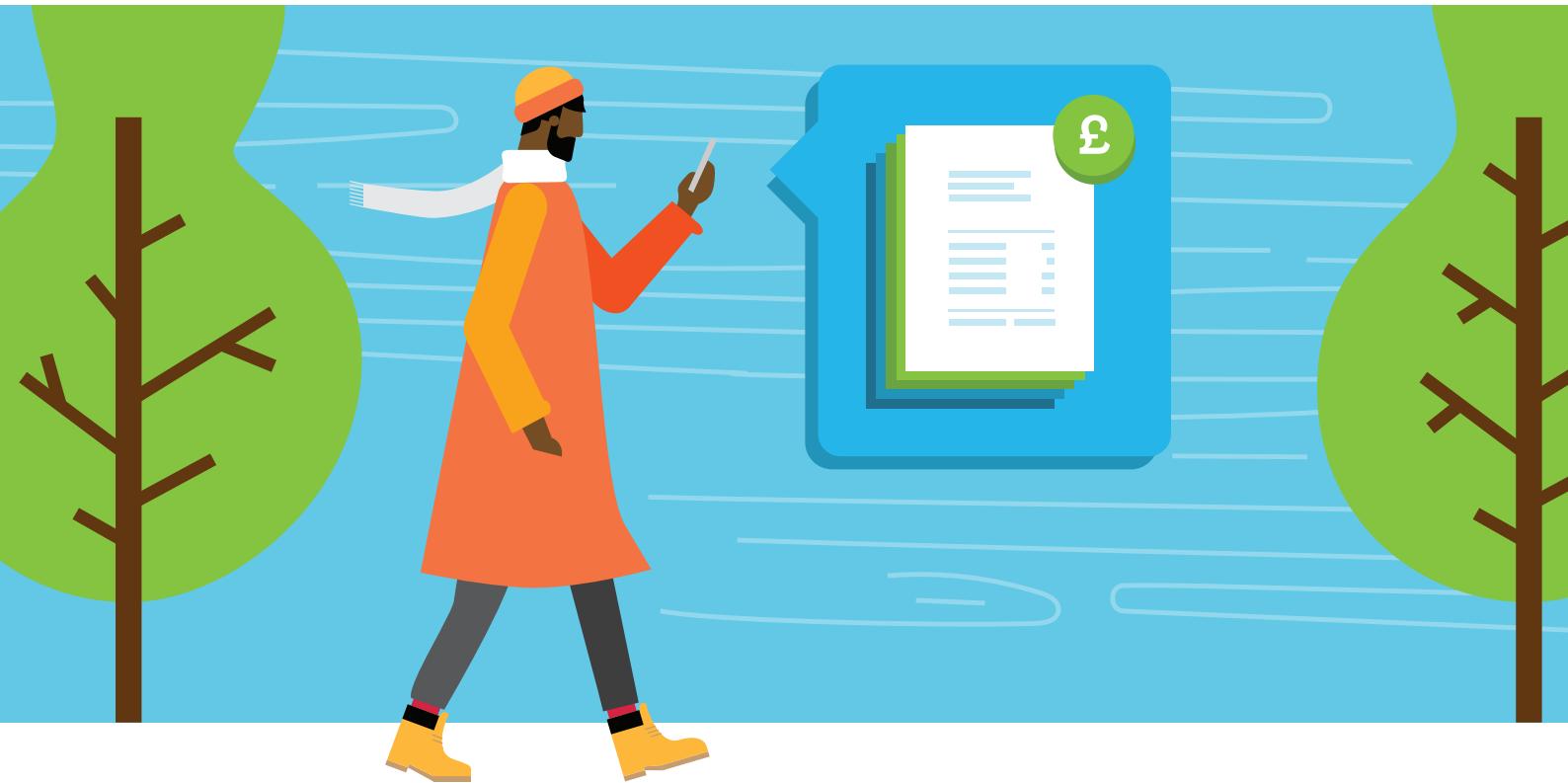


The Invoicing Survival Guide



xero



The Invoicing Survival Guide

Get the business, do the job well and get paid. It should be that easy right? Unfortunately, getting paid on time can feel like an act of survival.

If you find that your clients are paying you late and cash-flow nightmares are keeping you up at night, you're not alone. Businesses the world over are getting frustrated with those late payers.

That's why we've researched the best in the business to simplify it all for you. So whether you're just starting out, or want to improve on what you're doing, our tips and tricks will help you navigate the world of invoices.

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What is an invoice?

What is an invoice?

When you're just starting out in business, with only a few invoices to track, invoicing is pretty straightforward. But as your customer numbers grow and the volume of work grows, it can become hectic and messy. And it can start to eat into the evenings and weekends you used to enjoy.

If you feel this way, you're not alone, and that's why we're here to help. We know that once you're in business, you need to get paid. Fast. And very often, being paid on time is essential to a business's cash flow and its ability to survive and grow.

So why do invoices matter?

Your invoices are one of the ways you communicate to your customers. They show the goods or services you've supplied and what you're owed in return. An invoice shows how much your customer has to pay, when the payment is due, and the ways they can pay.

