

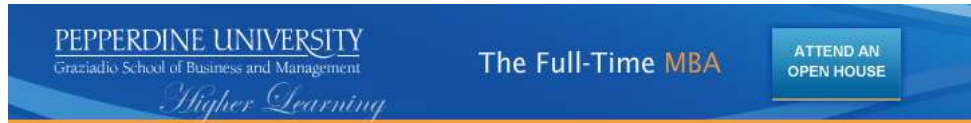


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Tips to aid small business with collections

STAFF REPORT
 Published: February 11, 2010

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When it comes to the topic of money collection, businesses often walk a fine line when requesting the necessary funds at hand. The online peer-to-peer lending site, [RaiseCapital.com](#), has some suggestions to help get paid on time without hassle.

Tips for small business collection

Before you accept a new customer.

- Require pre-payment or partial payment – again, if your business situation permits.
- Vet your clients carefully, assuming you have the liberty and flexibility to do so. A credit check is the obvious place to start. This is your best chance for ensuring that if you do extend credit to a client, that they will indeed pay you for your work or merchandise.
- *Once the invoice has been issued:*
- Don't wait long before trying to collect your money. The longer a business waits to collect outstanding money, the harder it may be to actually get anything from the debtor.
- Work out a payment plan. Even if it is a small amount, or, a lump

- sum at a reduced amount to what is due, it is progress. Unfair, yes, but better than getting nothing.
- Create an attorney-reviewed contract. Seek out an attorney who specializes in counseling small businesses. Tip: It's a good idea to make sure the contract allows the business owner to collect attorney fees if the customer does not pay his debt.
- Use firm verbiage with your on-paper contracts. You don't have to be aggressive right away, though. You can have your lawyer draft a template demand letter for the client who fails to pay. Sometimes the letter is enough to produce results. Know your state legislation if a lawsuit becomes necessary.
- Familiarize yourself with the Fair Debt Collection Practices Act. It is a compilation of federal rules the debtor may be subject to, and they definitely don't want to violate them.

Ideally you want to be paid without having to file a lawsuit, as the process is time-consuming and the outcome is unpredictable.

The foregoing does not constitute legal advice.

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