



THE ULTIMATE AR WORKFLOW

presented by **collbox**

THE KEY
SUCCESS

5 STAGES

THE ULTIMATE AR WORKFLOW

STAGE

TIMELINE



PRE-SALE

Before you
meet with a
prospect



POST-SALE

Day 1 w/ a client
- payment due
date



PRE-COLLECTION

0-90 days past
due



COLLECTION

90 days past
due - agency
conclusion



POST-COLLECTION

After the
resolution
of collection

collbox

PHASE: PRE-SALE

- ☐ Define payment terms
- ☐ Define payment conditions
- ☐ Clarify acceptable payment methods
- ☐ Define payment amount and frequency
- ☐ Define payment grace period (if applicable)
- ☐ Define age of delinquency*
- ☐ Define age of collectibility**
- ☐ Add all of the above to client engagement letter or agreement
- ☐ Send to client for signature with a deadline for return
- ☐ Email a copy of the fully executed agreement to your client

* The point that you'll stop work on the account & revoke access to any on-going projects / services until the account is brought current.

** The number of days past-due that the account will be sent to a 3rd party debt collection agency for recovery.

Notes:

PHASE: POST-SALE

- ☐ Prepare invoice / sales receipt within one hour of sale
- ☐ Attach fully-executed agreement
- ☐ Highlight critical payment terms
- ☐ Send to client before close of business the same day
- ☐ Schedule invoice reminders*
 - ☐ Halfway through payment term
 - ☐ 5 business days before due date
 - ☐ Day before due date
 - ☐ Due date

* Full invoice reminder schedule on page 5

Notes:

THE ULTIMATE WORKFLOW

SAMPLE POST-SALE INVOICE REMINDER SCHEDULE

Day of Sale	50% to Due Date	5 Days Out	1 Day Out	Due Date
<ul style="list-style-type: none"> • Send initial invoice via a trackable method • Attach a copy of their original agreement • Draw their attention to payment terms and conditions (Ts & Cs) • Embed links to payment gateways • Leverage blank spaces in invoices for: <ul style="list-style-type: none"> ◦ Promotions ◦ Early pay incentives ◦ Referral contests ◦ Customer surveys 	<ul style="list-style-type: none"> • "Just touching base" email • Make it about them vs about you getting paid. Solicit: <ul style="list-style-type: none"> ◦ How satisfied they are with the agreement thus far ◦ Any feedback they'd like to share • Casually remind them of: <ul style="list-style-type: none"> ◦ Invoice due date, ◦ Payment Ts & Cs ◦ Early pay incentives 	<ul style="list-style-type: none"> • If payment hasn't been received: <ul style="list-style-type: none"> ◦ Check to see if your prior emails have been opened ◦ Send another friendly note but increase the urgency. ◦ "I just wanted make sure you're tracking that..." • Leverage early pay incentives (carrot vs stick) 	<ul style="list-style-type: none"> • Forward your last message <ul style="list-style-type: none"> ◦ Ask: did they receive it? • Mix up your outreach medium <ul style="list-style-type: none"> ◦ Try text vs email <p>Pro Tip: <i>Some reminder automation platforms have text, email and phone call options*</i></p>	<ul style="list-style-type: none"> • Send a templated "Payment Due Today" email <ul style="list-style-type: none"> ◦ Use clear & concise wording • Emphasize payment cutoff time <ul style="list-style-type: none"> ◦ Example: by 5pm EST • Reattach agreement <ul style="list-style-type: none"> ◦ Highlight payment Ts & Cs • Do not offer a chance to extend w/o penalty

PHASE: PRE-COLLECTION

0-30 DAYS PAST-DUE

- ☐ Notify client of missed payment immediately
- ☐ In that notification, call their attention to any of the following that apply:
 - ☐ Grace period
 - ☐ Late fees
 - ☐ Interest
- ☐ Touch base with internal stakeholders*
- ☐ Post grace period
 - ☐ Revoke client's access to products / services until account is made current
 - ☐ Start applying late fees & interest
 - ☐ Contact client 1x per week

*** Make sure you're not missing any information. Was the client unhappy with the product / service provided? Does the account manager know something about the status of the relationship you don't? etc.**