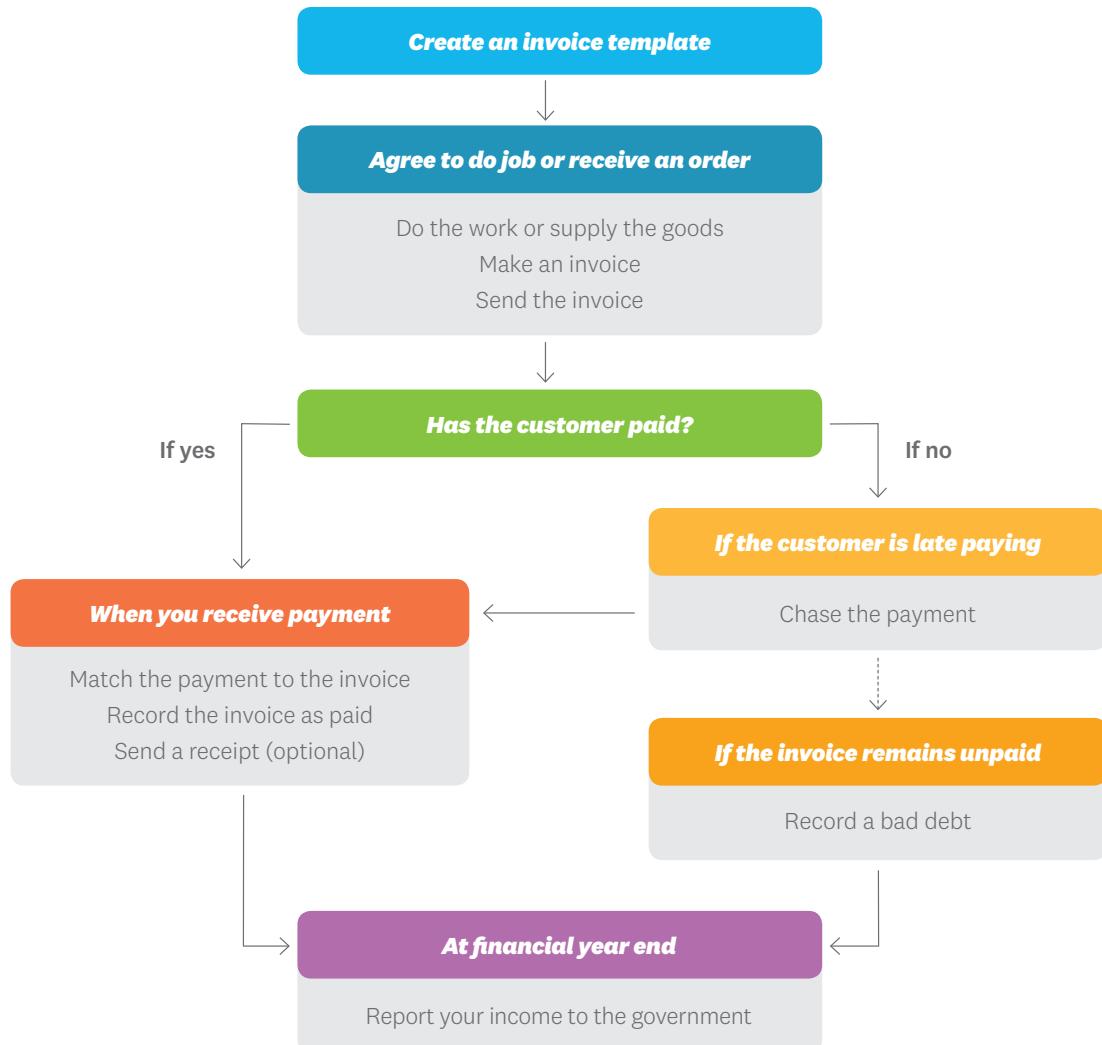
Your invoices are also tax documents. You're required to keep copies to show how much you earned and – if you're VAT registered – how much VAT you've collected.

How invoicing works - from start to finish

There's more to invoicing than you might think. It's a process that begins when you take on a job and only finishes when the money comes in the door. There are quite a few steps along the way.

No-one wants to be stuck in the office doing accounts, so automating as many steps as you can really helps.

Journey of an invoice



What is an invoice?

