



AR Best Practices Checklist

Transform your AR Process


This checklist is a comprehensive, client-friendly approach to accounts receivable management that ensures timely payments while fostering trust and professionalism.

Based on experience with thousands of businesses, these strategies will help you collect payments faster, reduce manual effort, and build stronger client relationships.



Why This Checklist Matters

Late payments don't have to strain your business operations or client relationships. Successful accounts receivable management goes beyond simply getting paid, it's about maintaining strong relationships throughout the collection process.

 This checklist provides a step-by-step guide to implement a client-friendly AR strategy that balances financial needs with relationship management.

Financial Impact

- Improved cash flow predictability means better business planning and reduced stress on operations.
- Systematic AR management reduces the time spent chasing payments and increases the percentage of on-time payments.

Relationship Benefits

- A professional, consistent approach to collections transforms potential tension points into opportunities to demonstrate your business values.
- Clear expectations and systematic follow-ups actually strengthen client trust.

Operational Efficiency

- Standardized processes reduce the mental load on your team and ensure nothing falls through the cracks, even as your business grows and client base expands.

The Power of a Client-Friendly AR Process

Following industry best practices can transform late payments from a source of tension into an opportunity to demonstrate professionalism. The five core strategies that form the foundation of our checklist work together to create a comprehensive approach to accounts receivable management.



Setting Clear Expectations

Establishing transparent payment terms from the beginning prevents misunderstandings and reduces payment delays.



Designing a Graduated Response System

Creating a systematic escalation process ensures appropriate follow-up without damaging client relationships.



Automating Standard Processes

Leveraging technology for routine communications saves time and ensures consistency in your approach.



Framing Late Fees Properly

Positioning fees as a business necessity rather than a punishment helps maintain positive client relationships.

Foundation-Setting Practices

Building a strong accounts receivable process starts with establishing clear expectations and systems. These foundational elements create clarity for both your team and your clients, reducing misunderstandings and payment delays before they happen.



Essential Foundation-Setting Steps

- Review all client contracts to ensure payment terms are clear and consistent
- Create a standardized onboarding process that includes payment expectations
- Document your payment policy and share with all team members
- Establish clear timeline expectations for invoice delivery and payment
- Provide multiple convenient payment methods (bank transfer, credit card, direct debit)

These steps create transparency from the beginning of your client relationship, setting the stage for smoother payment processes throughout your engagement.

Communication and Automation Strategies

Communication Strategy


- Develop email templates for different stages of the collection process
- Create standardized SMS notification content for payment reminders
- Use matter-of-fact language in all communications
- Communicate consequences for late payment upfront

Effective communication forms the backbone of successful accounts receivable management.

Automation Implementation

- Automate routine reminders for all accounts
- Schedule reminders during business hours for better visibility
- Set up automated late fee application based on payment dates
- Use templates with specific invoice details for a personalized look

The key is balancing automation with personalization to maintain the human element in your client relationships.

 By creating a library of professional templates and automating routine communications, you ensure consistency while saving valuable time.

Relationship Management and Escalation Framework



Relationship Management

- Personalize communication for strategic clients or unusual situations
- Offer payment plans for clients experiencing genuine hardship
- Consider early payment incentives as an alternative to late fees
- Train your team on handling payment conversations with a focus on solutions



Escalation Framework

- Define a graduated response system (email → SMS → late fee → phone call)
- Document all communication attempts for potential legal action
- Establish clear triggers for escalation
- Notify clients of potential service impacts for prolonged non-payment

Effective accounts receivable management requires both relationship sensitivity and systematic escalation when needed.

i The goal is to preserve client goodwill while still protecting your business interests. By having clear processes for both standard situations and exceptions, you can navigate collection challenges professionally.

How to Use This Checklist



Begin with Foundation-Setting

Start by reviewing your contracts, establishing clear payment expectations, and documenting your payment policies to create transparency from day one.



Develop Communication and Automation

Create professional templates for different stages of collection and automate routine reminders to ensure consistency while saving time.



Review your Relationship Management

Personalize your approach for key clients, handle exceptions with care, and train your team to focus on solutions rather than blame.



Implement the Escalation Framework

Follow your graduated response system to manage overdue payments systematically while preserving client relationships.

Next Steps and Implementation

Once you've implemented the checklist, consider exploring automation tools to further streamline your AR process with [dedicated AR tools like Paidnice](#).

Features like **automated reminders**, **SMS follow-ups**, **late fee applications**, and **invoice escalations** can save you time and ensure consistency in your collections approach.

The most successful businesses revisit their AR processes quarterly to identify bottlenecks and opportunities for improvement.

Track metrics like days sales outstanding (DSO), percentage of on-time payments, and time spent on collections to measure your progress and refine your approach.

Evaluate Your Current Process

Compare your existing AR workflow against the checklist to identify gaps and opportunities.

Prioritize Key Improvements

Focus on high-impact changes that can be implemented quickly.

Explore Automation Options

Consider tools like Paidnice that can automate your newly designed process.

Remember that creating a client-friendly AR process is an ongoing journey. The goal is to continuously refine your approach to balance efficient collections with positive client relationships.