



More Money in Your Pocket Sooner: A 7-Step Guide to Getting Paid Fast

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Introduction

Quick question: When you started your business, did you know how much time and energy it would take to, you know, actually get paid for the brilliant work you do? Most small business owners don't. Invoicing and managing expenses are a drag. They're boring. And they take you away from doing what you love.

We're helping you reclaim that time with 7 smart strategies you can employ today to get you paid faster (and better!), taking the headache out of invoicing once and for all.



Step 01

Attract the Right Clients

Stop cash flow problems before they start by investing your time and talent into high-quality clients who are worthy of your services.

How do you spot them? They'll be the ones who appreciate the work you do for them—and don't blanch when you tell them your hourly rate or flat-rate fee. And they pay you on time, every time.

If you don't have clients like these in your roster, it's time to weed out the customers who aren't paying you what you deserve and rustle up a posse of ideal clients.

3 Ways to Find and Land Your Ideal Clients

1

Create a Persona for Your Ideal Client

What types of businesses or individuals employ your service? What are their pain points and how does your service address them? Which industries or companies have the budget for your rate? Who is the appropriate contact person within an organization? Make a master list and begin making contact.

2

Market Your Services in Your Ideal Clients' Language

Showcase the samples of your work that solve the common problems your ideal clients face. Use a portfolio, website, social media, advertising, slide decks and other ways to show your ideal clients you're someone they need to work with. Think:

- a. Photographs of completed and in-progress work
- b. Shining examples of your best work
- c. Testimonials from satisfied clients
- d. Short case studies that demonstrate the problem and your solution

