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CKR Financial Services

monthly journal

HELPING OUR CLIENTS GAIN THE ADVANTAGE OVER THE COMPETITION

Do you know how much people owe you? Are you a business owner who begins to shrink back at the thought of reading financial reports? Let's demystify the...

A/R Report

What I'm referring to here is the Accounts Receivable Aging Report. This is a summary of all outstanding invoices due from customers. The report breaks down those invoices into different aging categories or buckets based on the number of days since the invoice was noted as due. This will not show you all transactions for a length of time. Paid invoices do not show up in this report. The A/R Aging Report only shows open invoices. I have clients who are nervous or are hesitant to address delinquent invoices. I want to be clear: this is YOUR money left on the table. These outstanding balances are for goods or services that YOU provided that someone has not paid for. They have either honestly forgotten, or they have prioritized

| | A/R Aging | | | | | |
|--------------|-------------------|-------------------|-----------------|-----------------|-----------------|-------------------|
| | Current | 1-30 | 31-60 | 61-90 | >90 | Total |
| Company A | \$500.00 | \$500.00 | \$500.00 | | | \$1,500.00 |
| Company B | \$350.00 | \$350.00 | \$350.00 | \$350.00 | \$700.00 | \$2,100.00 |
| Company C | \$1,500.00 | \$1,500.00 | | | | \$3,000.00 |
| Total | \$2,350.00 | \$2,350.00 | \$850.00 | \$350.00 | \$700.00 | \$6,600.00 |

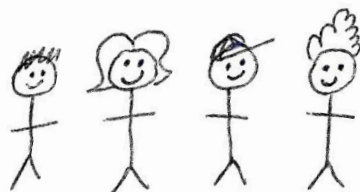
their bills and put yours behind others. More on that later.

In the example above, Company A has \$500 in the 31-60 day bucket. This may not seem like it's too bad, but consider that if you bill for goods or services in arrears (after providing the service), at the top of 30 days due, that is actually 60 days from when you provided services. Remember, the A/R Aging Report shows where invoices stand FROM THEIR DUE DATE, NOT THE DATE IT WAS ISSUED. To me, it looks like Company B is going to default on their balance as they have several invoices in the Over 90 day bucket. I would recommend suspending services and ramp up collection efforts, possibly involving a third party collection agency UNLESS you have worked with Company B on a payment plan and they are sticking to it. I still would not invest any more effort in goods or services

until the outstanding balance was paid in full or at least made current.

It's taken me a long time to learn this lesson. Company C looks like they are good. If their \$1,500.00 invoice goes into the 31-60 category, I would email a reminder for payment. Sometimes good people honestly forget.

In my years of working with small business owners, I have done my best to assist people who were slow to pay. I have made excuses for them. I have continued to provide services even when I wasn't being paid. I saw them take cruises, get manicures and massages and finance new vehicles while still not paying my invoices. There is a balance to helping others and keeping a watchful eye on your bottom line. The A/R Aging Report is a VERY useful tool to keep your business healthy. See the next page for helpful collection tips.



THE COMPANY YOU KEEP Who do you hang out with? It's important, especially to business owners. Attitudes are contagious. So are habits. Jim Rohn says you become the average of the five people you spend the most time with. Even Confucius mused, "If you're the smartest person in the room, you're in the wrong room." Tony Robbins recommendation is to "get rid of negative people who bring you down. Surround yourself with people who lift you up, lend you knowledge and help you learn from your mistakes. Raise your standards for your inner circle.



Successful Collections

It's your money. Don't allow someone who hasn't paid your invoice make you feel guilty for requesting they fulfill their business obligation.

"Outsource tasks that stop you from doing what only YOU can do in your business."

WILLIAM HARRIS
(founder of Elumynt, contributor for Entrepreneur, FastCompany and TNW.)

It used to make me cringe. It still makes me uncomfortable at times. But the truth of the matter is this, I should not be made to beg for money I have earned, and neither should you.

I think the first thing to get out of the way is the stigma that you are a beggar. No. You are a business owner who provided goods or services to a client who is now slow to pay. Truthfully, they should be the ones to feel badly but they often do not. Paying late has become their **modus operandi** and you are left to budget for the shortfall because your bills still come due.

Sometimes, people honestly forget. Life happens and they get busy. These people don't mind a friendly reminder. I find that

an email with genial language without a hard collection effort is all these folks need. They call back within days, sometimes hours, with payment because life got busy and they honestly forgot an invoice.

These are usually the ones in the 31-60 day bucket of your A/R Aging Report.

When someone reaches the 61-90 day past due bucket, they may be experiencing business setbacks, making it difficult to pay. Generally, if they are going to pay, a friendly email will remind them and they will quickly respond and payment arrangements can be worked out. The importance here is to gauge whether someone is being responsive or if they are ignoring you. If they are silent for the 61-90 day reminder and go into over 90

days past due, it's time to suspend services or possibly involve a third-party collection agency. Again – this is if they have been silent with your other efforts. I have been able to successfully collect amounts well past 90 days by suspending services and the client set up a pay plan and followed through with it. This requires the diligence of following the payment trail and sending progress statements so they realize you are keeping track and appreciating their progress.

By and far, we use third-party collections as a last effort. If we have turned someone over, it is because they were uncommunicative or ignored the payment plan we set up with them. I feel

it is a circumstance they created. I'd much rather work with them than to pay fees to a collection agency. However, a collection agency serves a purpose we cannot address: they can show the charge on the client's credit report as being delinquent. So even if they don't pay me now, when they go to purchase or finance their next vehicle, my outstanding charge is going to show up as unpaid and it will affect their credit score. In this way, I may get paid later as this will stay on their credit report until the collection agency receives payment.

Remember, this is YOUR money. You just need to help your client make you a priority to pay for services provided.

"Where's My Tax Refund?" Log in to <https://www.irs.gov/refunds> and click the blue button "Check My Refund Status". You will need: 1- Your SSN, 2-Filing Status, 3-Exact Refund Amount. Refunds are generally issued within 21 days of when you electronically filed your return or 42 days of when you filed a paper return. CKR Financial Services does not have an "in" with the IRS for information on your refund. This is your best bet to find out where your money is!



HR-On-Demand is exactly what it sounds like. You can ask a qualified HR specialist for advice via call or email and receive their reply within 24 hours. Our program includes a dashboard with plenty of forms, laws, 2-minute video training and state-specific topics of interest.

A great value at only \$99/month!