

## FROM THE OFFICES

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The QuickBooks® Client Newsletter

# The QBC

Helping You Grow A Profitable Business with QuickBooks® Software

## The Post-Tax Blues: How to Accelerate Receivables

Well, the taxes are paid (hopefully) for the 2009 tax year, and you're almost a third of the way into 2010. How's your cash flow doing this year?

If tax payments caught you short, you may be scrambling to build a cash reserve that protects your bottom line. There are many ways to do that, some less desirable—and possible—than others. Raise your prices. Apply for a loan. Freeze employee raises and minimize benefits (or, in the extreme, lay off a worker). Put off investments in new technology.

But there's another option: Accelerate your receivables. It's likely that in this economy at least some of your customers are slow to pay off invoices. Here are some suggestions to help improve your bottom line starting today.

### Evaluate your Current Invoicing Methods

Are you sending invoices immediately, while the purchase is still fresh in the customer's mind? Old invoices feel stale, and your timeliness in dispatching them says something to the customer about your need for the funds and your business efficiency.

Enter a strong message on your invoices, creating a new one if the boilerplate examples provided aren't emphatic enough. To change the message, open an invoice by going to the **Customer Center** and clicking **New Transactions | Invoices**.

The **Customer Message** box is in the lower left. Click on the arrow there, and then **<Add New>**, and the window shown in **Figure 1** opens.

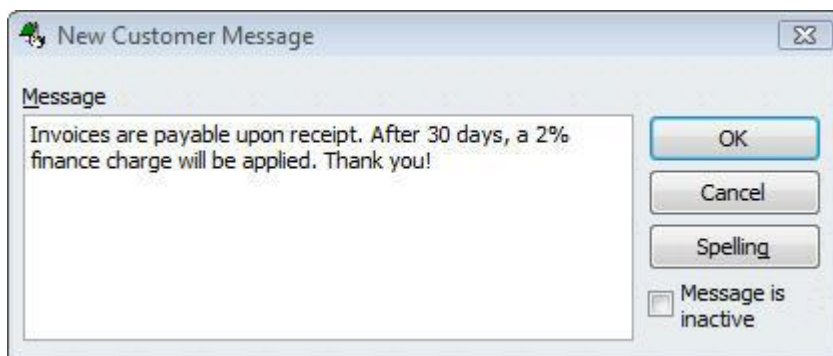
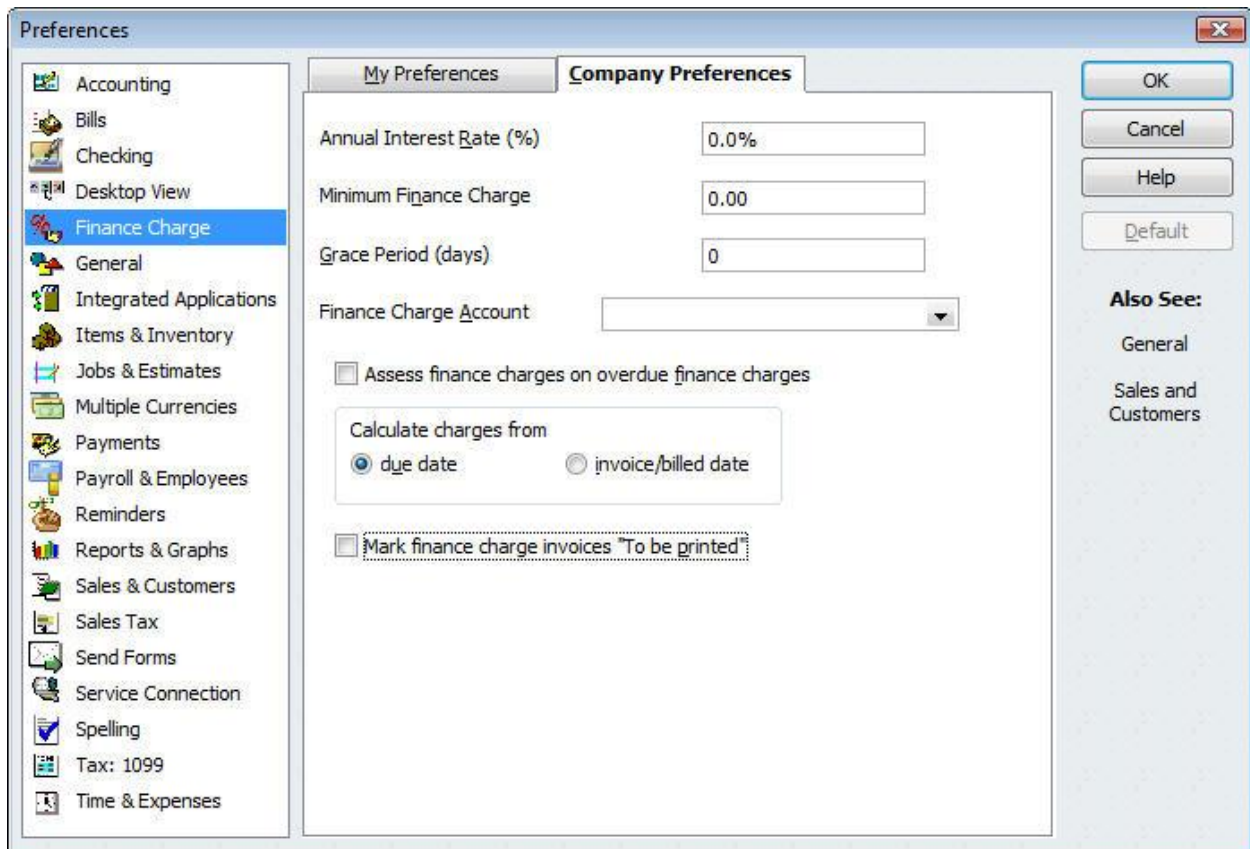


Figure 1: To help encourage your customers to pay promptly, customize the Customer Message on your invoices.

