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**THE ART
OF BEING PAID**

The art of being paid

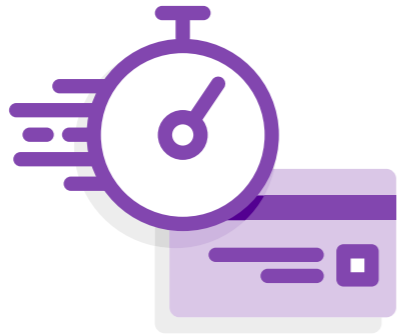


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Introduction

In this guide, we explore how changing the way you communicate with customers can make sure you are paid faster. We've compiled advice from interviews with Accounts Receivable professionals and sales experts. But first, we need to know what kind of customer you're dealing with.



Why customers delay paying

Incredibly, Sage research found that 35% of customers have no reason for paying invoices late¹.

Meanwhile, 40% of SMBs cite "protecting client relationships" as the biggest barrier to chasing payments.

But in our experience, the solution to this problem stems from the same place as the SMBs' concerns – customer relationships.



Improving customer relationships

For some, chasing invoices is irritating admin that eats into family time. For others, it's an anxiety-inducing task where they struggle to balance their need for money with the need to avoid awkward conversations with their customers.

But being paid is an essential part of any successful working relationship. Like most relationships, those with your customers will benefit from a better understanding of their motivations and pressure points.

Take our customer quiz [>](#)

¹The Domino Effect: the impact of late payments

Julie Wacker interview

Julie Wacker is an occupational and business psychologist at Robertson Cooper (<https://www.robertsoncooper.com>). She's provided insight and help for the BBC, Nestle and the NHS amongst others. Here she provides some insight into the psychology behind why businesses pay late – and what techniques can be used to overcome it.



"There's a concept outlined by Ofer Zellermyer from Carnegie Mellon University, called The Pain of Paying. It's very much related to feelings of loss aversion that we have.

We experience loss much more strongly than we experience gain.

This is a very basic part of human psychology. It affects us even if it's not our own money but that of a business. We feel a commitment and sense of citizenship with the businesses that we work for, and so again try to avoid loss at all costs.

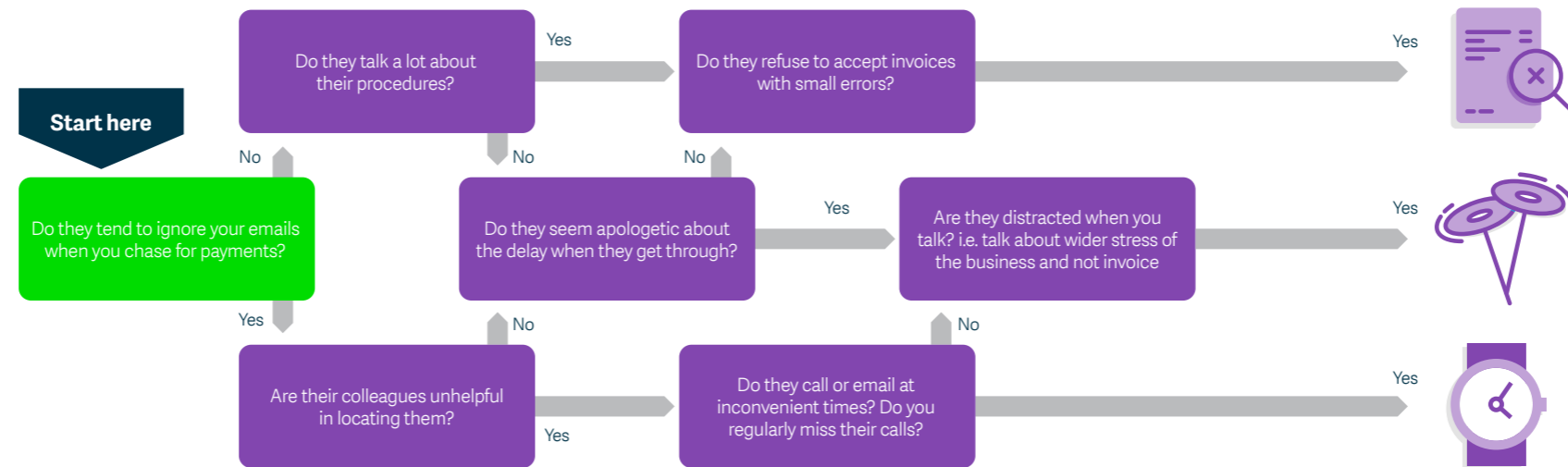
If you need to get a payment from somebody who's a late payer, you need to try to help them through that pain process – nudge them a little to make it easier.