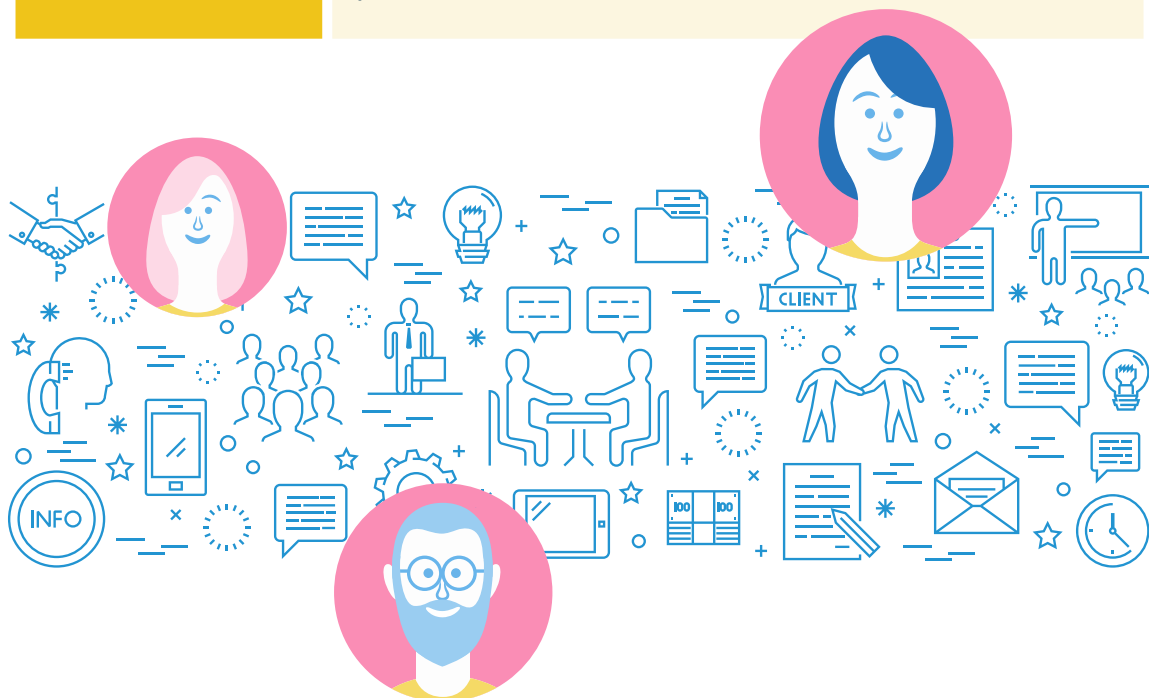
3

Network Like a Boss

Reach out to former clients, colleagues and complementary businesses (e.g. a graphic designer if you're a freelance writer; a window washing service if you're a house cleaner) and ask for introductions to your ideal clients. Be specific about who you're looking for—and make sure you return the favor. (Good deeds bring big rewards!)

Types of Clients Every Business Owner Should Have

| | |
|-----------------------------|--|
| Anchor clients | The clients you have an ongoing relationship and a steady stream of projects and income. You may offer a discounted hourly rate or flat-fee based on high-volume or ongoing work, but you'll invoice—and get paid—regularly (e.g. bi-weekly, monthly). |
| Semi-regular clients | Clients who call upon your services from time to time, but from whom you don't expect regular work. You typically charge your market-value rate or flat fee and invoice at project wrap-up or at pre-determined milestones |
| One-off clients | Businesses or individuals that come to you with a one-time project. You typically charge your market rate and invoice when the project is finished or at pre-determined milestones. |

