

Title:

How to Improve Cash Flow in Your Cleaning Business

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801

Summary:

Do you have trouble getting paid on time in your cleaning business? This article shows how you can increase your cash flow by getting paid quicker.

Keywords:

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Article Body:

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In any business, but especially in a small business, cash flow -- money coming in and money going out -- is important to the success of the business. Money going out is the easy part; there are always expenses: rent, supplies, equipment, salaries, etc. that you need to pay. But sometimes getting money to come in from your customers can be a slow and time-consuming process.

Most commercial cleaning businesses charge on a monthly, after the fact, basis. Special services such as carpet cleaning and window washing may be added on to the monthly bill or charged after completion. Residential cleaners often charge after each cleaning, which can be on a weekly, biweekly or once a month basis.

Customers may be slow to pay, which will adversely affect your cleaning business' cash flow. It could mean that you might have to dig into your cash reserves to pay your bills. It may also mean that you have to spend time as a bill collector making phone calls or perhaps even sending out statements and collection notices to remind customers of past due bills. How do you get your customers to pay on time?

Start by always having a signed contract or proposal. Although this seems obvious it is important to discuss payment terms in the contract, with approval by both parties. Make sure that your contract includes not only when payment is due, but what the penalties are for late payment.

Include all relevant information on your invoices. Invoices should include more than just the cleaning client's name and services provided. Include when payment

is due, late payment penalties and a contact name and phone number for any questions about the invoice.

Do you provide cleaning services to government entities or large corporations? Government offices and large corporations generally have cut off dates for each billing payment cycle. You may have to get your bill in before a certain date or they won't pay it until the next payment cycle. For example, you may have to have your invoice in by the 25th or it may sit in someone's in-box for another month. Ask the billing agent or accounts payable department when they need your invoice so you receive payment on time.

Send out your billings promptly. You may do everything for your cleaning business from marketing to meeting with prospective clients to cleaning buildings. It is easy to put some things off, but don't let your billings be one of them. Make sure to send out your bills at the same time each month, or if your contract indicates that you bill right after a service is completed, then send out the invoice immediately.

Many cleaning companies require bills to be paid within 30 days (net 30). Perhaps you could offer discounts if the customer pays their invoice early. Consider offering a 2% discount if they pay the invoice within 10 days. Many of your clients will take advantage of the discount.

To keep cash flow coming in sooner, consider shortening your billing cycles. Instead of having payment due in 30 days, require payment in 15 days (net 15). To avoid any confusion state the specific due date on your invoices.

Ask for payment up-front. Although this is not a typical payment method for a cleaning business, for many other businesses getting payment up-front is standard. Offer an incentive for your cleaning customers to pay up-front - discounts, preferred cleaning times, or deductions on supply prices.

When signing up a new cleaning customer, ask if they have special billing needs. As with government entities, other cleaning customers may have specific deadlines to process invoices. You may have cleaning clients who prefer to be billed mid-month and not the end or first of each month.

Give your clients an alternative of paying by credit card. If you don't accept credit cards think of setting up an account on the Internet (through PayPal or similar payment system). These companies allow you to invoice your clients through e-mail and then they can use their credit card to pay for cleaning services.

Check with your clients regularly to make sure they are satisfied with the

cleaning services your company is providing. Clients have been known to hold payment if they are not happy with their service even though they have not told you there is a problem!

Remember, your clients are in business to make a profit and so are you. Getting paid is how you pay your employees, grow your business and pay your bills. Make sure that your payment policies are stated ahead of time, communicate with your clients and provide a good service. Keeping a good incoming cash flow is vital to the stability and growth of your business. Don't be afraid to let your customers know that you expect prompt payment for a job well done!