With this in mind from a psychology angle, there are five areas that are probably worth reinforcing:

1. Make it as easy as possible. If there are lots of stages involved in making the payment, for example, that'll allow somebody to think, "I'll put that off until later. I don't want to experience that pain. I'm not even going to bother trying." People don't want to go down the road that lead to these negative emotions associated with the pain of paying especially if it is difficult.
2. Communicate clearly. Make it clear, simple and attractive. Use plain language. Personalising is obviously really important too. As with #1 above, you're trying to reduce this pain that exists in paying by reducing the level of difficulty.
3. Remind people. The processes you put in place to remind people are absolutely vital. You might feel bad chasing bills, but actually what you're doing is prompting the customer or client to face the pain of paying. That's why reminders are really important, and why they do work.
4. Highlight the social norms. You might say to the client or customer, "Well, everybody else is paying their bills." If you have the stats, you can tell them how many customers pay on time. You're highlighting what the positive behaviour is, and forcing them to think, "Well, I'm the one who's not doing that. I need to start thinking about it, because I'm not complying and I want to maintain my social status."
5. Frame the incentives. How do you frame the right way to act? What is somebody's motivation and incentive to pay? It can be simple. You can say something like, "By paying the invoice you're helping a small business, and helping us get what we need at the right time." Experts say that when people are asked to pay up front, they're much better payers. Even this is a kind of incentive – they're reducing that pain and getting it out of the way as quickly as possible.

Quick quiz: Know your customer

The more you know about your contact, the better chance you have of being paid on time – or even early. Answer a few questions and we'll share our invoicing and relationship building advice for that customer.



The perfectionist



Perfectionists are process-driven people, who sometimes seem to be looking for reasons not to pay. Perhaps your invoice is missing the PO number. Perhaps it's in the wrong format. They're only small things, but they seem to make a big difference to this individual.

Getting the perfectionist to pay on time

It can feel like this customer is trying to catch you out. However, more often than not, there are good reasons that they're asking you to work in a certain way.

The best solution is to really get under the skin of their processes – to understand what they need and to minimise invoice errors. We've put together a few suggestions about how you can do this.

But it's not all about your invoices. It's also important to build a little rapport. We've got some tips for that too.

Before you accept the job

Being clear on your terms is especially important when you're working with a perfectionist. Ask them about their processes before you start work.

Do they have any feedback on how you submitted your invoice last time? Or, is there a particular time of the month when they normally pay their suppliers? That will help you know when to chase them and when to leave it.

During the job

If you're being paid by the same person who requested your services or product, check that they're happy with what you're delivering throughout the project.

This demonstrates that you value their opinion and are responsive to their needs. The more you can build up goodwill at this stage, the more reluctant they will be to push back on your invoice when the project is over.

Just before you finish the job

Nudge, a book by Richard Thaler and Cass Sunstein, explores the idea that small and apparently insignificant things can have a big impact on people's decisions.

"By knowing how people think, we can make it easier for them to choose what is best for them, their families, and society!" If we apply this theory to invoices being paid, it suggests that you should be in regular contact with your customers to 'nudge' them towards paying.

So just before you complete your work or deliver your product, remind your customer of your payment terms.

If you're dealing with a perfectionist, you might also want to play their processes back to them. Send them an email mentioning how you will submit the invoice and what it will include so that they have the chance to flag any misunderstandings sooner rather than later.

When you send the invoice

Some accounting software will automate parts of the invoicing process, minimising the need for manual data input and the room for error. Another way to reduce mistakes is to create a checklist of the things you know your customer wants.

Once you've had one invoice accepted by the perfectionist, you can save the successful document as a template and edit it for your next job. Alternatively, look for accounting software that will let you replicate and edit invoices.

When you let your customer know that it's time to pay, it's a good idea to reference the recently completed work – perhaps commenting on how you feel the project went and offering to tie up any loose ends.

This reminds them of the value of the relationship and makes the communication feel like it isn't all about you and being paid.