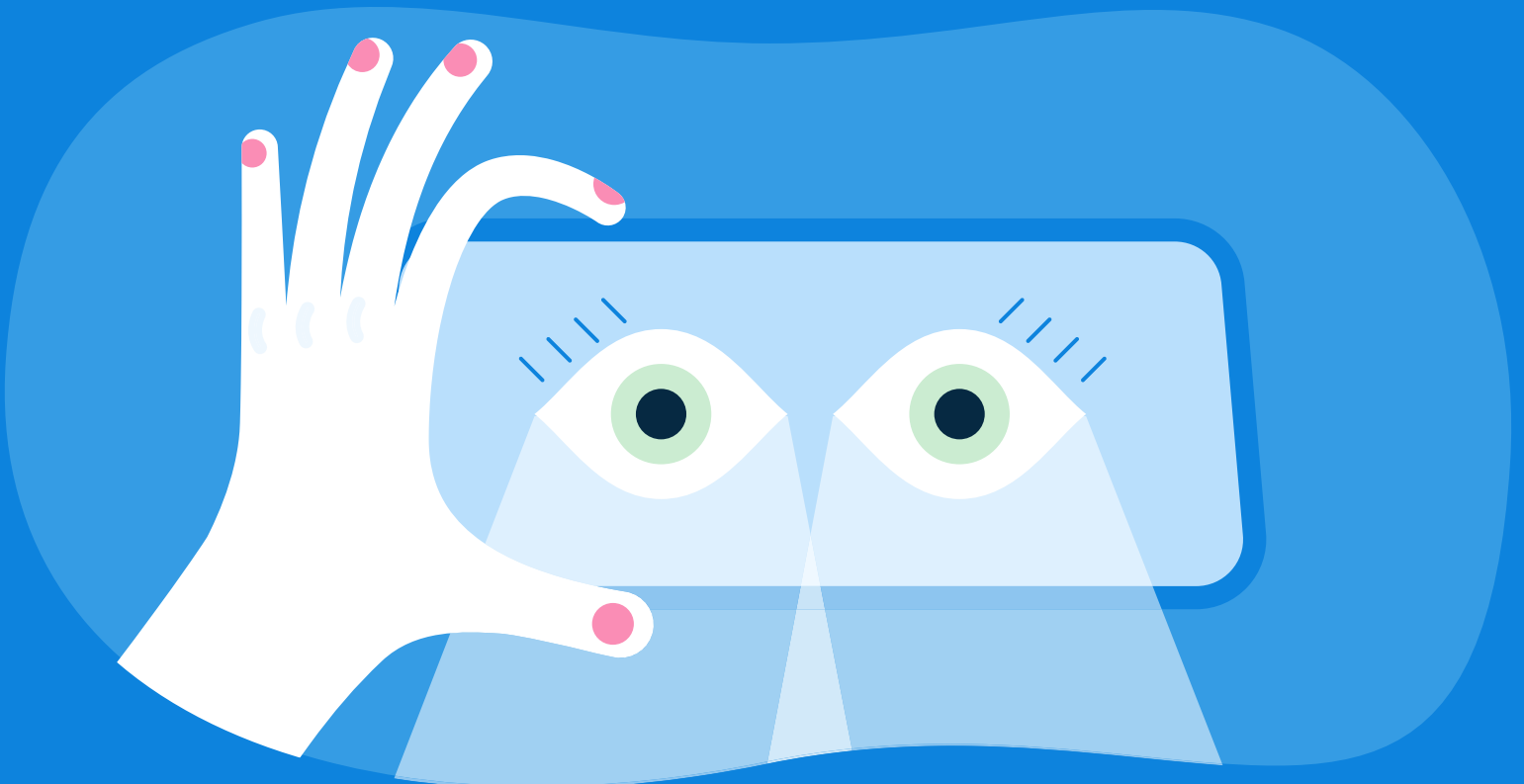




Uncover Your Billing Blind Spots

Learn about your billing blind spots so you can charge what you're worth.

Take the Quiz



Why the Blend Is Important

Too much of a good thing (anchor clients) may stunt your long-term growth, i.e. if you don't have time to look for and work with other clients, you'll find yourself starting from scratch if you lose one or more of your anchors.

Conversely, it's draining to constantly churn new clients and provide one-off project work. And a parade of semi-regular work is great, but there are sure to be gaps between projects.

The key to sustainable success is to cultivate a balance of all three types of clients so that you're enjoying steady income while also branching out with varied projects and making connections with new clients.



Step 02

Make Use of Contracts, Estimates and Deposits

One of the biggest barriers to getting paid fast is confusion about payment terms and scope of work. Remove any doubt by employing a few tools at the outset of a project.

Contracts

It's a smart idea to draw up a friendly contract that outlines the terms for every project. Create a template as a foundation and tailor a cover page that describes the work to be done and the timelines and payment terms you and your client agree upon.

Examples of Popular Templates:

- Independent Contractor Agreement
- Simple Contract
- Contract For Services Rendered
- Business Contract

Create Your Own Template

Be sure to include:

- Explicitly stated rates and prices
- Terms for payment and invoicing
- Terms for revisions or additional work based on client feedback (your pricing may include two or three rounds of fixes; after that, you'll charge your hourly rate)
- A "kill" fee in case a project is cancelled



PRO-TIP: You don't need a lawyer to make a contract legally binding. As long as both parties agree and sign a contract, it's considered official.

Estimates

Another way to make sure you and your client are on the same page is to provide an estimate for a project from the outset. An estimate usually includes:

- A breakdown of the work you plan to do
- How long it will take to complete
- How much you think it will cost



PRO-TIP: FreshBooks' Estimates tool allows you to create a professional-looking document from an easy-to-use template. Send it to your client, edit it based on their feedback and even convert it into an invoice when the project is complete—all from one place.



Deposits

If you're in the business of delivering high priced services or producing significant project work, you might want to protect yourself by requiring deposits at the outset of a job.

Some businesses require a 50% deposit upon signing a contract. Others invoice at milestones along the path to completion. If you anticipate supply costs or expenses to complete the project, it's fair to ask for payment as you go.

To be clear with your client and protect your own cash flow, it's important to include deposit terms in a contract.

Step 03

Invoice in a Timely Fashion

This one might seem like a no-brainer, but when a small business is humming, it's easy to overlook regular invoicing.