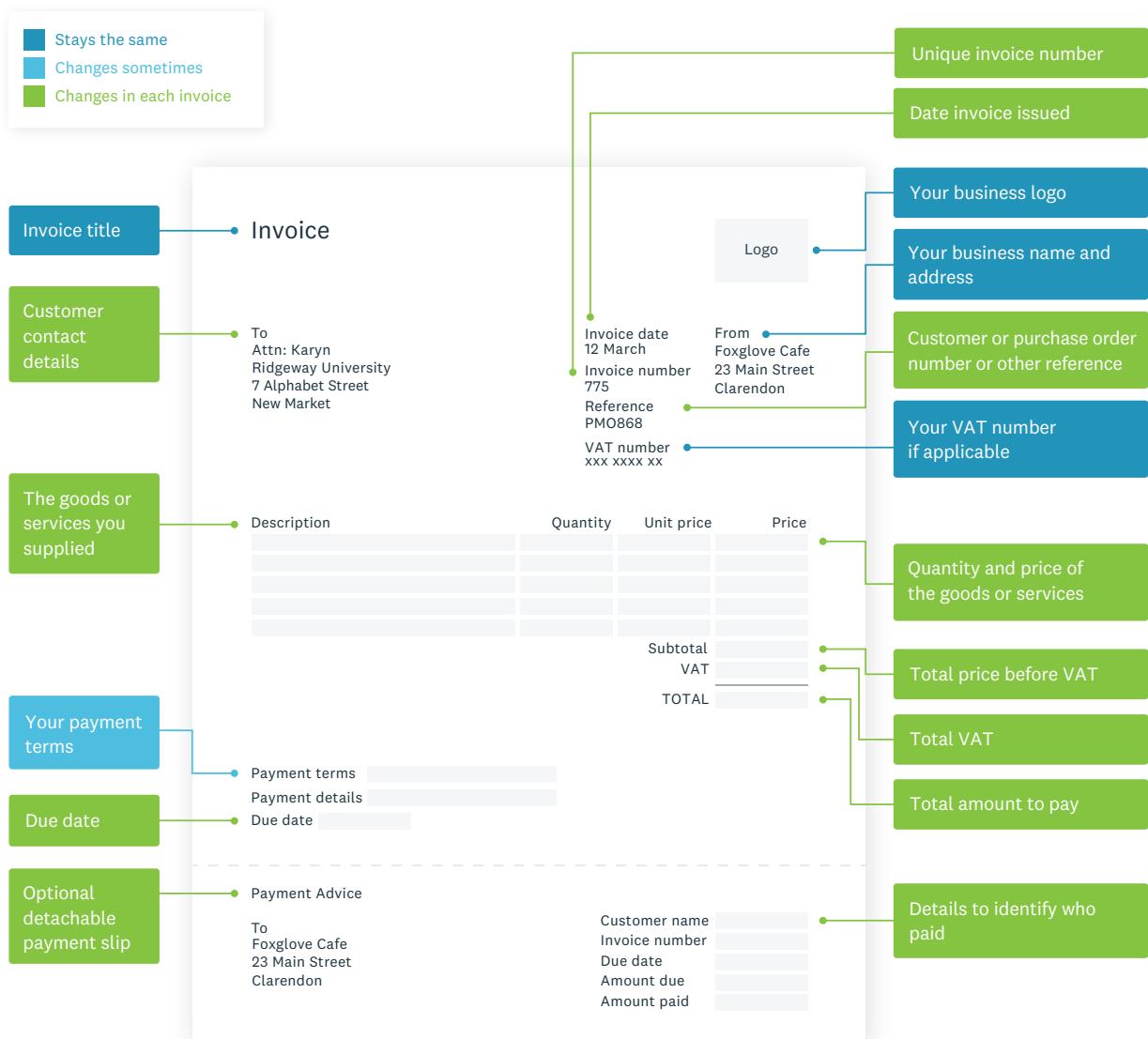
Details of what goes on an invoice

Some of the details in an invoice stay the same in each one you send and can be set up in a template that you use each time. For the content that varies, you can create placeholders in your template.

The payment terms and methods of payment you offer may change occasionally. If they do change for a particular customer or job, you'll need to remember to alter them.

Here are the invoice details customers expect to see.

Anatomy of an invoice



What is an invoice?

Here's more detail about what goes into an invoice.

Invoice details

Logo	Your business logo if you have one.
Invoice title	A title that identifies this document as an invoice.
Invoice number	A unique invoice number which distinguishes each invoice from all others.
Invoice date	The date the invoice is issued.

References

Purchase order number	The purchase order number if your customer has given you one. Otherwise the name of your contact person can be helpful to increase the chances of being paid promptly.
Customer number	The customer number if you use them to identify and keep track of customers.
Tracking number	The tracking number for shipping if applicable.

Your business details

Name and address block	Your business name, address and contact details. Freelancers and sole traders can use a personal name.
Contact person	The name, phone number and email address of the person to contact if the customer has queries about the invoice.
VAT number	Your VAT registration details if you're VAT registered.

Customer details

Name and address block	The customer's name and address to send the invoice to. If it's an organisation, check their legal name as it could be different from the trading name you're familiar with.
Shipping address	The name and address to send the goods to. May be optional if it's the same as the invoicing address.

What is an invoice?

List of goods and services

Description	A brief description of each of the products or services you supplied.
Quantity	The number of items you supplied or the number of hours you're charging for.
Unit price	The price per item or per hour, or the fixed price you agreed upfront.
Price	The price for that item or service, obtained by multiplying the unit price by the quantity.

Amount owed

Subtotal	The total cost before VAT of all the goods and service listed. Make sure you apply any discounts you've offered and include any shipping charges.
VAT	The amount of VAT that applies.
Total	What the customer owes including any discount, the total VAT (when applicable) and any shipping charge.

Payment terms

Deposit required	The amount of any deposit required.
Due date	How many days (from the invoice date) the customer has to pay and the date when payment is due.
Discount or late fees	The amount of any on-time discounts or late fees.
How to pay	The methods of payment you offer, eg, internet banking, credit card, PayPal, cash, cheque. Include your bank account number or a link so customers can pay online.

Payment slip

Customer name and address block	The customer's name and address to send the invoice to.
Invoice and payment details	Details you'll need to identify who the payment came from and what it's for including the: <ul style="list-style-type: none">• invoice number• due date• amount due• amount paid

What is an invoice?

Payment terms example

Write your payment terms in plain English on your invoice and make it clear how you prefer to get paid.

Here's an example:

Payment is due 7 days from date of issue on dd mmm yyyy.

Discounted amount if paid by dd mmm yyyy: £xxx

Bank account for payment: [xxxx xxxx xxxx].

Payment can also be made via PayPal or credit card.

Please include the invoice number when you pay.



“Create an email address specifically for dealing with invoicing and accounting. For example, set up accounts@yourcompany.com and send all your invoices from that email. It has a psychological impact when it comes to asking to be paid.”

Paco Nicole, Founder, [The Hell Yeah Group](#)
[Xero partner](#)

Learn more

[Xero online invoicing](#)



***How to make
an invoice
that's taken
seriously***

Make an invoice

You've done the work; now it's payment time. Here's where your invoice plays a key role, and is a vital piece of work. An invoice pulls together precise details from several places.

These details include:

- your company name, address and reference numbers
- your customer's name and address
- details of the goods or service you provided and the cost
- your bank account number or other payment options

The secret sauce of any invoice is having a great template to start with. A template – or templates – that you use each time, eliminates lots of copying and pasting and fiddly formatting.

Main steps to follow

Here are the main steps to follow when you're preparing an invoice:

1. Open your invoice template.
2. Add the date.
3. Enter the invoice number.
4. Fill out the customer name, address, reference and/or order number.
5. Enter a description of the goods or services.
6. Total the costs and double-check your maths.
7. Check and make any changes to the payment terms that apply to this customer or this job.
8. Get the invoice approved if you need to before you send it.
9. If you use a Word document or spreadsheet template, save the invoice as a PDF before sending to provide some protection against it being altered by fraudsters.
10. Once sent, file a copy for your tax records.

Pull together the pieces of a customer invoice



Create an invoice template that's the envy of your friends

When all the required information is included on your invoice, even your most fussy customers won't have a reason to question it.

