

# 6 Ways to Get Your Invoices Paid on Time

by [Carrie Smith](#)

9 min read

If you're having trouble getting invoices paid by your customers, you're not alone. A 2015 study from Fundbox found that 64 percent of small businesses are affected by late payments.

This puts business owners between a rock and a hard place. It's frustrating to spend hours following up on past-due invoices, but it's even worse to hold off on hiring, upgrading equipment or paying your vendors because of a cash-flow pinch. Still, client relationships can be fragile. Repeated phone calls and late fees don't always go over well with the people who hire you.

Predictable revenue keeps you focused on the task of running and growing your business. Simply put, positive cash-flow keeps the wheels greased. Here are a few ways to make sure you get paid as quickly as possible for your hard work.

## 1. Accept All Forms of Payment

The easier it is for your customers to pay, the more likely they are to pay on time.

### Checks

Paper checks, for example, may seem like a thing of the past, but according to a survey by the Association of Financial Professionals in 2014, businesses within the U.S. still pay half their bills by check. According to the *Wall Street Journal*, "That's down from 74% in 2007, but the rate of decline has slowed, suggesting stubborn barriers to change."

Clearly list your company's name and mailing address on your invoices. If you don't have an office, list a P.O. Box or your home address. Make it impossible to misinterpret where checks should be sent and when they're due.

### Credit and debit cards

Credit and debit cards are easy to use and therefore a form of payment that will help you get paid on time. Some of the best and most popular merchant credit card processing services include:

- **QuickBooks Payments.** Email invoices with a “Pay Now” button and your customer can pay you with a couple clicks by credit card. Simple, fast, and easy. Plus your accounting will be automatically done for you. Same rates for all major credit cards (2.9% + \$.25 for an invoice paid online).
- **Square** allows the processing of credit or debit cards in-person or digitally. Plus, you can auto-import sales and expenses in QuickBooks using the Sync with Square app.
- **Invoice2Go** is built for invoicing. It’s a mobile-first solution that helps business owners create invoices from their smartphones and easily track which customers have paid and which haven’t.

### ACH Bank Transfers

Bank transfers are often the cheapest and easiest way to move money. QuickBooks offers free ACH transfers, meaning customers can deposit funds directly in your checking account with no fees.

This is especially helpful option for customers that you work with on an ongoing basis. Just setup the account and routing numbers once, then collect 100% of the money you’re owed.

### PayPal

It’s easy to pay and receive payments with Paypal, and it only takes a few minutes to get started. The receiver—i.e. the invoicer—is responsible for the fee of 30 cents plus 2.9 percent on every transaction. (Remember, these fees can be deducted as a business expense.)

On top of this, PayPal and QuickBooks sync beautifully together so you can offer customers this payment option without creating additional bookkeeping.

### Mobile pay

TechCrunch estimates that 70 percent of U.S. consumers will make a mobile payment in 2017. Businesses are sure to follow suit and so the ability to accept mobile payments is becoming a priority. To get started accepting payments via mobile, check out some of these popular apps that sync with other payment processing services.

- Samsung Pay
- Apple Pay
- Venmo Share Payments
- Facebook Messenger Payments

Be flexible, look for options that keep your bookkeeping straightforward and don't forget to write off the transaction fees associated with digital payments.

## 2. Create Accurate, Easy-to-Understand Invoices

When your revenue relies heavily on getting those invoices paid, it's worth investing a little time in making them as clear as possible. Even the slightest ambiguity will slow things down. As Finnish professor Osmo A. Wiio famously said of human communication, "If [it] can fail, it will."

<b>JD Marketing</b> 123 Main St Suite 400 Anytown 12345 1 (800) 555-5555 jdmarketing@email.com jdmarketing.com <b>Invoice</b>																	
<b>Bill to</b> Lisa Smith	<b>Ship to</b> Lisa Smith 123 Bridge St Anytown USA 12345	<b>Invoice:</b> Terms: Net 30 Date: 01/27/2017 Due date: 02/27/2017															
<table border="1"> <thead> <tr> <th>Date</th> <th>Activity</th> <th>Qty</th> <th>Rate</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>01/27/2017</td> <td>New logo design</td> <td align="center">1</td> <td align="right">\$250</td> <td align="right">\$250</td> </tr> <tr> <td>01/27/2017</td> <td>Email strategy and campaign creation</td> <td align="center">1</td> <td align="right">\$175</td> <td align="right">\$175</td> </tr> </tbody> </table>	Date	Activity	Qty	Rate	Amount	01/27/2017	New logo design	1	\$250	\$250	01/27/2017	Email strategy and campaign creation	1	\$175	\$175	<hr/> SUBTOTAL \$425.00 Discount 10% - \$42.50 Tax 5% \$21.25 <b>TOTAL \$403.75</b>	
Date	Activity	Qty	Rate	Amount													
01/27/2017	New logo design	1	\$250	\$250													
01/27/2017	Email strategy and campaign creation	1	\$175	\$175													

### Make total and due date clear

Start by making the payment amount and due date stand out. The customer should easily be able to identify how much they owe and by what date. These are two of the most important components of receiving prompt and accurate payments.

