

## Dos

1. Do have a set of terms and conditions to trade with other businesses. They will give you protection in the event of a dispute or non payment.
2. Do credit check your customers, it is not expensive and can be built into factoring facilities, it will give you confidence which customers you can increase sales without any worry. Your broker will be able to advise you.
3. Do set a credit limit for each customer and stick to it, or get insurance to cover the excess for peace of mind.
4. Do ensure you have a purchase order signed by your customer, so there are no misunderstandings in the future.
5. Do follow up your customers for payment before the invoice date is due. It will get your invoice paid earlier and also builds confidence with the factoring company.
6. Do build in your cost of factoring to your costings, the total cost of factoring service charges and discounting fees (interest) it is usually lower than the cost of bank interest charges and fees and in house credit control.
7. Do Benchmark your Factoring/Invoice Discounting package every 3 years. The market is changing constantly. A good broker will be able to give you whole of market advice.
8. Do checkout what "services" are included, don't assume all factoring companies offer the same.
9. Do train your staff so your invoices are processed correctly, this will build a great relationship with the factoring company and ultimately save you time and money.
10. Do understand your key numbers and what the averages are for your industry. Such as Debtor Days (How long do you have to wait to be paid)". Link to Key numbers sheet.

## Don'ts

1. Don't believe you will lose customers because you factor your invoices, the majority of businesses in the UK factor. It means outstanding invoices will be professionally managed.
2. Don't make admin errors that breach factoring agreements, build your relationship with the factoring company.
3. Don't expect your customers to pay invoices in less than 45 days. Be realistic in your planning.
4. Don't make exceptions, stick to the order/delivery/invoice process, consistency builds the factoring companies confidence.
5. Don't be afraid to highlight customers who don't pay on time keep good records and follow procedures.
6. Don't presume you will get paid on your payment terms, If the customer issues their own purchase order, check the terms and conditions..
7. Don't presume you will have more cash as your sales increase. Use factoring to free the cash locked up in your unpaid invoices.
8. Don't assume all factoring companies are the same, they all have their own policies and procedures, Use a good broker who will be able to advise you.
9. Don't forget to communicate with your factoring company, if there is a problem let them know, if there is good news let them know, it will help your relationship and your business.
10. Don't assume using a broker will cost you more, it shouldn't, check for approved NACFB brokers at [www.nacfb.org.uk](http://www.nacfb.org.uk)