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[Dana Korey] raised the deposit to 60 percent from 50 percent, put payment terms in bold-faced type in contracts and had customers sign or initial every provision that dealt with payment. Employees also state the payment terms aloud during the contract-signing process.

The situation was even more critical at **Gini Dietrich's** public relations firm. She said Chicago-based Arment Dietrich would have had to go out of business because of slow payments if she hadn't implemented a payment policy, because its cash flow was so poor

Carol Borow and Dan Venet say their slow-payment problems have been made easier because they have an employee whose duties include calling customers who haven't paid yet. Borow and Venet, who own CHB Industries Inc., a New York-based provider of window film, don't spend their time chasing late payments unless the situation really demands their intervention.

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Getting slow-poke customers to pay their bills on time - or reasonably on time - can be a vexing problem for a small-business owner. Besides creating cash flow issues, late payments can be a time and energy waster if it takes phone calls and e-mails to get a customer to finally send a check.

Business owners who have struggled with the problem have a variety of ways to deal with it, including educating customers about payment terms, insisting on a substantial deposit before work begins and hiring someone to keep after the foot-draggers.

Some business owners have found that unless they're very clear at the beginning about payment terms, customers may take their time. It's human nature to put things off, and all of us have to prioritize what we use money for. But if a company states from the get-go: "Here is how we need to be paid," a customer is more likely to get the message.

Dana Korey lost time and productivity at her professional organizing business trying to collect on invoices weeks or months after they were

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sent out. Korey, founder of Away With Clutter Inc. in Del Mar, Calif., said, "Being really clear about the deposit and being exceptionally clear about the day the balance would be due" turned the situation around.

Korey raised the deposit to 60 percent from 50 percent, put payment terms in bold-faced type in contracts and had customers sign or initial every provision that dealt with payment. Employees also state the payment terms aloud during the contract-signing process.

"It actually has worked phenomenally," she said of the changes.

The situation was even more critical at Gini Dietrich's public relations firm. She said Chicago-based Arment Dietrich would have had to go out of business because of slow payments if she hadn't implemented a payment policy, because its cash flow was so poor

"Literally, I was playing bank for my clients," she recalled.

Dietrich said, "I wasn't very good at asking for the money," something with which many business owners can identify.

Her solution has been to require two months' retainer fees up front, refuse to give discounts for early payments (many companies will shrug off the discount and pay later, she said) and insist on out-of-pocket expenses to be paid upfront.

And, if an invoice is more than 45 days past due, work on the project stops immediately.

The result: Dietrich stayed in business and has a healthy cash flow.

Carol Borow and Dan Venet say their slow-payment problems have been made easier because they have an employee whose duties include calling customers who haven't paid yet. Borow and Venet, who own CHB Industries Inc., a New York-based provider of window film, don't spend their time chasing late payments unless the situation really demands their intervention.

Borow and Venet, whose customers include construction firms, are to some extent stuck with the bill-paying practices of the construction industry. Other industries, such as apparel retailing, have their own customs with which an entrepreneur often has to contend.

Borow said CHB is often one of the last to work on a project, and so it's often paid last. But Venet said the company has found some ways to speed up the process, such as talking to the end user - a building owner - who then will lean on the slow-paying construction firm.

"Very often they know about us and they think well of us. They're interested" in helping CHB, he said.

There are things you can do that go beyond contract terms. For companies that deal with other businesses, having a good relationship with open lines of communication can help ease the process. So if you or one of your top employees needs to prod your customer for a payment, the phone call will be a reminder not only of the obligation that needs to be met, but also of the fact that there's a good relationship that needs to be preserved.

Credit: Joyce M. Rosenberg; The Associated Press

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