

While you're looking after your clients and their businesses, who is looking after you and yours? Mark Dempster discusses the issues of improving cash flow in a credit crunch.

improving cash flow in a credit crunch

■ As trusted advisers, ACCA practitioners are expected to be business leaders, visionaries and solution providers, giving their clients inspirational advice on how to better run their businesses.

common ground

However, it is true to say that all accountants share common ground with their clients; they are all in business and have the same day to day business issues to manage, such as financial planning, managing budgets, building the client base, whilst improving company cash flow. Accountants, regardless of their trusted status, are not exempt from these daily trials.

We all preach that managing cash flow, collecting outstanding fees and ensuring invoices get paid on a timely basis are the basic fundamentals that govern all businesses. However, by the nature of the profession, all accountants provide their clients with advice to improve the running and profitability of those businesses.

In light of the global economic instability these clients may not be focusing on these simple due diligences, certainly as the global economy falters. These issues may be outside your control. This will undoubtedly have an impact on your client's cash collection, which in turn impacts on the accountant's ability to collect professional fees in a timely manner.

As a business practitioner, you have an obligation to manage your own ability to meet certain statutory demands, such as payments of VAT, NI and tax (employer, employee, personal and corporation), before even thinking about business expansion, recruitment of new staff, upgrades of IT systems, to name but a few.

Presenting an invoice for payment within the credit terms of the practice is no guarantee that prompt payment will be made. Unless you have good regular contact with a client, and understand the climate of that particular business, a few shocks may be in store. With



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cash flow becoming tighter and funding harder to negotiate, what are the alternatives?

alternatives

Certain contingency plans must be put in place for all eventualities: failing to do so may result in your own credit crisis. The obvious solutions are two fold: have enough in reserve for such an eventuality, or extend your borrowings to cover such shortfalls. Either way, you are borrowing

FeePlan

to cover the poor planning of your clients.

Feeplan, a professional fee funding facility, may be another solution. More and more accountants are turning to professional service providers to spread the collection of professional fees, which can solve a number of business issues and create commercial advantage.

benefits

By choosing to outsource the collection of professional fees to a third party, the accountant benefits in many ways. The client fee is collected over a set period and the accountancy practice is paid the total professional fee upfront. The client is able to budget accordingly by not having a large accountancy invoice to pay in a lump sum. The accountancy practice receives regular management information regarding the status of each account. Lastly, offering this facility to clients is an excellent marketing opportunity, which adds value to the professional relationship.

Outsourcing the collection of fee payments has many advantages including increased cash flow, eliminating the stress and time involved in chasing payments, but more importantly it will help to improve the client relationship. ■

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If you would like more information on FeePlan, please contact the FeePlan team on **0844 7369818** (option 3, then 2) or via email at professions@pcl.co.uk

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