

August 2018

Receivables Strategy

XYZ Accountants

Team / users

Name	Roles and responsibilities	Initials	Organisation
Debtor Daddy App	Automated emails	DD	Debtor Daddy
Kandi Francois	Receivables Specialist	KF	Debtor Daddy
Sally Smith	Practice Manager	SS	XYZ Accountants

Background

Services offered

XYZ Accountants offers accounting services to businesses in Auckland and around New Zealand.

Services include:

Annual financial statements	Clients are invoiced once a year, after work is completed
GST filing	Invoiced as part of the annual bill
One-off projects	Audits and other work requested as needed by clients
Xero subscriptions	Invoiced monthly

Payment methods

The following payment methods are offered to clients:

- Bank transfer
- Finance over 12 months

Credit application process

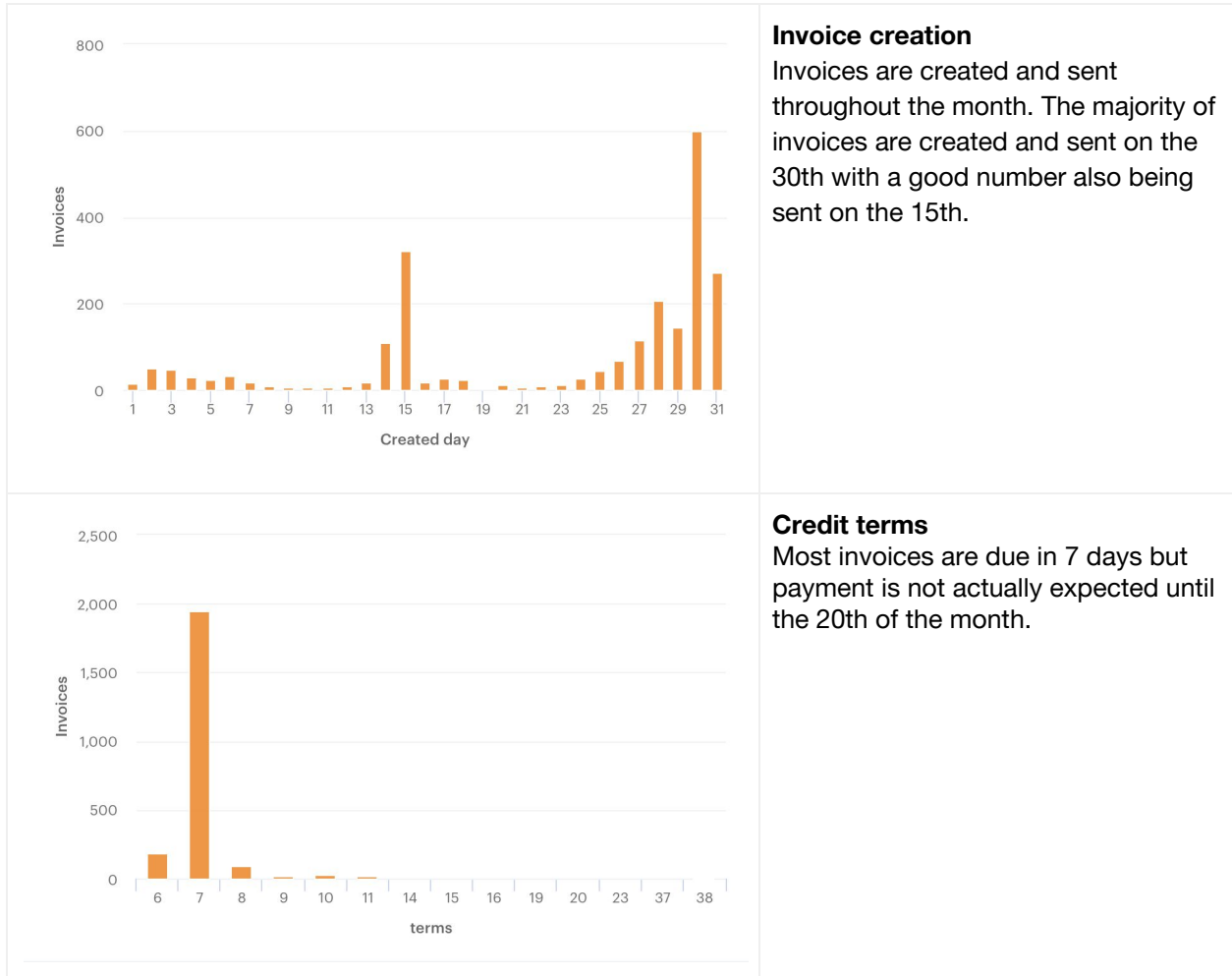
There is currently no process for running credit checks for new clients. There is no credit application process, everyone is offered 7 days of credit.

