



**WHAT TO  
DO WHEN  
CUSTOMERS ARE  
NOT PAYING ON  
TIME?**

***Kolleno.***

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# KOLLENO PREFACE

## How often do your customers pay invoices late?

At Kolleno, chasing late payments is our specialty. The most effective to get paid on time.

Having helped business chase over £10 million of collected late payments to date for several great companies, we are sharing out top practice guide on how to deal with the situation when customers are not paying invoices on time.

In this guide, you will find useful tips and tricks for accelerating your payments for even the most difficult customers, and advice on how to deal with cases when chasing does not work.

You will learn how...



To escalate  
your chasing



To chase over  
the email



To act when  
chasing does not  
work

# HOW TO ESCALATE YOUR CHASING

If you are struggling with a customer with a poor payment culture, escalating your chasing is crucial for improving your chances of getting paid.

Escalation is about changing the tone of voice, the sender (e.g., to someone more senior within your business), and the recipient (e.g., to someone more senior in your customers business) in your chasers.

As practice shows, escalation is often the key when customers are not paying. We have found it to be highly effective for customers to take notice of unpaid invoices. In case of no effect in the beginning, we recommend escalating throughout the chasing process.

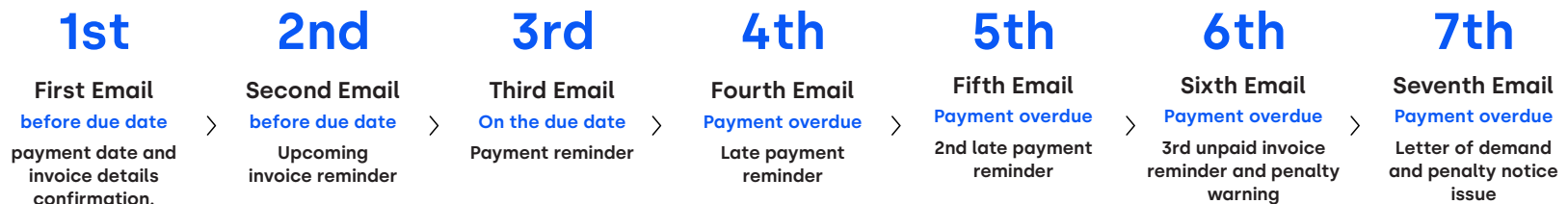
It is best to adapt your escalation strategy according to the type of your customer. You might have good customers who seldom does not pay on time, but at the same time you might also face customers with consistently bad payment habits. "bad payers"

Accordingly, your escalation should be different for each of them. With "Good" customers your escalation should start much later compared to customers with bad payment habits. Moreover, your tone of voice could be warmer and lighter for good customers, but with problematic customers you would use more firm and thorough language.

# HOW TO CHASE OVER THE EMAIL

For your email communication to be effective in getting paid on time, it is crucial to have structured sequence and templates in place. You can help your business to avoid late payments by reminding your about upcoming payments early before the invoice due date and escalate your chasing depending on the period overdue.

Below is our recommended schedule for email chasing:

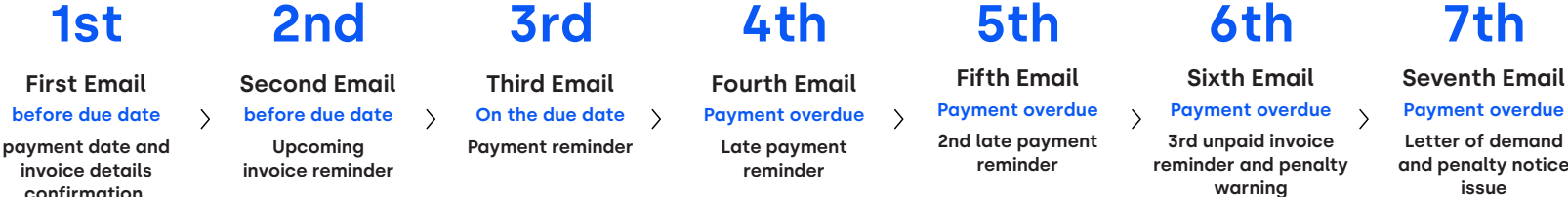


In our practice, 80% of late payments can be successfully collected through email communication alone.

# HOW TO CHASE OVER THE SMS

Diversifying the types of messages and reminders you send permits a better customer experience and increases the likelihood of getting paid. For instance, SMS is an incredibly effective tool for credit control. The use of mobile phones has been increasing and mobile phones have become our number one ally. This is why unpaid invoices can be successfully collected just by sending payment reminders by SMS.

To be effective, the ideal is to prepare most of your templates in advance. Plan the sending's and then change some variables in the content if necessary. You can set your SMS reminders to go simultaneously with your email sequences or alternate it with your emails.



# HOW TO CHASE OVER THE PHONE

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While 80% of unpaid invoices can be collected through SMS and email reminders alone, there can be up to 20% which require phone calls.

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There are also situations in which you should always make a phone call:

1. No response at all
2. No favourable response
3. To impose realism

Before you start making phone calls, ensure that you have all relevant information at hand. The more information you can have on hand, the better. But the bare minimum should include:

- 1st **Invoice Reference**
- 2nd **Goods / Services Invoice**
- 3rd **Invoice issue date**
- 4th **Number of days overdue**
- 5th **Notes of communications had so far**
- 6th **Details of the person you are going to talk**

# HOW TO CHASE OVER THE PHONE

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## Our tips to follow during the call

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- **Get straight to the point.** Be clear and open about your wishes. For that, you need to have clear targets for your call. For example, you may be able to compromise on the payment date but need it in full; or if you are not able to give your customer some extra time, you could work on coming up with a payment plan.

- **Be polite and upbeat.** Give the call a personal touch but remain focused, firm and assertive.

- **Be compassionate.** Remember there may be many reasons your customer has not paid, especially nowadays when many businesses were hit by a pandemic.

- **Make notes** throughout your call and summarize the key actions at the end of the call to confirm that you and your customer are on the same page.

- **Follow up on your call immediately** with an email that summarises the main points discussed and any agreed steps.



# WHAT TO DO WHEN CHASING DOES NOT WORK

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The reality is that even if you do the best you can, it does not guarantee every customer will pay on time.

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Late payments collection is a process where not everything depends on you.

The above email schedules are the best approach in a generalized sense. For the minority of cases where the above strategy does not result in paid invoices, here are some of the options:



Using debt collections



Charging interest on every overdue



Legal proceedings

However, these can be potentially damaging for the relationship with your customer. Thus, should be used as a last resort when dealing with a customer who has a history of late payments or refuses to pay what they owe.

But if you want to ditch the stress and save yourself time on dealing with late payments, you can always give Kolleno a try.

At Kolleno, we accelerate your late payments x5 times. We fully take care of your late payments so that you can focus on running your business. You can easily start with using our services with zero upfront costs and only be charged on a successful collection.

***Kolleno.***

[Start for free](#)