Handwritten invoices are practically a thing of the past, so your choices are to:

- create a Microsoft Word or Google doc
- use a spreadsheet with simple formulas that calculate totals and taxes
- use a template that comes with invoicing or accounting software

How to make an invoice that promotes your business

Each invoice provides a great opportunity to market your business. This could be about communicating a special offer, offering a discount, announcing a new product, or requesting feedback or referrals. Include a place on your invoice template where you can enter the details. One way to do it is to have a line saying "we appreciate your business" which you can edit and alter when you choose.

Format your invoices for easy reading

Here's how to make your invoice look professional and inviting to read.

- Include your logo
- Make sure the text is large enough to be readable on screen as well as in print (usually not under a 10 point font)
- Use a table for the descriptions of goods or services and amounts so the content is clearly aligned in rows and columns

- Add white space so your invoice doesn't look cramped. Space out the sections of your invoice and make sure text and numbers aren't squashed up hard against the lines of tables.
- Create strong alignments. Align each section to the left or to the right – not centred. Make sure that decimal points align and the number of decimal places for quantities or amounts is consistent.

Number your invoices so they're unique

An invoice number can be any string of number and letters but it needs to be different for each invoice.

Many businesses simply number their invoices sequentially starting from one. If you want your invoice numbers to stay consistent in length as your business grows, decide on say a five or six-figure invoice number as your standard, for example, starting from INV00001.

A clever invoicing system will assign the next invoice number for you and let you choose different ways to view your invoices. This could be by invoice number order, date order, or alphabetically by customer name. The software does the work, so you don't have to worry about figuring out the best invoice numbering system for you.

Without invoicing software, you may want to use a prefix within the invoice number to help you sort and see things like:

- which invoices apply to which customer by including part of the customer name or a customer number, for example, XER00001, 203-00001
- how many invoices you sent in any month, for example, JAN00001, 01-00001
- how long a customer has been with you, for example, 2014-00001, 2018-00001



"Get the client, do the work, and invoice as soon as possible. Make the invoice so clear you get paid for it, no questions asked! The invoice should be your brand equity. The client should be in no doubt about the value-add you bring!"

Lisa Martin, Executive Director, [Go Fi8ure](#)
Xero gold partner

Handy tools for your business

Small business guide
[7 basic invoicing questions you were afraid to ask](#)

Invoice template
[Free professional invoice template](#)



Remember to invoice when you're done

You might think it will never happen to you, but it's easy to forget to invoice for work you've done or goods you've supplied.

So you need a system that makes it simple to invoice promptly. You might make it a rule that you invoice as soon as a job is complete or before you start on something else. Or you could keep a careful record of time and costs, then invoice daily, weekly or monthly.

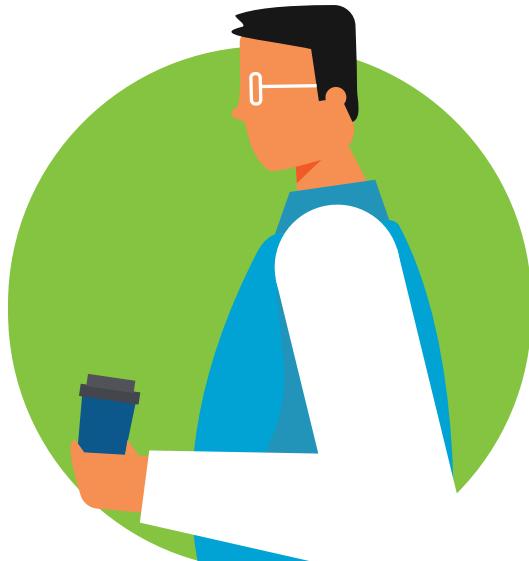
If you use invoicing software that works on your mobile phone, there's no need to wait until you're back in the office. You can send an invoice instantly.

Get the amount of detail right

Always provide a description of the goods or services supplied so the customer knows what they're paying for. If you provided a quote, use the same language so the customer can see you're delivering on your promise.

Sending a clear and complete invoice makes you look professional and helps you get paid on time. Be concise, but provide enough detail that your customer doesn't need to come back and ask you what a charge was for. Limit your invoice to a single page if possible.

If you need to provide a detailed record of the work done or a breakdown of the items used on the job, you can provide a summary on the invoice and add the details in an attachment. If you can, format the attachment so it looks similar in style to the invoice rather than a hurried afterthought.



Learn more

[Free professional invoice template](#)



***How to send
an invoice
that gets
paid quickly***

Send an invoice



Some businesses invoice every week or every two weeks. Some do it only once a month. But the fact is, it's best to send your invoice as soon as the work is done – especially if you do one-off projects, odd jobs, or you've filled an order.

Think about your cash flow when working out your process. If you send all your invoices on the same day every month – and they get paid around the same time – then your bank balance will be full of highs and lows. If the lows create financial stress, consider spreading your invoicing over the month.

If you're working on a big project, you might send interim invoices for the work done to date. And if you sell subscriptions or memberships, or you're on a retainer, you can send a recurring invoice at regular intervals.

Ways to get your invoice into your customer's hands

Send an invoice by post

Sometimes there's a really good reason to send an invoice by post – perhaps the customer doesn't use email or they consistently lose emailed invoices. But compared to other methods, post is slower, it costs more, physical addresses change more often than email ones and it's much less secure.

Send an invoice via email

Email has advantages over post. Your invoice will arrive faster, it can't really be lost, and email addresses are simpler to get right. Just double-check you have the right contact, and take these precautions:

- Call after you've sent your first invoice to check they received it and understand what it's for.
- Send your invoice in a non-editable format. Fraudsters have been known to intercept emails and add their bank account to the payment details. It's harder for them to do that if you send a PDF file rather than a document or spreadsheet.

Send an invoice online

Smart invoicing software means your invoice can live securely online – you simply send your customer a link to it. Not only does this put off the fraudsters, you can tell if the customer has opened it. Better still, online invoices allow your customers to pay straight away via credit card or debit card (using an online payment service like Stripe or PayPal), or via an automated clearing house (ACH).



“The most important tip is to send your invoice straight away. Get it to your customer as quickly as possible – email is perfect for that. Better still, an app that lets you invoice while you’re at the customer’s premises!”