6 Invoicing Best Practices

- *Be consistent.* For ongoing project work, choose a day to invoice every month (usually the first or the last day of the month). Put it on your calendar or to-do list to make it part of your work flow.
- *Be clear.* Make sure the payment amount and due date stands out on your invoice so your clients can quickly scan to get the information they need.
- *Offer multiple payment options.* Accepting checks is standard, but make it easy for your clients to pay by other methods, like credit card, e-transfer and PayPal.
- *Be timely.* If your payment terms include milestone-payments, be sure you send them on the date in your contract. You're more likely to be paid on time if you invoice on time.
- *Be thorough.* If appropriate, include a PO number, a breakdown of the services, the number of hours per task and any other details that will help your invoice get approved and paid quickly.
- *Follow up.* If a client hasn't paid within your payment terms, follow up swiftly with an email or phone call.



PRO-TIP: FreshBooks has quick, easy and secure invoicing. It takes care of all 6 best practices without breaking a sweat—or requiring you to do anything but set up your account.



Step 04

Choose the Right Invoicing Terms

How can you make your invoice stand out from the pile? We did the research and learned that word choice plays a huge part in getting paid faster. Check out how.

Be Polite

Just like your mother always said, “It pays to mind your manners.” Literally! A simple “please pay your invoice within...” and “thank you for your business” can increase the percentage of invoices that are paid by more than 5 per cent! Plus, being polite is as good for your brand as it is for your invoice.

Use Plain Language

We may think we’re being business savvy when we use payment terms like “net 30” or “upon receipt” but these word choices may be more confusing than professional. FreshBooks’ data suggests that writing “30 days” vs. “net 30” will get you paid more often and faster. It’s more effective to use exact terms such as, “Please pay within 21 days” so the client is clear on when it’s due. (It’s true: 21 days seems to be the magic number when it comes to getting paid quickly!)

Include the Interest Charge Associated with a Late Payment

FreshBooks’ research shows that when clients see an interest rate on an invoice, it gives them an incentive to pay on time. You can be tough and polite with something like, “Thank you for your business. We expect payment within 21 days, so please process this invoice within that time. There will be a 1.5% interest charge per month on late invoices.”

You may not need this reminder for all clients, but it’s a great thing to pop onto an invoice if you have any concerns.



Step 05

Allow Online Payments

According to a 2017 study by PayPal Canada, small businesses that accept online payments, in addition to an offline revenue stream, reported an average revenue that's more than double the revenue stream of businesses that don't accept payments online.

And FreshBooks' research indicates that you'll get paid 11 days faster when you accept credit cards online.

With statistics like that, it's surprising that more small businesses don't offer online payments.

Why Are Online Payments So Compelling?

Convenience. People are busy and tasks like paying invoices can easily fall off their radar or get buried in their inbox. When a business allows them to pay on the spot, ideally straight from an invoice, it empowers them to take care of it immediately so it never even makes it on their to-do list.

Choice. While some businesses will always prefer to pay by a check issued by the payroll department, others, especially individuals, appreciate an option to pay with their favorite credit card which they use to collect points. The more choices you offer, the faster they'll pay—and the better they'll feel about it.

What About Transaction Fees?

While there is a transaction fee associated with accepting credit card payments, many small business owners feel the quick payment is worth it. Once the payment is made, you can close the file on that project and turn your attention to more pressing matters.



PRO-TIP: FreshBooks' Payment feature makes it easy for your clients to pay by credit card. Plus, it automatically records the payment and imports the transaction fees into your expense folder so you don't have to do any bookkeeping.



Step 06

Automate Late Payment Reminders

Every small business owner has been there. You're counting on a big client payment to come through at the end of the month—and it doesn't. You wait a few days to see if it'll show up in the mail. A week goes by and you think about reaching out to your client, but you don't want to seem desperate.

After two weeks, you know what you have to do: make the call or write the email to inquire about it.

Ugh.

Some entrepreneurs have the opposite problem: losing track of who and when they invoiced and whether or not they've been paid yet. Months can go by before an overdue invoice is noticed. That's valuable cash flow you could have used sooner!

