Dealing With Unpaid Invoices

Do you have a customer who isn't paying their invoice in a timely manner? Or maybe you just want to know what to do in case this happens....either way, this episode is for you!

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I will admit, for a while, I really let unpaid invoices bother me. I mean, I could see the numbers and I was counting my chickens before they hatched. I knew that if I could get those customers to pay, I would be able to buy more jewelry. I would bend over backwards, extend due dates, give exceptions and then do it all over again.

Now, don't get me wrong - there are times when things happen. A car breaks down, a customer gets sick unexpectedly, a family member passes away, etc. and an invoice just gets over looked. Sometimes maybe the invoice email went to spam and they just didn't get it. So I don't think it's a bad thing to work with a customer a little bit especially when they have a history of paying quickly and in full.

But there are customers out there who just plain overspend or people who claim and have no intention of paying. Or maybe they just get excited over they jewelry and claim before they look at their bank account. Whatever the reason, lets talk about what you can do to make sure your customers get their invoices, handle customers who don't pay, and what to do if you do have unpaid invoices.

1- First, let's talk about how to make sure that customers get their invoices in the first place. I always have my new customers send me their email in a personal message on FB. Why? Because that opens up the lines of communication there so even if we aren't friends, I can still message them if I need to and secondly - then I have their email address for invoicing.

I know some consultants use a google doc or form their customers fill out to collect this information, but if for some reason the customer mis-enters their info then what do you do. You can TRY to message them on FB, but since those communication channels aren't already open, your message will most likely get filtered out. So that's why I rely on FB messenger to

collect email addresses. It gives me more than one way I can communicate with my customers.

After a party, live show or a group sale, when I am ready to invoice customers, I will send the invoice to their inbox and then grab the direct link to the invoice and send it to them in a message through Facebook. I just say something like "Thanks Gina so much for your order. Your invoice has been sent, but here is the direct link if that's easier (paste link)" That way, your are sending the invoice to their inbox, but just in case they also have it in their messages on Facebook as well.

This strategy does take an extra minute, but I've found that I get paid more quickly and that it gives technology fewer chances to be glitchy.

2- Next, let's chat about setting up some rules for your business. Customers are a lot like kids. I mean, they are going to test your limits, push boundaries and try to get away with whatever they can. If you don't have clear rules and expectations set - they won't know how to behave.

So make sure you communicate your rules and expectations with your customers. Do you invoice daily? Every other day? Weekly? Tell them.
Are invoices due within 24 hours? Do they have 2 days to pay? Or do you give them a little bit of a grace period so they can keep adding to their order?

Also, what happens if they don't pay in a timely fashion? Do you have a "naughty list" or a "three strike" policy? Let them know. When they know, they can choose to play by the rules or to break the rules, but at least they will know what happens when they do.

3- Don't be afraid to set boundaries. A few years ago, I was standing in line at one of the Paparazzi conventions. It was one where lines were long, but that gave us plenty of time to chat and get to know the people around us. I ended up standing next to one of the top sellers in the company (let's call her Tina) and another consultant who had sold a lot (about 3 times more than I did that year) but was wanting to step up her game - Let's call her Melissa.

Their conversation went something like this:

Melissa: Maybe you can help me. I have this customer - she is really a good customer - when she pays. But there are times that she just doesn't. She will drop off the planet for days or weeks until I threaten to cancel her invoice and then she will pay a portion of it....then she adds to her still open invoice and we repeat the process.
Tina: (without hesitation, pause or even blinking) Kick her out of your group.

Melissa: but she really is a good customer - when she pays and....

Tina: Block her.

Melissa but...

Tina: You are spending so much time and energy chasing her around when SHE should be the one chasing YOU. You could be spending the time and energy you are giving to her helping 3

or 4 or 10 other amazing customers who pay quickly and shop even more than she does. Stop wasting your time. Block, remove, delete. Move on.

This conversation really struck me for 2 reasons 1- because I could 100% see what Tina was saying. She was right. Why waste that time and energy on someone who wasn't being respectful of your time and energy. And 2- because I was still trying to push my business to the next level and I 100% could relate to Melissa too.

As my business has grown, I've had to ponder on this conversation again and again. Tina was where she was for a reason. She wasn't putting up with someone else's BS just because she was desperate for a sale. She had standards. Rules she expected her customers to follow and if they didn't play by those rules - they could shop somewhere else.

So, my friend, I am going to say the same thing to you. Block um. Delete them. Remove the customers who aren't playing by the rules. The customers who are asking you to bend over backwards time and time again. It's not worth it. Time to move on.

4- what happens when a customer doesn't pay or when you do have unpaid invoices?

I mean, that is a part of business. Even when we set boundaries and have clear rules and consequences. We each should be working to grow our customer bases and expand our business, so sometimes you will still have people who don't play nice. So what can we do- and here is one of my favorite parts of when this happens - have a Repo Sale!

My customers LOVE a good Repo sale!! They know these items were previously claimed and that they are back up for grabs.

My kids do something like this quite a bit to help our littlest eat her dinner. She will just decide she doesn't want to eat her food and it could be her favorite meal - but she usually just wants to get down and play faster and decides she is done eating. One of the bigger kids will put a bite on her fork and pretend they are going to eat her food and suddenly she wants that bite SO BAD! It's kind of hilarious.

But this is also why a Repo Sale is so much fun! Items that maybe didn't sell as quickly are suddenly HOT items! Pieces that you might even have a few left of are suddenly flying out the door.

When I let my customers know we are going to have a Repo Sale, they show up and claim quick because they know it won't last long and that if someone else wanted it, it must be a good piece, right?!

So, while having to cancel invoices or put back items might not be a lot of fun - you can certainly make the most out of those lemons.

5- The last thing I want to touch on is Changing the Narrative. This has become something I'm passionate about because I see SO many consultants saying things like "22 unpaid invoices today - come on people" or "$1500 in unpaid invoices!! This is craziness. I can't buy jewelry if you don't PAY for your jewelry"

I hope these are making you cringe as much as I am. Don't get me wrong - I hate taking the time to add items to invoices just to cancel them out later on. I hate waiting on someone to pay for their order too and I really dislike when my bank balance is getting low and new releases are just around the corner.

But what about your customers who DO pay in a timely fashion? What about someone who is thinking of giving this business a try? Do you want them thinking that you have to go sit on someone's doorstep like a debt collector just to get paid for your jewelry? Do you want them getting the impression that getting people to pay is difficult? Or do you want them to see a different story?

One of my favorite sayings is "that which is recognized and rewarded will be repeated". Are you rewarding your good, paying, prompt customers with a shoutout or a post about how awesome they are? Are you recognizing the people who are following the rules of the group and who are amazing? OR are you putting your focus on the negative habits?

Start shining a light on the GOOD customers. On the PAID invoices. On those who keep the rules and make your job easier. And then send a private message to those that aren't. Flip the script and see how it changes your relationships with your customers and puts out a better message to someone who might want to join your team...