Sharon Pocock, [Kinder Pocock](#)
Xero gold partner

Handy tools for your business

Small business guide
[The 7 benefits of online invoicing](#)

How-to video
[Online invoicing in Xero](#)

Write friendly invoice emails that encourage customers to pay

You'd normally send a short email message with your invoice, and you might send a reminder just before payment is due to increase the chances of getting paid on time.

What to send with the invoice

The most important part of your invoice email is the subject line. The customer may pay faster if you give them a reference like the purchase order number. You can ask your customer's accounts payable department what they like to see as the email subject.

You don't need an elaborate message in the body of the email. A greeting and single line message is enough. The invoice itself contains everything else the customer needs to know.

What to send before it's due

If you're really organised, or have software that will do it automatically, you might send an email as a reminder just before the invoice is due. It can be brief, but it's helpful if it includes the amount and the date due.

Invoice reminder
To: belinda@ridgeawayuni.com
Subject: Reminder for invoice
Hi Belinda,
Just a reminder that invoice 7384 for £275 is due tomorrow. Let me know if you have any issues or questions.
Best regards, Jim

Invoice #7384
To: belinda@ridgeawayuni.com
Subject: Invoice for recent work
Hi Belinda,
Here's our invoice for the work we completed recently. Thanks for doing business with us.
Best regards, Jim

Learn more

[Invoicing guides for small businesses](#)



***Accept
payments
in ways that
suit you
and your
customer***



Not surprisingly, the easier you make it for your customers to pay you, the faster you'll get paid. You can offer several options, from cash or cheque and internet banking transfers to online payment services. In this chapter, we'll show you the options for accepting payments.

Getting paid in cash or by cheque

Paying in cash or by cheque still suits some customers, but it does mean a trip to the bank and a bit of a delay before the payment is deposited.

Unless you're disciplined about recording the invoice as paid straight away, it's easy to lose track of who's paid. If your bank doesn't reliably enter the reference details you supply into their system, you may be none the wiser when you check your bank statement or bank feed. It's incredibly frustrating to see a payment on your statement with no way to identify who it came from.

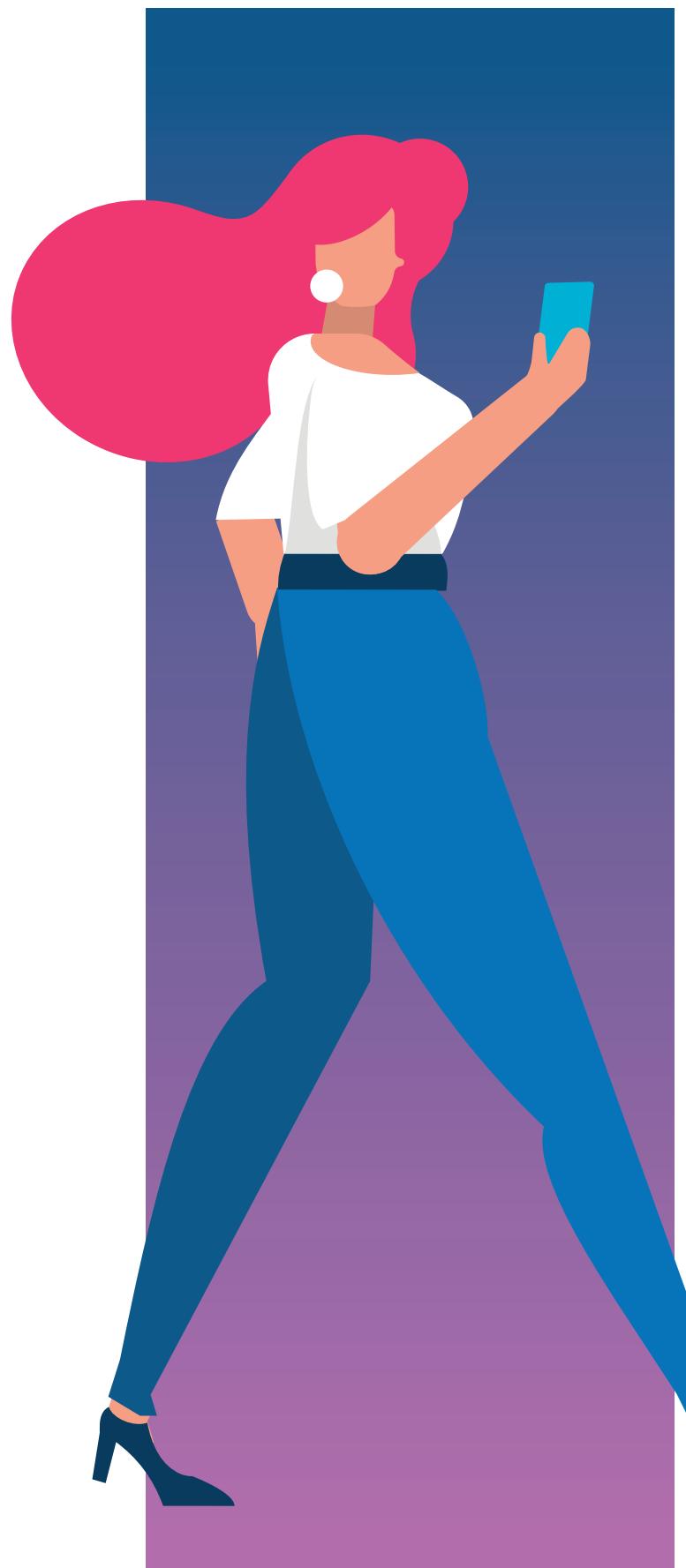
Receiving payment by internet banking

If you provide your bank account details, customers can make a one-off or regular payment using their bank's internet banking software. It's convenient, but customers must be in the same country. They'll also need to log into their online banking to enter your bank account number, the amount to pay, and reference details. So there's room for error.