Avoid the awkward phone call and embarrassing forgetfulness by using technology to put your invoicing on auto-pilot. There are lots of tools available that offer automated late payment reminders that will be sent to late-paying clients on your behalf at pre-determined intervals using a script you've pre-written.





Businesses of all sizes – with a few employees or a few thousand – can benefit from automating certain activities. Just as the CEO doesn't do tasks an intern could, you shouldn't waste valuable time on activities a computer can accomplish in a fraction of the time. After all, being a great leader is all about proper delegation of tasks, and there's nothing wrong with delegating some of them to a computer.



- Shrad Rao

Wagepoint

Nervous About Awkward Money Conversations? Try These Out

The 5-Day Overdue Friendly Reminder

“Hello. Just a note to let you know that ::invoice number:: for ::payment amount:: is now due. Please pay your invoice. Thank you!”

The 20-Day Overdue Firm Reminder

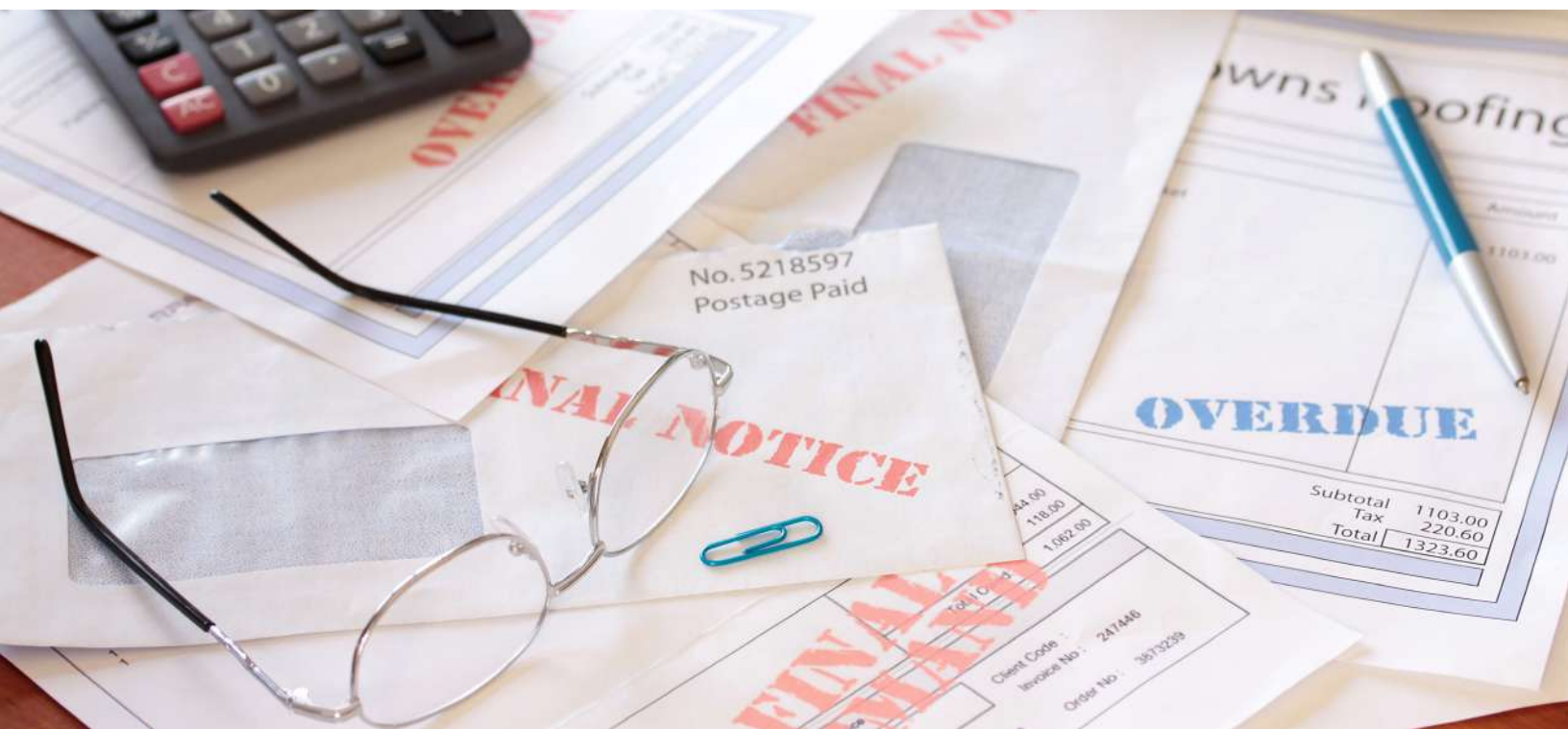
Hello. Just a note to let you know that ::invoice number:: for ::payment amount:: is now 30 days overdue. Please pay your invoice. Thank you.

