

Debtor Management Quick Reference

Cash Flow = Engine | Delinquent Accounts = Brakes

Delinquent accounts can halt operations. Proactive management is critical—waiting risks missed recovery due to statutes of limitations.

15 Key Indicators a Customer May Be a Debtor

1. Missed payment terms
2. Avoids phone, email, or other contact
3. Frequent complaints (product, pricing, invoicing)
4. Requests new payment arrangements
5. Repeated invoice copy requests
6. Ignores final demand notices
7. Makes partial payments only
8. Issues NSF checks held in-house
9. Competitors request credit references
10. Refuses personal guarantees or promissory notes
11. Circulates negative industry/market rumors
12. Refuses to return merchandise
13. Issues postdated checks
14. Issues unsigned checks
15. High accounts payable turnover

Rule of Thumb: Two or more indicators = potential debtor.

Action Timeline

- **60–90 days past due:** All internal collection efforts should be completed.
- **180 days past due:** ~50% of invoices may become uncollectible.

Key Takeaway: Early identification + proactive management = reduced financial risk.