

The Business Experts Bureau Great Business Idea - Tuesday 5th Oct 2010

A business should aim for an effective credit management system negating the need for a debt collection process.

The whole business process needs to focus on being paid at the earliest possible point and if credit terms are offered, these need to be on a selective basis and subject to strict and professionally drafted "Terms of Trade".

There are some basic essential practices behind an effective credit management system. Firstly a credit application which will tell you the legal form of the business wanting credit, the length of time it has been in business, its ownership structure and its paid up capital. It should also give you credit reference contacts.

Secondly have an accurate and up to date debtors processing system. Send the statement within five days of the start of the month following.

Thirdly have an up-to-date aged schedule of outstanding accounts and be prepared to hit the phones and request payment.

Every business must give careful thought to offering as many payment options as possible to their clients. Provide your bank account details to encourage use of "on line banking", seriously consider accepting payment by all popular credit cards and have eftpos facilities.

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