Handy tools for your business

Small business guide
[How to streamline your invoicing process](#)

How-to-video
[Add a payment service in Xero](#)



Offering online payment, pay now, services

If you send online invoices that link to payment services like Stripe or Paypal, it's easy for your customers to pay immediately on any device. When they open the invoice, they simply click on the 'Pay now' button. It makes life easier for your customers, and you're more likely to get paid faster.

Online payment services cost nothing to set up, though there's a small fee for each transaction. But when you look at the improved cash flow, online payments make it better for you and your balance sheet.

One in five businesses that use Xero to send invoices offer an online payment service and Xero research confirms that they get paid faster. The statistics show that in the UK, they're paid up to 50 percent faster or about 20 days sooner on average.*

Using invoice financing

If you need the cash and you can't wait for customers to pay you, you could consider invoice financing. It's faster and more flexible than taking out a loan.

Invoice financing is offered by some finance companies. They'll typically advance you 80 or 90 percent of your unpaid invoices, so you get most of what's owed to you then and there, instead of waiting for your customer to pay. And you only repay the amounts financed as and when the customer payments come in.

Invoice financing isn't a regulated industry so you need to find a reputable provider and do your homework into the fees and other terms. It's worth talking with your accountant first about whether invoice financing is a sensible option for you.

Learn more
[How to accept payments online](#)

* Xero invoices that were due and fully paid between July 2016 and January 2018.



***Sending
payment
requests for
overdue
invoices***

Send payment requests



Following up late payments isn't a job anyone likes doing. It often gets put off in favour of easier or more enjoyable tasks. Then you realise there's a lot owing to you that you could really do with in your bank account.

When to follow up unpaid invoices

If an unpaid invoice goes past the due date, don't wait long before you follow up with the customer to chase payment. You've done the work and it's your money.

If you're running an overdraft or have business loans, you'll know that not having the money in the bank is costing you. And even if you've got cash to call on, money that's late coming in is costing you the opportunity to do something else with it or invest it.

Keep an eye on your accounts receivable (the list of invoices that aren't paid) and tackle the oldest debts first. Aim to keep reducing the number of unpaid invoices and the total amount owing to you. In an ideal world everyone would pay on time, but until that day happens, get ready to chase up those late payers.



"With past due invoices, we use Xero to send out automated invoice reminders. We set the tone to start light and become firmer as the invoices age. We also call the client – the answer may be as simple as changing the contact in our Xero record."

Cristina Garza, [Accountingprose](#)
Xero gold partner

Send payment requests

Ways to chase overdue invoices

If the invoice goes past the due date – and almost half do* – you'll need to prompt your customer. That often feels uncomfortable and it's easy to put it off to another day. But you're not asking for a favour: the customer has accepted something from you. Now it's time for them to keep their side of the bargain.

So be polite, but act quickly if you don't want bad habits to form. The longer you let an invoice go unpaid, the lower the chances that it ever will be.

Pick up the phone

A phone call is powerful – awkward to make, but effective. It's awkward for the customer too and that's why it works. You don't need to say much. Just be polite and friendly and tell them what invoice is late. Then let them do the talking.

They may have a perfectly reasonable explanation – whether they missed seeing the invoice come in or there's been illness or a family bereavement that's disrupted their routine. We're all human, and this is where you can ask what would help them or suggest a solution.

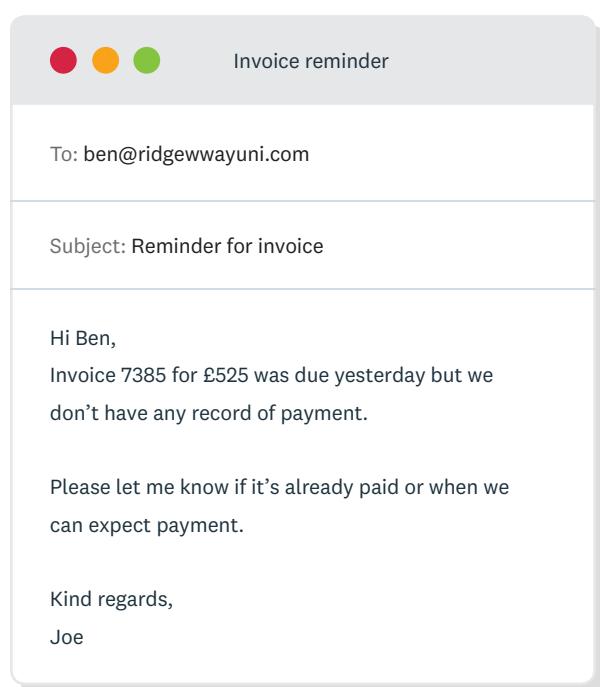
If the client disputes some aspect of the invoice, stay calm and listen to what they have to say. Ask them to pay the rest of the invoice while you sort out the problem with them.

If you find yourself making a second or third phone call, stay polite but firm and outline what they need to do and the consequences of non-payment.

Always keep notes of your phone calls so that you have a reminder of the commitments your customer has made. And get into the habit of scheduling follow-ups in your diary, so that you check for payment and phone again if necessary.

Send an overdue payment reminder email

The least daunting way to chase payment is to send an email. Clever invoicing software has automated email reminders built in. Here's a sample payment reminder email.