### Itemize

Discuss costs, fees, upcharges and overtime rates up front. Then, itemize these costs on the invoice. Customers want to know exactly what they are paying for. The fewer questions they have about their invoice, the faster you'll get paid.

### Send it to the right person

Depending on your business, you might invoice people or other businesses. Ensure you have the right contact information when sending out the final invoice—for businesses, this might be a CPA or someone in their accounts receivable department. Set yourself a reminder to verify this information on a yearly basis, too. The fewer hands the document has to go through, the faster you'll see payment,

### Track and simplify

Always include a unique number with your invoice as this will make it easier for both parties to record, track and follow up. Consider using simpler language too, like “days” versus the term “net” when listing out how many days until payment is due. Clearly state the details of your invoice terms and make them easily trackable to avoid any miscommunication.

## 3. Be Timely

Don't wait too long to send out your invoices. The quicker you do so after performing a service or providing a product, the more top-of-mind the work will be.

Here are some ways to ensure your invoices get out quickly, and into the right hands.

### Don't underestimate promptness

Send out invoices according to the timeline stated in the contract, or at the very least, as soon as the project is complete. Don't make your customers request an invoice to pay you.

### Automate

Automated invoicing, one of the most helpful features in QuickBooks, allows you to create an invoice template that can be used over and over again. You can

even schedule recurring invoices so you don't have to spend time preparing them manually.

### Be persistent with follow up

Larger projects and invoices may take some following up before payment will be received. Don't be afraid to follow up on larger invoices a couple of times before the payment due date. Customers and clients are busy, and a payment reminder is often welcomed. QuickBooks can help here too—you can set automated email nudges to remind customers that a payment is due.

## 4. Establish Penalties

Small business owners tend to shy away from assessing late fees for fear of upsetting the relationships they've established with customers. Think of penalties as a way to promote timely payments, not punish your valuable customers.

Businesses get into trouble with late fees when they aren't expected. Explain them to customers in conversation and state them clearly in your contracts for complete transparency. Late fees should never be a surprise.

Here are a few ways to implement penalties for late payment:

### Flat late fees

A flat late fee is a specific dollar amount that's useful when dealing with smaller invoices.

For example, assessing a 2 percent late fee on a \$200 invoice only comes out to \$4, which is hardly motivating. Instead, you could implement a flat \$20 late fee to all invoices less than \$1,000, then assess 2 percent on anything over \$1,000.

### Accruing interest

In addition to charging a late fee, whether it's a flat fee or a percentage, you can also assess an accruing interest charge for every week or month that payment is late. The terms of this percentage should be laid out in your contract or payment policy. An example would be to charge 2 percent capitalized weekly until the invoice is paid.

### Finance charges

Finance charges cover the gambit of flat fees, a percentage of the invoice amount, accruing interest and any other forms of fees you assess clients for failing to pay. QuickBooks has this feature built-in, so you can assess any finance charges to outstanding invoices without a huge hassle.

When it comes to enforcing payment, this type of reinforcement works. If you do decide to implement late fees, be transparent about them to avoid creating conflict with your customers.

## 5. Automate Reminders

Don't let your busy schedule interrupt cash-flow. Automating invoice reminders will save you a little bit of time and a lot of cognitive stress. It completely eliminates the mental clutter—"Has [customer] paid? When did I follow-up last? It is time to follow-up again?"—associated with collecting payments.

### Automate reminders before and after the due date

Don't wait until an invoice is 45 or 60 days past the payment date before setting up an automatic payment reminder. Like with the initial invoice, the likelihood of collecting old invoices decreases over time.

QuickBooks Online makes it easy to send past-due reminders in less than 30 seconds. In addition to sending invoices the day a job is complete, past-due reminders should also be sent promptly, right as the invoice becomes past due.

### Consider auto-collection

To save you time later, consider requiring a credit card number upfront. This way if invoices aren't paid on time, you can auto-collect past due payments. Be sure this is in your terms of service and make sure you're storing these numbers somewhere with tight security.

## 6. Incentivize Early or On-time Payments

Encourage on-time payments by providing incentives for clients. You don't need to offer freebies or discounts to make people feel great about working with you. Think of these incentives as a way of offering a thank you to customers who make payment a priority.

### Early payment perks

Positive reinforcement is a good strategy to offer to customers who pay early. Offer a 1 to 2 percent discount for those who pay within the “early” time frame window. For example, you could offer “2/10 net 30,” which means that payment is due within 30 days, but if payment is made within 10 days, the client will receive a 2 percent discount.

### Send handwritten “thank you” notes

Every time a project is finished and paid for, spend five minutes writing a quick “thank you” note to the customer. This personal touch helps establish a good rapport between your business and your customers. Think of it as a receipt—a meaningful conclusion to the work you’ve done together.

Late and unpaid invoices create a lot friction in small business—there’s just no way around that fact. But putting a few simple systems like these in place can greatly reduce the time spent chasing customers and get revenue in your bank account more quickly.