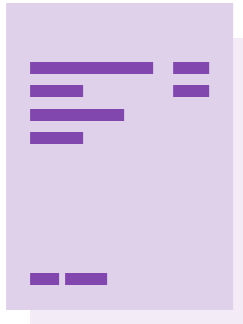
If you're going to see your customer, take a copy of the invoice with a 'thank you' gift. This is usually a low-value item with your branding on it. The idea is that it's regularly seen by the customer and keeps your company on their mind.

Here are a few ideas of gifts that you could have branded: a USB stick, notepad, portable phone chargers, fridge magnets, jam or marmalade.

If you're not going to see your customer face-to-face, you can email them and post the gift. Avoid referencing the amount of money due in the subject line as it can trigger their spam filter to send your email to the Trash folder.

But do include the invoice number in the subject line. This makes it easy to search for and is the kind of detail perfectionists appreciate.





One week after invoicing

We recommend contacting your customer once a week after you've sent the invoice, so you can continue to 'nudge' them towards making a payment.

If you're dealing with a perfectionist, it might be best to say that you're "checking that everything is ok with the invoice", rather than making it sound like you're chasing them.

Two weeks after invoicing

Perfectionists can come across as very formal, but mimicking this tone in your responses will only make the situation worse. Go for a friendly writing style that's professional and clear, without sounding stiff or frustrated.

You can also keep things friendly by visiting them when you get the chance and inviting them to any industry events you're attending. After all, they might become a business advocate in the future.

If you can't understand what's wrong with the invoice you submitted, it might be that they have cash flow issues themselves and are stalling for time. Try gently asking if they'd like a payment plan.

Three weeks after invoicing

If you're struggling to get through to the individual you need to speak to, here are a few tricks to have up your sleeve:

Search for them on LinkedIn, add them as a connection, and send them a message.

If you're contacting a small business, ask to speak to Accounts Receivable rather than Accounts Payable. They are highly likely to be looked after by the same person, but it makes you sound like you're trying to pay them, rather than asking for payment.

Four weeks after invoicing

Unless your payment terms state otherwise, customers have thirty days to pay you.

If they still haven't paid after this time, and you have made all of the edits to your invoice that they requested, you might want to consider some of these 'last resort' tactics.

Any one of them could be the 'nudge' your customer needs to make that payment. It's also important to state clearly that they are in breach of your payment terms.

Last resort tactic one

Add receipts to your emails so you can see if the recipient opened them. If you're using Outlook, simply go to File > Options > Mail. The option to add a delivery receipt is under Tracking.

Last resort tactic two

For smaller businesses, you may wish to be lenient. You could offer to split the invoice over two months to help with their cash flow. You could also remind them that they can pay in the way that suits them.

Last resort tactic three

For bigger businesses, try sending them an audit of all outstanding invoices.

Appeal to your customer's better nature. Explain that you're a small business and that having payments made on time is crucial.

Whilst this might feel like you're revealing too much, it is possible that someone who works for a larger organisation simply hasn't thought about the impact not paying will have on your cash flow.

After they've paid

No matter how late the payment is, send a thank you note to let your customer know that the payment has been received and that you appreciate it. Perfectionists will particularly appreciate this kind of clear communication.

The plate-spinner

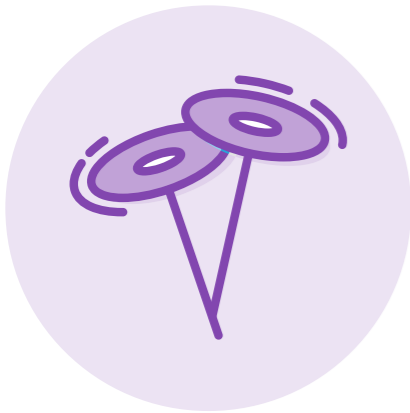


Plate-spinners, as the name suggests, have a lot of things on the go at once. Sometimes, the environment they work in can seem a little chaotic, but they get things done. They normally pay you on time, but every so often they let it slip.

Getting the plate-spinner to pay on time

Building a relationship with this kind of customer is all about staying at the top of their to-do list. You need to show compassion for the challenges they face, while being persistent.

If the plate-spinner is late paying you, it's usually because they're short of time. There are a few different ways you can make it easier for them to settle up.

There are also some innovative ways you can cut through the craziness that surrounds them to make sure your voice is heard. Take a look at our plan to see how.

Before you accept the job

Clearly communicate when you'd like to be paid and what the options are for making the payment. Ideally, put this in writing as well as discussing it face-to-face. Making this part of a wider conversation about the project helps minimise any awkwardness.