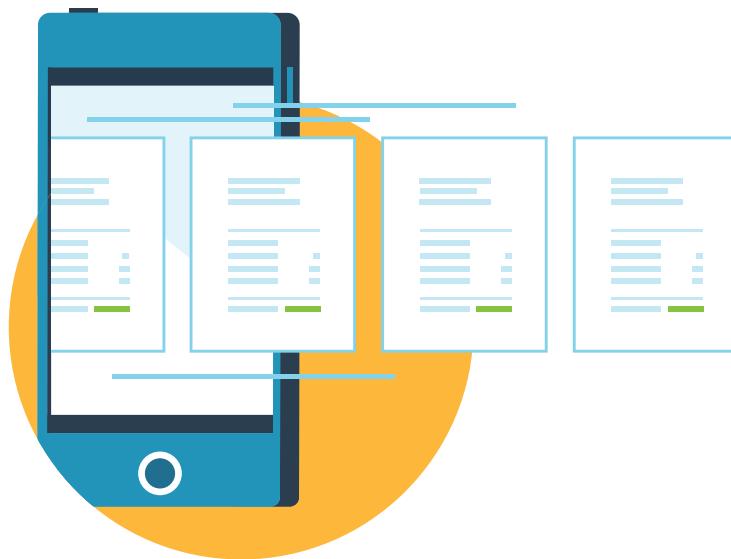
* Xero invoices that were due and fully paid between July 2016 and January 2018

Handy tools for your business

Use invoice reminders
[Watch how reminders work](#)

Get paid faster
[How online invoicing works](#)

Send payment requests



Send a statement

Sending a statement is another, less personal way, to email a reminder. A statement differs from an invoice in that it shows all the customer's unpaid invoices, or summarises all their invoices and payments, between two dates. Statements are most useful when a customer has more than one invoice awaiting payment.

Use an online system

You can remove yourself from the equation almost entirely by using online invoicing. This makes it simple to keep track of your invoices and watch your bank deposits for matching payments. If an invoice remains unpaid after its due date, the software automatically emails a reminder to the customer. So you don't need to get involved unless the reminders go ignored for too long.

What to do when people just don't pay

Really reluctant payers are a fact of life, so what can do do when you encounter these sticky situations?

Agree on a payment plan

If your customer is struggling with cash flow for whatever reason, you could suggest they make part payments staggered over several weeks or months. Part payments make reconciliation a bit harder for you, but it's worth it to get paid eventually. Remember to ask the customer to quote the invoice number in each part payment they make, so it's easy to keep track.

Last resort steps to recover your money

If nothing else has worked, your options include:

- start charging late fees and interest if this was in your agreement with the customer
- stop supplying goods or services till they pay
- repossess the products supplied if this was in your agreement with the customer
- use a debt collection agency to recover the debt
- sell the debt to a debt collection agency
- send a letter before action warning that you intend to take legal action
- issue legal proceedings to recover the debt plus costs
- write off the amount owing as a bad debt

If you need to take these drastic steps, then your relationship with the customer has really broken down. It's likely they'll react by taking their business elsewhere, so don't be surprised when it happens.

Send a warning letter

A letter before action formally requests the payment of a debt to your business and sets out what will happen if the payment isn't made within a specified timeframe. It includes details of any interest payable and the threat of legal proceedings. The letter can be highly effective in recovering debts without having to take the customer to court. A letter which has been prepared by a lawyer will not only cover all the required elements, it will also show that you're serious about collecting the debt.

Write off the past due invoice as a bad debt

Most invoices will go from being unpaid to paid. But those that are never paid are written off as a bad debt, which involves some bookkeeping by you or your accounting professional.

Learn more

[Invoice tips and tricks](#)



***Ways to
make your
invoicing
process
better***



Check out our tips for making the invoicing process simpler so it takes up less of your valuable time and the money flows in sooner. And see the additional benefits that online invoicing brings to businesses who make the move to the cloud.

Top tips for streamlining your invoicing

However you do your invoicing – whether it's manually, in spreadsheets, or using online invoicing software – these tips will help.

- **Provide written quotes for the customer to accept**
Avoid miscommunication and misunderstanding by providing quotes in writing for your customer to accept before you start work.
- **Communicate by phone first time round**
The first time you send someone an invoice, pick up the phone and talk to the customer accounts administrator to check everything is in order.
- **Make use of invoice templates**
Save yourself rework and ensure you don't miss anything when you're writing up an invoice by using templates.
- **Invoice the moment a job is complete**
Don't wait until the end of the month to send all your invoices. Invoice the moment a job is complete, or failing that, daily or weekly. Decide when and how often you'll invoice and stick to it.
- **Set payment terms that suit you**
You don't have to wait 30 days for payment; a 7-day term is reasonable. But be aware that big companies will pay on their terms, not yours.
- **Offer customers a choice of how they pay**
Payment services like Stripe and Paypal make it easy to get paid promptly online.

Follow up unpaid invoices promptly

Plan when you'll chase overdue invoices and make doing it a priority.

Train more than one person in invoicing

The flow of incoming cash won't come to a temporary stop if there are a few staff members trained to do invoicing tasks.

How online invoicing changes everything

Almost universally, businesses who've switched to online invoicing and online accounting are glad they did, and many rave about it. Tiresome tasks are automated, up-to-date information is always at hand and it can easily be shared online with your bookkeeper or accountant.

Automate tasks to streamline invoicing

Businesses that move their invoicing online save time, reduce costs and speed up payments. There's less for you or your staff to do because online invoicing software takes on most of the mundane, repetitive tasks.

It's easier to keep track of things because it's all held securely online. Documents don't get lost and it's convenient to search in one handy place when there's something you need to find out.

With your invoicing and accounts all part of the one system, everything is streamlined. You remove the potential for duplicate data entry, and the information in your accounts system updates automatically as you send invoices and receive payments.

See up-to-date information so you can make quick decisions

With online invoicing and online payments, each transaction is recorded immediately in your accounting software. This makes it simple to see what's owing to you and get a clear picture of your current numbers. Which is great when you've got decisions to make about spending, hiring, or taking on more work.

Collaborate so you're not going it alone

When you're using web-based accounting software, you can invite other people that you trust to access it remotely. Your accountant or bookkeeper can provide advice or help online from where ever they are. And your staff can share the work of quoting, recording expenses, invoicing, reconciling payments to invoices, and chasing overdue payments.

Go mobile for maximum flexibility

When your invoicing software is online, you'll be able to create and send invoices anytime, anywhere. So if your work takes you out and about, you can invoice as soon as a job is done.

Let the invoicing software do the work

These are just some examples of the advantages of online invoicing.

