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Credit & Collections Combatting Covid-19

Guidelines and Practical Tips – Issue 2

Managing our Accounts Receivable, especially when they are overdue, always poses a challenge for businesses, and we may well experience an increase in late paying customers due to this unprecedented crisis which nobody knows when it will last.

The effectiveness by which we manage our Accounts Receivable reflects on how healthy our cash flow is and a healthy cash flow is needed more than ever in order to survive this covid-19 saga!

Categorising our customers may well be of great help to protect our cash flow.

It is commendable to categorise our customers according to their new business realities and market risks which is and will impact on their payment behaviour.

This entails an important exercise to be deployed by the credit and collections team together with the sales team. It requires a thorough research on our customers **and the market/s they operate in**, in order to identify any threats that our customers may now be exposed to and how their new market realities will effect their cash flow, hence their paying behaviour. We should keep in mind that every industry has been effected differently due to Covid-19 and we should establish such changing factors in order to understand our customers' new business realities.

Once we establish the new market realities of our customers, we would then be able to focus our limited resources on customers that could contribute most in securing our own cash flow and also discuss with them **and** the rest of our customers any changes needed to the existing credit terms and limits in order to sustain our mutual long-term business relationship which is also extremely important for our future trade sustainability and growth.

JBConsult provides you with the necessary training to assist you grant and manage credit profitably

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