Pro Tips:

- Always use trackable communication methods
- Use multiple communication media for reminders (text messages, emails, phone calls)

Notes:

PHASE: PRE-COLLECTION

30-60 DAYS PAST-DUE

- ☐ Continue accruing late fees and / or interest on the account
- ☐ Send an invoice due reminder a minimum of once a week with the new balance
 - ☐ Attach their original contract to each reminder
 - ☐ Offer an incentive to the client to bring their account up-to-date
- ☐ If possible, escalate the conversation to someone higher ranking in your organization or the client's organization
- ☐ Review and prepare demand letter to be sent on day 60

Notes:

PHASE: PRE-COLLECTION

60-90 DAYS PAST-DUE

- ☐ Day 60: send physical demand letter to client via certified mail
- ☐ Begin exploring collection options
 - ☐ Is there a niche agency that you could work with?
 - ☐ Explore what a fair rate is for this type / age of debt
 - ☐ Vet any agencies to ensure there aren't any red flags
- ☐ Continue adding past-due reminders
- ☐ Continue adding late fees & interest
- ☐ **Day 90: if demand letter has not been responded to, officially engage with your chosen collection agency**

Notes:

PHASE: COLLECTION

90+ DAYS PAST-DUE

- ☐ Let your chosen agency take over collection efforts until account is recovered or failed
- ☐ Provide the agency with a copy of all relevant documents
 - ☐ Contract, engagement letter and / or agreement
 - ☐ Copies of the over due invoices that make up the total balance owed on the account
 - ☐ Communication records (such as emails, logged phone calls and/or text messages)
 - ☐ A copy of the demand letter you sent to the client + confirmation of receipt (via certified mail)
- ☐ Update general ledger to reflect that the account is in collections and the name of the agency servicing it
- ☐ Discontinue all client communications
 - ☐ Refer client to the servicing agency if they attempt to make contact
 - ☐ Inform your staff to do the same
- ☐ Check in with the agency to ensure they have everything they need
- ☐ Ask the agency for weekly status updates on the progress of the account

Pro Tip: Most of these tasks can be handled automatically with a free **collbox** account.

Notes:

PHASE: POST-COLLECTION

AFTER BEING NOTIFIED OF A SUCCESSFUL OR FAILED COLLECTION

- ☐ Update general ledger to reflect recovered revenue or prep failed account to be written off
- ☐ Evaluate:
 - ☐ Would you be willing / interested in working with this client again in the future?
 - ☐ If "yes", after payment is received, send the client a thank you message and indicate your desire to continue the relationship
 - ☐ If "no", once account is paid / failed, send an official "end of engagement notice" to the client
- ☐ Reflect on:
 - ☐ Red flags that were indicators this client might default on payment (seeming hesitant about the price, making unreasonable demands, words not equating to their actions, etc.)
 - ☐ Similarities between this client & past clients that you've had AR issues with (same industry, business model, attitude towards you as a service provider, etc)
 - ☐ How you can learn from this experience to avoid taking on future clients likely to cause AR issues

Notes:

SIGN UP FOR **COLLBOX** TO GET YOUR FREE COLLECTIBLE REPORT

Collectible				90d+ overdue
Customer	Invoices	Age	Balance	
Azure Eagle Inc.	1	2877d	\$7,699.64	
Chartreuse Crocodile Ventures	2	115d	\$16,733.26	
Chartreuse Wallaby Ventures	5	3240d	\$32,333.49	
Gold Mole Corp.	5	1288d	\$31,458.90	
Gray Snake Partners	2	288d	\$3,975.56	
Green Bird Corp.	3	1829d	\$10,691.09	
Grey Monkey Ventures	3	437d	\$11,496.76	

\$371,576.

20 Collectible ›

\$0.00

0 Collecting ›

\$0.00

0 Collected ›

How much **revenue** is your business leaving uncollected? Visit **collbox.co/signup**, create your **free account** and find out today!

***CollBox** is a free app that provides tools, analytics, and actionable next steps to help businesses monitor & manage the health of their AR.*

**Questions? Comments? More
information?**

Email info@collbox.co