When you're setting up invoices or quotes, online invoicing software can:

- supply the next unused invoice number to a new invoice
- populate new invoices or quotes with your logo, name and contact details, payment terms and payment methods from a template

- offer accept or decline options on your quotes
- convert accepted quotes to invoices
- offer 'Pay now' options on your invoice
- pull customer names and addresses through into quotes and invoices
- populate quotes and invoices with descriptions of good and services
- include job costs and hours in the next invoice for the customer
- attach other documents (for example, PDFs) to an invoice and store them

When it comes to sending invoices, online invoicing software can:

- create and send repeating invoices
- send out invoices to a set schedule
- send automated reminders when payment is due or overdue

When you're checking your accounts, online invoicing software can:

- list which invoices the customer has opened
- show you which invoices are unpaid, and which ones are overdue
- identify which payments apply to which invoices
- tell you how much money is owing to you in total at any time
- report on which clients are consistently poor payers
- store your invoices securely and easily find them for you
- keep a detailed audit trail of each transaction



"Set up recurring invoices. They can be automatically saved as draft for further tweaks or automagically sent out on the same date each month. We do this for our recurring monthly fee clients. You never have to worry again, "Have I billed them?".

Don Grgic, Business Boost Centre
Xero silver partner

Learn more

[Send online quotes](#)

7

***Win at
invoicing
with these
checklists***

Invoicing checklists

Whether it's choosing invoicing software, getting paid quickly or avoiding mistakes, we've made a few handy checklists so you know what to look out for.

Checklist 1: Choosing the right invoicing software

Here are some of the key things to look out for when you're choosing the right software.

Big picture considerations

Overall, is the invoicing software:

- | | |
|---|--------------------------|
| Straightforward and intuitive to use on a Mac, PC, tablet or phone? | <input type="checkbox"/> |
| Robust enough to handle sales tax calculations for your country? | <input type="checkbox"/> |
| Able to handle multiple currencies if you export, or may export in the future? | <input type="checkbox"/> |
| Part of a complete accounting package or able to sync seamlessly with your accounting software? | <input type="checkbox"/> |
| Able to offer easily understood charts and graphs that shows key business information? | <input type="checkbox"/> |

On the invoice itself

Does the software:

- | | |
|---|--------------------------|
| Convert quotes to invoices easily, taking all the details across? | <input type="checkbox"/> |
| Make it simple to select a customer and pull in their name and address? | <input type="checkbox"/> |
| Let you select items you sell so the description and price are pulled into the invoice? | <input type="checkbox"/> |
| Let you create secure editable online invoices that customers link to? | <input type="checkbox"/> |
| Enable you to offer your customers online payment options? | <input type="checkbox"/> |
| Make it easy to produce invoices that are clear to read and look professional? | <input type="checkbox"/> |

Clever stuff to save you work

Does the software:

- | | |
|--|--------------------------|
| Connect to your bank accounts, and match payments to invoices for you? | <input type="checkbox"/> |
| Let you set up automatic invoice reminders to prompt customers to pay? | <input type="checkbox"/> |
| Have a mobile app that makes it simple to send an invoice, look up customer details, record expenses, and check on payments? | <input type="checkbox"/> |
| Transfer trial period information to your accounts once you subscribe? | <input type="checkbox"/> |

Invoicing checklists

Checklist 2: Getting paid quickly so your cash flow stays healthy

Want to avoid late payments and keep your cash flow healthy? Here's a list of handy tips and tricks.

Avoid surprises

Work on the principle of 'no surprises'. Your customer should know what to expect from the start of the job.

Make your invoices accurate and descriptive so the customer knows exactly what they're being asked to pay for.
Don't give them a reason to come back to you with queries – which will delay you getting paid.

Check their history

Check the customer's previous payment history with you before you agree to take on more work.

Check the credit rating of new customers especially if it's a big job.

Review the payment terms

Agree the payment terms with your customer (in writing) before supplying anything. It's important to set expectations up front.

Customise your standard payment terms if necessary. If the customer has a poor credit score or they request a discount, you may want to shorten the payment term. For large jobs, you may want to invoice weekly or monthly rather than at the end of the job.

Give customers less time to pay. About 40 percent of businesses now typically ask for payment within seven days.*

Eliminate avoidable delays

Find out who the customer accounts person is. Make personal contact by phoning to introduce yourself and checking the address for the invoice.

Once the work is done, send the invoice. Don't wait till the end of the month.

In case the customer does have queries about the invoice, make it easy for them to get in touch with you by including the details of who they should contact on the invoice.

Make sure you know which invoices have been paid and which haven't – and follow up the overdue ones quickly.

*Xero invoices issued in 2015

Invoicing situations to avoid

It's easy to make mistakes and take missteps when your business is just getting started – or even once it's been going for awhile. Here are a few common problems to avoid.



1

You invoice payment terms are unclear.

Make sure you've got written agreement (an email is good enough) before you begin.



2

You forget to send your customer an invoice.

Create and send the invoice as soon as the job is done.



3

You spend all day chasing late payments.

Set up automated invoice reminders in your software so customers are prompted to pay before the invoice is due – and at various points afterwards.



4

You're too lenient about your payment terms.

Remind yourself this is a business exchange. Include a tight payment date in your initial agreement and on your invoice.



5

You don't offer customers alternate payment options.

Offer different payment options and include clear instructions on your invoice.

Learn more

[Handy small business checklists](#)



***Where to
next: tools
and guides
by Xero***



When it comes down to it, there's no one right way to run a business or do invoicing. But online tools and apps make a huge difference to how connected business are to their customers and how efficiently they run.

Handy tips and tricks for your business

Xero has a host of useful guides on small business topics like marketing, invoicing, payroll, bookkeeping and more. Take a look at some of them for yourself.

[Browse small business guides.](#)

Discover more about Xero

Xero is a great tool for most small and many medium-size businesses. You can try it for free and see how it could lighten your workday. If you're keen to learn more about Xero, check out these resources:

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