Also, if you're able to, give your customer payment options so you can frame the conversation as a question (how would you prefer to pay?) rather than a request (I like to be paid by...).

During the job

The more responsive you are to your customer when your work or product is being delivered, the more likely they are to be responsive when it's time to pay.

When you're too busy to reply properly, send a quick text or email to say you'll get back to them later. It (quite literally) pays to keep them in the loop.

Just before you finish the job

Nudge, a book by Richard Thaler and Cass Sunstein, explores the idea that small and apparently insignificant things can have a big impact on people's decisions.

"By knowing how people think, we can make it easier for them to choose what is best for them, their families and society."

If we apply this theory to invoices being paid, it suggests that you should be in regular contact with your customers to 'nudge' them towards paying. This is truer than ever if your customer is a plate-spinner.

So just before you complete your work or deliver your product, remind your customer of your payment terms.

A principle that's explored in Nudge, called herd behaviour, suggests that people are more likely to do something that they see others doing. For example, people are more likely to pick an apple pie in a cafe if they see others asking for it.

You can capitalise on this by letting your customers know that, on average, people pay you within the first week (or whatever is true for your business). This could be a small note that you include at the bottom of your invoice – or it could be something you mention by email.

¹ Richard Thaler and Cass Sunstein, Nudge (Penguin, 2009) mention by email.

When you send the invoice

Because the plate-spinner is time-poor, it's important to make paying your invoice quick and easy.

Ensure that you're giving them a range of ways to pay. Some accounting software will now give you the option to include a 'pay now' button in your invoices – allowing customers to pay online.

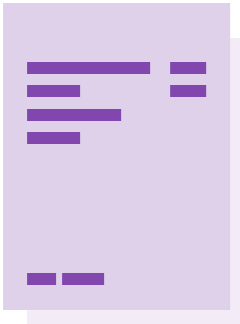
It's also worth letting your customers know if they can pay over the phone. This is often something you can tag on at the end of a call about something else: "While I have you on the line, would it be easier if I took the payment now?"

If you're going to see your customer, take a copy of the invoice with a 'thank you' gift. This is usually a low-value item with your branding on it. The idea is that it's regularly seen by the customer and keeps your company on their mind.

Here are a few ideas of gifts that you could have branded: a USB stick, notepad, portable phone chargers, fridge magnets, jam or marmalade.

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One week after invoicing

We recommend contacting your customer once a week after you've sent the invoice, so you can continue to 'nudge' them towards making a payment. This helps you stay at the top of their to-do list.

However, now might feel a little soon to be demanding payment. Instead, try asking for feedback on the work or product you have just supplied them with. It's a great way of showing that you value their opinion and of keeping your business on their mind.

Give your plate-spinning customers everything they need in one place by forwarding on your email with the invoice attached, rather than starting a new email every time.

Two weeks after invoicing

You don't want to come across as a pesterer, but it is important to keep talking to plate-spinning customers. Automated reminder emails can be a good way of reminding them to pay, without it looking like you, personally, are chasing them.

Three weeks after invoicing

If you're struggling to get through to the individual you need to speak to, here are a few tricks to have up your sleeve:

Search for them on LinkedIn and add them as a connection, sending a friendly message "to check that" they received your invoice.

If you're contacting a small business, ask to speak to Accounts Receivable rather than Accounts Payable. They are highly likely to be looked after by the same person, but it makes you sound like you're trying to pay them, rather than asking for payment.

Four weeks after invoicing

Unless your payment terms state otherwise, customers have thirty days to pay you.

If they still haven't paid after this time, you might want to consider some of these 'last resort' tactics. Any one of them could be the 'nudge' your customer needs to make that payment. It's also important to state clearly that they are in breach of your payment terms.

Last resort tactic one

Add receipts to your emails so you can see if the recipient opened them. If you're using Outlook, simply go to File > Options > Mail. The option to add a delivery receipt is under Tracking.

Last resort tactic two

Send them an invite to a short meeting to talk about the late payment. This only has to be a 15-minute slot, but seeing it in their calendar will help remind them that you need to be paid.

Last resort tactic three

For smaller businesses, you may wish to be lenient. You could offer to split the invoice over two months to help with their cash flow. You could also remind them that they can pay in the way that suits them.

Last resort tactic four

For bigger businesses, try sending them an audit of all outstanding invoices.

Appeal to your customer's better nature. Explain that you're a small business and that having payments made on time is crucial.

