

Outsourcing and credit control

Outsourcing has been a business tool for over a century. Early forms of outsourcing were staff recruitment and insurance broking. Recruiters, brokers, advertising agencies, PR and market research firms are so well established they are no longer regarded as outsource providers, but the fact is they are just that. To a degree, auditing too is a form of outsourcing and it can be mandatory.



Some outfits even outsource at board level and engage non-executive directors

Administration outsourcing is growing too, such as outsource payroll which is used by 54% of US firms and by an estimated 25% of Australian businesses. Outsource credit control started in USA and spread to UK in the early nineties and it was originally the factoring companies that had the lion's share of the market.

Now smaller firms can benefit from professional outsource credit control and debtor management, so if looking after your debtors is too hard – such as not having the staff or the time - then seriously look at outsourcing it.



This self-employed engineer just doesn't have time for paperwork or chasing money

Outsourcing is ideal for tightly run, short staffed businesses and can be cheaper than managing debtors in-house. Good outsourcers act like staff, yet without being on the payroll. Apart from paying sooner, your debtors should not even know an outsource specialist is involved because everything can be done in your name.

For small businesses and professional firms debtor management outsourcing can put them at the top of payment queues, which means getting paid before others do. Not being at the front of the queue can mean getting paid late – often after all the rest. But getting paid is now essential and is likely to remain so for a long time, so look closely at outsourcing your credit control. If *getting tomorrow's business today instead of chasing yesterday's money tomorrow* is important to you, then outsourcing could be your best and most cost-effective option.

Of course there are alternatives if you are short-staffed, such as asking spouses or friends to do credit control. But if this is not a good idea, then should you be forced to do it?

Of course you can, but should you? Your time is probably worth more than you think – possibly even more than your actual charge-out rate, so use your time to grow your business instead of asking for money, because whilst credit control is essential, it is a non-earning task.

Whatever you decide, never go-easy on asking customers to pay. Look after your debtors because doing so can save you from going broke.