

Top tips to get paid on time

There are a number of actions you can do to encourage your clients to pay on time:

- Try to get paid immediately (for example, at a show or through online orders), use a proforma invoice or ask for payment on delivery.
- With trade clients who you don't know very well, issue a proforma invoice or ask for payment on delivery for the first 12 months at least. It is strongly recommended that you do this with new (online) retailers and overseas clients.
- You might want to do a credit check on any new clients, or check their accounts with Companies House if they are a limited company (though these might be out of date).
- If you are working on a large project or commission, it is normal to split the payments and get a deposit upfront. This will help you with your own cash flow and will also ensure that you have some control over the situation if your client does not want to pay.
- To avoid running into payment problems with your clients, always clarify the agreed credit period before accepting the work. Terms and conditions on an invoice only serve as a reminder and can't be legally enforced.
- If your clients order from you and it will be a while before you deliver your products or finish your commission, then stay in regular contact. Give them a timeline of each stage of your design process, and let them know when you will be sending your invoice.
- Invoice prior to or very close to the delivery of your products or the end of your project or commission.
- Include on your invoice the statement: "Payment to be received within 30 days of date of invoice. We understand and will exercise our right to interest and compensation for debt recovery under the Late Payment Legislation if we are not paid according to agreed credit terms." For more information visit the [Pay On Time website](#).
- Give a discount for early payment, for example, 3% if they pay within 30 days. It often works better if you entice them to pay early rather than punishing them if they pay late.
- You might consider becoming a member of the [Federation of Small Businesses \(FSB\)](#). You can add their logo to your invoice, which is a good deterrent to late payers. They also offer very good legal resources, and a "late payer service" to help you to chase late or non-payers.
- Create a financial management routine for your business, and allocate a specific time each week or fortnight to do your accounts. At that time, send out your invoices, pay bills, check your cash flow, and chase any late payments. If you come across as a professionally run business, you will be taken more seriously.
- Some larger retailers will impose their own payment terms, which are often 90 days or longer. You can negotiate better payment terms before accepting their orders – don't wait till you have delivered your goods. Be aware of the potentially disastrous impact this can have on your cash flow. Sometimes it's better to say no to a large order from a retailer, as you might run out of money and go bankrupt.