent at Euler Hermes

Along with the strategy of staying on top of your Accounts Receivables, companies today need to consider Trade Credit Insurance to protect you in case of default or non-payment by your customers. Unfortunately there are no guarantees that a client who may have great financials and credit today, may declare bankruptcy tomorrow for a number of reasons. We are seeing many more companies looking to ensure their receivables - as well as being mandated from their financial lending institution - to both protect themselves and to safely sell/expand their business. When a company like Target can pull the plug with a stellar credit history, nobody can definitely say they are 100% sure they will be paid.

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