The 60-Day Overdue No-Nonsense Reminder

Hello. ::invoice number:: for ::payment amount:: is now 60 days overdue. Please pay your invoice immediately. Thank you.



PRO-TIP: FreshBooks' Automated Late Payment Reminders allows customers to pay straight from the reminder notice—with one click!



Step 07

Charge Late Payment Fees

According to the UK Federation of Small Businesses, one in three payments to small businesses are late and entrepreneurs spend an average of 1.2 days a month chasing them down. In the UK alone, 50,000 small businesses are forced out of business each year because of the issue.

The struggle is real.

Keep your cash flow constant and avoid encouraging tardy payment behavior with a few simple tips.

How to Charge Late Fees Without Feeling Like a Jerk

Understand your worth. Most people wouldn't simply ignore a utility bill or walk out of a restaurant without paying. Your service is no different. Remember that your bottom line is just as important as whatever problems are causing the delay in your payment. You've earned payment and deserve to receive it.

Put late payment fee information in your contract. When done in an upbeat, friendly way, your customers will understand late payment fees are nothing personal—they're just something a small business needs to include to protect itself.

Make sure your invoice is clear. Make it easy for your customers to understand what they owe, when payment is due and an exact breakdown of late payment fees, whether it's a flat-fee or a percentage of the invoice value.

Include late payment fees in your reminder emails. Whether you've automated your late payment reminder or send one manually, be sure to include the new balance that includes late payment fees.

Be fair. Rates should be reasonable (less than 10% interest) and late fees will only apply to the number of days that the invoice is late (not the whole amount).

Reward early payment. Another way to encourage timely payment is to do the opposite of a late fee—offer discounts for paying early, e.g. customers who pay within 10 days receive 2% off the pre-tax invoice. (To avoid taking a financial hit, consider bumping up your prices by the discounted amount.)



PRO-TIP: The FreshBooks Reports feature can instantly show you how often your regular clients pay. Are some clients chronically overdue? You can easily set FreshBooks to automatically apply a late fee when your invoice becomes overdue.

At Last, Get Paid Faster!

Managing your cash flow and sending invoices may not be your favorite business task, but it can be as rewarding as the great service you provide when you set yourself up for success.

Attract the right clients and give them your white glove service, use technology and other smart tactics to do the grunt work for you. Cash flow problems will soon be a thing you used to worry about.

Good luck!



| Invoice | |
|-----------------------------|-------------|
| Customer Number | 0700-007no. |
| Total | 77.15 |
| PAID | |
| Statement date | 7/1/17 |
| Thank you for your business | |

| AMOUNT |
|--------|
| 200.00 |
| 347.00 |
| 40.00 |
| 24.57 |
| TOTAL |

| RATE |
|-------------|
| Tax Rate |
| Tax |
| Amount Paid |
| Total |



FreshBooks Turns Invoicing Lemons into Lemonade

Make billing less painful with FreshBooks
cloud accounting.

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