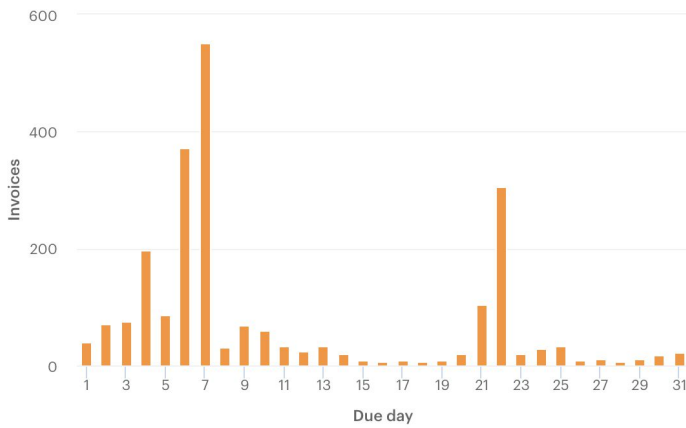
Software and systems

Work is logged and invoiced from Xero Practice Manager. Invoices are synchronised daily with Xero.

Invoicing & payment patterns

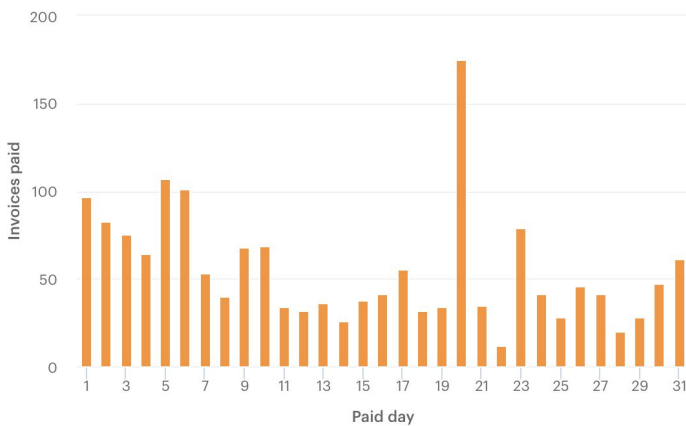
Most invoices are due in 7 days, although payment is expected on the 20th of the following month. This results in an overstated overdue amount each month. The reason for giving everyone 7 day payment terms is to encourage them to pay quicker.





Invoice due dates

Most invoices fall due on the 6th and 7th of each month with another spike on the 22nd.



Invoice paid dates

Invoices are paid fairly consistently throughout the month with the majority (appx 170) being paid on the 20th each month.

Graphs are based on the past 180 days of invoice data.

Bank reconciliation

Payments are reconciled in Xero every morning, usually by 9.30am except for around the 20th of the month where the bulk of payments is so large that sometimes it can take a day to reconcile.

Receivables strategy

Calling cycle

Day	Actions	Who	Comments
Mon	Review All reminders sent - any contacts you don't want us to call, assign to Collector called "Payment Arrangement"	SS	We need to discuss the process for any contacts that get to status 'All reminders sent' but will not be moved to Call.
Tue	Move contacts from All reminders sent to Call and make calls.	KF	'No answers' will be snoozed til next scheduled calling day unless we have a specific call back date.
Wed	Respond to all contacts in Waiting.	SS	Pause contacts that you expect to take more than a few days to resolve, for example if a debtor says they've paid but it's showing in DD as unpaid, then Pause until you've confirmed you have received payment. Anything else, respond to Kandi's query and it will automatically be assigned back to us to continue calls.
Thu	Move contacts from All reminders sent to Call and make calls.	KF	
Fri	Respond to all contacts in Waiting.	SS	

Review meetings

Monthly review call (30 mins)

- Review contacts paused in Call or Remind
- Discuss difficult debtors and next steps

Quarterly review call (60 mins)

- Review the strategy, reports and KPIs and make improvements as required

Other rules

Stop work rule

- No rule for this. SS will decide this on a case by case basis.

Payment arrangement rule

- 3 months max otherwise seek approval from SS

Scheduled actions

Note days past due is relative to the 20th of the month, not the 7 day terms.

Days past due	Date	Action	Who	Auto	CC	Details
+3	23rd	Remind	KF	No	-	Oops did you forget
+7	30th	Remind	KF	Yes		Please pay by end of month
+12	~1st	Call	KF	No	-	Call from Kandi <ul style="list-style-type: none">• Did you get the invoice• Get an expected payment date• Follow up call on expected date
+40	30th	Remind	KF	No		Assign to collector: Debt collection <ul style="list-style-type: none">• Warning that account will passed to collections in 7 days.
+47	7th	Collect	SS			Escalate to debt collection

Ad-hoc actions

- Manual Debtor Daddy branded emails as required for difficult debtors
- Debtor Daddy branded Letters of Demand as required for difficult debtors

Metrics

- Debtor Days target: ???
- +30 days ratio target: ???
- +60 days ratio target: ???
- +90 days ratio target: ???