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Welcome & Introduction

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Welcome & Introduction

- Accounts Receivable: Why it matters?
 1. Customer service
 2. Easy for the customer
 3. A function of profitability
 4. If AR explodes, it gets expensive
 5. Impacts bottom line

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Why AR Matters Now More Than Ever

- 2025 Challenges:
 - Increased costs for your business
 - Client slow-pay trends
 - Economic uncertainty
 - Protecting profitability
 - Operational/Personnel Costs


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Why AR Matters Now More Than Ever


- 2025 Statistics:
 - 39% of B2B invoices in the U.S. are paid late;
 - 33% of late invoices are overdue by more than 30 days;
 - 81% of businesses are reporting an increase in delayed payments;
 - 53% of CFOs report that payment portals improve AR collections;

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The AR Problem: Why Small Businesses Struggle to Get Paid


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The AR Problem: Why Small Businesses Struggle to Get Paid

- B2B trade credit is where businesses buy goods upfront without cash and pay at a later date.
- According to recent stats, 80% of B2B payments are made by check, ACH, credit cards or cash.


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The AR Problem: Why Small Businesses Struggle to Get Paid

1. More complex transactions;
2. Higher dollar amount of purchases;
3. Cash flow of customer could be impacted;
4. Slow pay allows for use of cash collateral;
5. Issues with deliverables to the customer (Customer disputes);
6. Invoicing delayed or not received.
7. Perceived issues by the customer.


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The AR Problem: Why Small Businesses Struggle to Get Paid

- The “AR Trap”
 - Sales are hugely important!
 - Collection and payment from the customer is hugely important.
 - Sales and Credit working together for the benefit of the company!
 - Sales and Credit: The “other side” is NOT the enemy.


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The AR Problem: Why Small Businesses Struggle to Get Paid


- Opportunity cost: what slow payments cost your business

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Setting the Foundation: AR Policies That Work


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AR Policies That Work

- Establishing clear payment terms (Net 15, Net 30, discounts for early pay)
- Establish consistent terms throughout your business platform:
 - Website
 - Credit application
 - Quotes
 - Invoicing
 - Statements


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AR Policies That Work

- Know who your customer is;
 - Company or trade name?
 - Incorporated?
 - Company history;
 - Who are the owners?
 - What is the financial strength;
- Personal Guarantors?
 - By all means YES!


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Setting the Foundation: AR Policies That Work

- Contract & invoice language that reduces disputes
- Prompt billing/invoices for payment
- Prompt reporting on AR
- Prompt follow up on slow pay customers
- Follow up with customers for payment


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Setting the Foundation: AR Policies That Work


- Credit checks:
 - When and how;
 - Trade references;
 - Credit reports;
 - Public Records;

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Tools & Tech to streamline AR

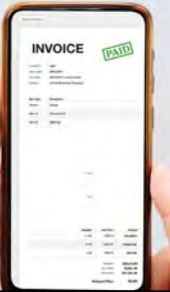
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Tools & Tech to Streamline AR

- Invoicing software
- Use the tools in the software for follow up and notes.
- Communicate with the customer:
 - Phone calls (they still work...)
 - Text messages
 - Emails
 - Personal Visits


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Tools & Tech to Streamline AR

- Automation tips: recurring invoices, reminders, late fees


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Tools & Tech to Streamline AR

- Accepting payments online (ACH, credit card, mobile apps)

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Collection Best Practices

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Collection Best Practices

- Friendly follow-ups;
- Scripts that work;
- Using sales, credit and owners to follow up;
- Get details of payments to be made:
 - When?
 - How?
 - Form of payment?
 - Amount?

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Collection Best Practices

- Creating an escalation process
- Have follow up scheduled and follow through
- Keep track of promises and hold them to it

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Collection Best Practices

- When to offer discounts;
- When to get tough;
- This is business not personal;
- Stay positive;
- Listen to your customer, you may learn something valuable about what is going on with them;

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Collection Best Practices

- Working with collection agencies
 - Good ones
 - Bad ones
- Ultimate costs?
- Best practices?

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Preventing Future AR Problems


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Preventing Future AR Problems

- Know your customer well;
- Understand your customer's business and needs;
- Review AR trends and reports for your business;
- Talk with other similar companies for ideas and trends;
- Close connection with your CPA, Attorney and Banker;

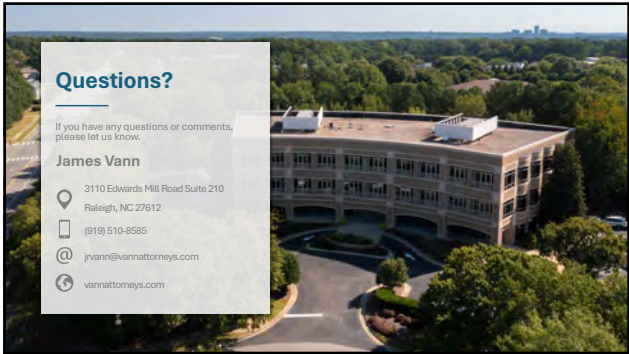
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Preventing Future AR Problems

- Regular AR reviews: aging reports and KPI tracking

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Questions?

If you have any questions or comments, please let us know.

James Vann

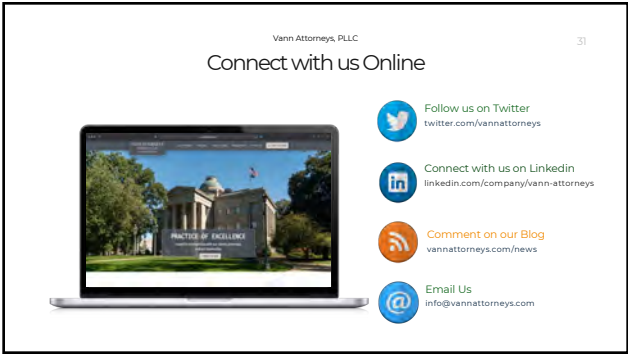
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