Enter your new message and click **OK**. It will now be available as an option whenever you send an invoice.

### Consider Finance Charges

In your message(s), remind your customers of any applicable finance charges. If you haven't yet incorporated finance charges because you think you're too small or you think it's too hard, reconsider that stance. To explore this feature, click **Edit | Preferences | Finance Charge | Company Preferences**, as shown in Figure 2.



*Figure 2: If you have customers who are chronically late paying invoices, you may want to consider applying finance charges to tardy payments. Consult your accountant for help on this.*

As you can see, you have several decisions to make here that are best made with the help of your accountant.

When it comes time to bill finance charges, click **Customers | Assess Finance Charges**. The window in **Figure 3** opens, displaying customers in arrears and the extra amount they owe.

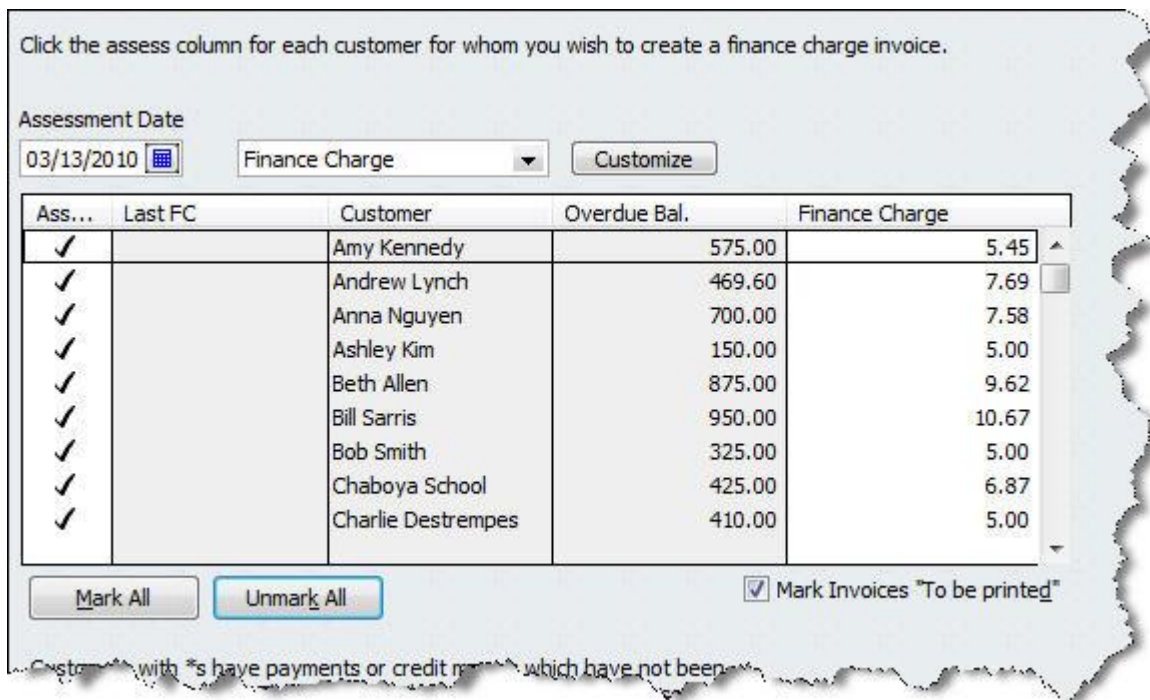


Figure 3: You can select and unselect customers who should be assessed finance charges by clicking the check marks next to their names.

The income you receive from finance charges may not be significant, but their psychological impact on customers may bring in invoices closer to the due date. Customers like knowing they're saving some money, and no one wants to be a deadbeat.

### Make it Easier for Customers to Pay You

This is a no-brainer. The simpler it is for customers to pay and for you to receive payments, the faster you're likely to turn around receivables.

If you don't yet have a merchant account, which lets you receive credit and debit card payments, you should. Intuit can help. QuickBooks already contains all the tools you need for the Intuit Merchant Service (\$59.95 one-time setup fee; \$19.95/monthly plus some minor additional fees).

Using the service, you can accept payments online, by phone, fax, or email. It also accommodates recurring charges, as shown in **Figure 4**.

**Customer Payment**

Received From: Cole Home Builders

Amount: 162.75

Pmt. Method: Visa

Card No.: xxxxxxxxxxxxxx1111

Date: 06/17/2011

Exp. Date: 01 / 2011

Process Visa payment when saving

[Where does this payment go?](#)

*Figure 4: Intuit Merchant Service integrates seamlessly into your QuickBooks operations. It lets you receive payments by phone, fax, or email (fees apply).*

**Tip:** If you deal with a lot of checks, consider Intuit Check Solution for QuickBooks, which lets you scan checks and deposit them without a trip to the bank. Subscription and scanner required.

### Ask the Expert

There are other small steps you can take to accelerate the speed of your receivables. These include:

- Use QuickBooks' built-in tools to create engaging invoices and other forms. Professional-looking documents contribute to your customers' overall impression of you, and may prompt them to act quicker. Open a form and click the arrow next to **Customize**.
- Stay on top of outstanding receivables. Check reports frequently and/or make use of QuickBooks' **Company Snapshot**, which displays the most critical company financial information on one page, including **Customers Who Owe Money** (not available in Simple Start).
- Track receivables in multiple currencies (not available in Simple Start).
- Use discounts as an incentive for early payments. Use QuickBooks' help files to learn about this easy process.

Finally, remember that we run a business, too, and must battle our own receivables. If slow receivables have really become a problem, give us a call to see how we can help.