

3 Incentives to Offer for Early Invoice Payments



early invoice payments

How do you do it?

How do you get your clients to pay their invoices early? It's a struggle to get the average client to pay on time. They're quick to request work and slow to pay.

Is it possible?

Not only is it possible to get clients to pay early, it's also reasonable. Let's take a look at some strategies and tactics you can use to get clients to pay early.

Incentive #1: Make it easy for clients to pay early

This is the foundation you need to improve your collection realization rates. Offering *Incentives without ease* means you have no foundation. You're more likely to frustrate your clients than improve realization rates.

How do you make it easy for clients to pay?

- Follow billing guidelines
- Flush out obvious and hidden billing rules
- Communicate with clients/accounting departments regularly
- Mention any billing variances (e.g. cost overruns, work additions or reductions)
- Make sure invoice line items are detailed and clear
- Send your invoice to clients on a consistent and predictable schedule
- Follow up with clients on a predictable schedule

This is obvious, isn't it?

You'd be surprised at the number of attorneys/firms that struggle with these basic concepts. Incentives are meant to supplement billing best practices. If you're missing the basics, incentives simply won't work.

Incentive #2: Make it hard for clients to pay late

This is difficult for most firms.

Why?

Most firms lack a strong value proposition. The majority of firms are focused on doing everything they can to please their clients. This isn't bad if clients are working to please them.

It should be a mutual exchange.

Often times it isn't. Most firms do their best to please their clients. Their clients know this but they don't reciprocate. Why would they? They're in a dominant position.

When you make it hard for clients to pay late you're setting healthy boundaries. This teaches them that they're not in a dominant position, that you're not afraid to walk away if they misbehave.

How do you do this?

- Larger upfront fees/retainers for new clients with an *unproven* track record
- A *discount* for auto/prepay and an *increase* for high-risk payment methods (i.e. check)
- Payment plans/payment schedules that are established ahead of time

- A freeze on work/communication if payment is not received by # days
- Successive late fees (e.g. \$ after # days, \$\$ after ## days, \$\$\$ after ### days, etc.)

It goes without saying that you'll want to verify the legalities of these strategies and tactics in your area **first**.

Incentive #3: Reward early payments

Incentives work best when they're held to the same high standards as a value proposition. I covered those in a [previous article](#), remember what they were?

Let's recap.

A strong value proposition is (a.) something your clients can *only* get from you. **(b.)** is something *they* value **(c.)** is credible, authoritative and/or trustworthy **(d.)** is understandable and clear.

- Provide early bird discounts
- Create a membership system that rewards your best clients with access to exclusive benefits (e.g. software, services, additional support, etc.)
- Vanishing rewards to clients who pay their invoice by # date (a one-time reward for each month)
- Irresistible offers for clients who've made [#] payments early
- Events/connections with thought leaders, key influencers or power brokers (e.g. entrepreneur lunch with a key influencer, client workshop with a government regulator, etc.).
- After service support (e.g. bankruptcy clients rebuilding their credit within 90 days).

Here's the thing about incentives.

Most clients don't care about the usual incentives (i.e. early bird discounts). They care about results or about the details that satisfy their needs.

What are their needs?

1. **The need for significance.** A prestigious award, public recognition or something noteworthy they can share (brag about).
2. **Certainty and comfort.** An assurance or reasonable confidence that the future will be better than the present/past.

3. **A desire for freedom and growth.** The ability to act without restrictions or obligations, the opportunity to live independently. That you're being pushed and challenged to become more than you are.
4. **Uncertainty and variety.** Your clients are able to participate in activities they find stimulating, fun or enjoyable. That you're able to provide them with an experience that's surprising and challenging.
5. **Love and connection.** You fit in, you're part of an in-group. You're liked/loved and accepted by a group (personal or professional) that provides validation and safety.
6. Clients are able to contribute to those around you. They're able to give, to make a difference, to leave a legacy. Contribution creates meaning and purpose.

What does this have to do with early invoice payments?

Meet these needs and your clients will pay your invoices early. Give them something others around them can't or won't provide and you improve your realization rates.

Here's the issue.

This isn't your responsibility! You're not your client's therapist, counselor or friend. You're a highly skilled professional and you don't have the time to indulge your client's wants. You have important work to do.

I imagine most attorneys would agree.

But this is the price of excellence. Do what your peers can't/won't to get what they want but can't have.

If this seems generic, it's intentional.

Your practice area is different. Every firm is different. Use this framework to create incentives that are valuable and compelling to *your* clients.

See what I did there?

I just gave you the tools you need to create a strong incentive.

Incentivize your clients to pay early

How do you get your clients to pay their invoices early? It's a struggle to get the average client to pay on time.

You use the right strategies and tactics.

You make it easy for clients to pay early and difficult to pay late. You reward early payments. You create a framework that rewards the behaviors you want.

It's simple, but it's not easy.

Not only is it possible to get clients to pay early, it's also completely doable. Create the right structure and you'll find possible becomes frequent.

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