

# 10 AR optimization goals you should accomplish

**Keep track of how much money your customers owe you at all times.** This might seem like a no-brainer, but it's essential to have a clear picture of your accounts receivable at all times. This information will help you make informed decisions about chasing down late payments and offer payment terms that are fair to both parties.

**Reduce the number of overdue invoices.** This is one of the most critical goals regarding accounts receivable. The less money outstanding, the better flow will be. One way to achieve this is by sending reminders once an invoice becomes overdue.

**Offer multiple payment options.** Some customers prefer to pay by credit card, others by check or bank transfer. The more options you offer, customers will likely pay on time.

**Have a straightforward payment policy in place.** Customers should know exactly when they need to pay their invoices and the consequences of late payments. This will help them budget accordingly and avoid any misunderstandings down the road.

**Stay on top of collections.** This means keeping track of which customers owe you money and following up with them regularly until they pay off their debts.

**Keep accurate records.** This includes invoices, payment history, and contact information for each customer. This will come in handy if you ever need to collect or take legal action against a customer who refuses to pay their debts.

**Streamline your invoicing process.** The more customers understand their invoices, the more likely they will pay them on time. So make sure your invoices are easy to read and contain no hidden fees or tiny prints they can't read.

**Extend payment terms only when necessary.** Sometimes, it may be required to extend payment terms to keep a customer happy. However, it would help if you did this sparingly, as it can negatively impact your cash flow.

**Offer discounts for early payments.** Many businesses offer a discount ( e .g . 2% ) for customers who pay their invoices within ten days. This can incentivize customers to pay on time and improve your cash flow.

**Hire a professional collections agency.** If all else fails, you may need to hire a professional AR collections agency to help recoup some of your losses. This should be seen as a last resort, as it can damage customer relationships and your business's reputation.