Whilst this might feel like you're revealing too much, it is possible that someone who works for a larger organisation simply hasn't thought about the impact not paying will have on your cash flow.

After they've paid

If you'd like to work for this customer again, it's worth finding ways of staying in touch with them after they have paid.

Invite them to industry events when you get the chance. Keep them updated about how your business is doing and any major changes you make. You can even send them Christmas or holiday cards to ensure you're on their mind.

The procrastinator



Procrastinators know they're late paying, but there isn't always a reason for the delay. They ignore your emails. They don't respond to texts. They may even call you back at a time when they know you're busy and leave a voicemail to avoid talking directly.

Getting the procrastinator to pay on time

Whether you're dealing with a customer who's avoiding confrontation, or someone who simply doesn't see you as a priority, it's important that procrastinators are not allowed to forget about you.

They need regular reminders of how you're supporting them, that you value the relationship, and that, ultimately, you need paying.

We've put together a plan outlining how you can contact them regularly, without feeling like you're hounding them.

Before you accept the job

Clearly communicate when you'd like to be paid and what the options are for making the payment. Ideally, put this in writing as well as discussing it face-to-face. Making this part of a wider conversation about the project helps minimise any awkwardness.

Also, if you're able to, give your customer payment options you can frame the conversation with as a question (how would you prefer to pay?) rather than a request (I like to be paid by...).

Procrastinators normally fall into the bracket of customers who have no reason for paying late. They simply haven't made it a priority. This means that incentives for early payments can be particularly effective. Consider including this in your payment terms.

During the job

The more responsive you are to your customer when your work or product is being delivered, the more likely they are to be responsive when it's time to pay.

When you're too busy to reply properly, send a quick text or email to say you'll get back to them later. It (quite literally) pays to keep them in the loop.

Just before you finish the job

Nudge, a book by Richard Thaler and Cass Sunstein, explores the idea that small and apparently insignificant things can have a big impact on people's decisions.

"By knowing how people think, we can make it easier for them to choose what is best for them, their families and society¹." If we apply this theory to invoices being paid, it suggests that you should be in regular contact with your customers to 'nudge' them towards paying. This is truer than ever if your customer is a procrastinator.

So just before you complete your work or deliver your product, remind your customer of your payment terms.

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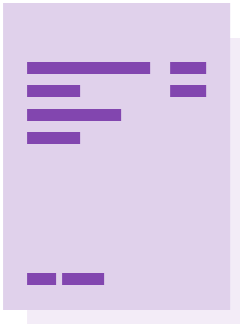
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One week after invoicing

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This is especially important when you're dealing with a customer who you know to be a procrastinator.

However, now might feel a little soon to be demanding payment. Instead, try asking for feedback on the work or product you have just supplied them with. It's a great way of showing that you value their opinion and of keeping your business on their mind.

Two weeks after invoicing

If you haven't heard from them after two weeks, give them a call to double-check they received your invoice. If they're hard to get hold of, try asking if they're there, rather than whether you can speak to them.

By structuring your call this way, you get to find out if your contact is in the building and whether it's worth calling back later.

Three weeks after invoicing

If you're struggling to get through to the individual you need to speak to, here are a few tricks to have up your sleeve:

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After they've paid

If you can, it's worth delegating jobs so that the person chasing payments is not the same person who is taking a customer-facing role whilst delivering the work.

This helps you keep a positive relationship between the customer and the person they deal with on a regular basis. If you're a sole trader, it might even be worth asking a friend or family member if they'd help you chase invoices from your most problematic payers.

About Sage

Sage is the market and technology leader for integrated accounting, payroll, and payment systems, supporting the ambition of entrepreneurs and business builders. Today, business builders measure success in strong relationships, partnerships, and communities. It's why Sage helps drive today's business builders with the most intelligent and flexible cloud-enabled software, support, and advice to manage everything from money to people. Daily, more than 13,000 Sage colleagues in 23 countries work with a thriving global community of over 3 million entrepreneurs, business owners, tradespeople, accountants, partners, and developers to champion the success of business builders everywhere. And as a FTSE 100 business, we are passionate about doing business the right way, supporting our local communities through the Sage Foundation.

Sage – the market and technology leader for integrated accounting, payroll, and payment systems, powered by the cloud and supporting the ambition of the world's entrepreneurs and business builders. Because when business builders do well, we all do.



For more information, [visit **sage.com/en-za/**](https://www.sage.com/en-za/)



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