

# INVOICE

# 101

Essential guide to create the perfect invoice

# *Preface*

If you are wondering "How hard can sending an invoice possibly be?" then you'll enjoy this book. Invoicing is a necessary pain that every business owner or freelancer must take care of diligently if he or she wants to make money and keep the lights on. Managing the orders that pile up and knowing which of your customers have paid for your services and which payments are past due at any moment is vital to running a successful business.

On top of that, the amount of time and effort needed to keep track of all your invoices—particularly when they are in ink and paper—can be overwhelming, especially if you have to search for an invoice you sent weeks, or even months, ago.

Having an effective invoicing system at your disposal can work wonders for your business. Learning how to invoice well can mean the difference between a sloppy business that performs poorly and a well-organized one that produces results. In this e-book, you'll find out how to create a great invoice so you can get paid faster, improve your cash flow, and grow.

This book is divided into three parts: - each covering everything from common invoicing mistakes, to the components of a great invoice, to why you need a smart invoicing solution.

PART

1

# INVOICING **MISTAKES**

# ***INVOICING MISTAKES***

The invoice is the last document that you send your customers to complete a transaction. The final business document has a lasting impression on your clients. The problem with most people is they look at it as just a tool to get paid. But, it can do a lot more than that; it reinforces your professionalism, strengthens your brand's identity, and, when done the right way, could help you get more business.

Do it right, and you'll retain your customers.

Here are a few common invoicing mistakes that could hurt your business:.

## ***Lack of Professionalism***

As a business owner, unprofessional invoices should be the last thing you would want to send to your customers. Which would you rather receive? An invoice written on a napkin or a professionally -printed one? An invoice is an invoice, right? Wrong. A neatly - printed invoice shows the customer you mean business.

Let's look at an example. You are in an upscale restaurant. The ambiance is great, the food is delightful, and the service is impeccable. When it's time to pay the bill, you get it on a paper napkin. What are your lasting thoughts of the restaurant? Does the that tasty food, prompt service, and wonderful ambiance really matter? It's that bill, written on a napkin that stays with you.

Make sure that the spelling, word usage, and currency on your invoices are appropriate for your customers' country. The easiest way to hurt your business is billing your clients incorrectly. Charge them too little and you'll incur some losses; charge them too much, and that will be the last time they do business with you.

## ***Taking Your Customers by Surprise***

Effective invoicing begins even before the project gets off the ground. It can be helpful to go over the payment terms and conditions, so there won't be any nasty surprises later on. Avoid adding hidden charges and fees that were not previously discussed. This can cause you to lose your customer's trust or their business. If the scope and budget of the project changes, bring it to the customer's attention immediately and talk it through. Remember, it isn't the customer's fault if you underestimated the cost.

## ***Unclear Descriptions***

Clients always like to know what you are charging them for. Failing to include an outline of the goods or services in the invoice can delay payments because clients want to verify if the goods have already been paid for. You can avoid this confusion by adding a short description of each item on your invoice.

## ***Not Having an Online Backup***

What if your computer stops working suddenly? You would lose all your precious data with it. Additionally, you won't know how much each customer owes you, resulting in a loss of hard-earned money.

Having a backup of all those invoices in the cloud is about more than embracing new technology; it's about having access to your important files at any time. It helps you keep track of all the past invoices and overdue ones. You never know when you might need those old invoices again.

## ***Not Following Up on Overdue Invoices***

You have completed the project on time, designed a beautiful invoice, and sent it to the customer. You are looking forward to getting paid now, but, a professional invoice doesn't always mean you get paid. Sending payment reminders will ensure that the sent invoices come to the attention of your clients and help you get paid as soon as possible.



PART

2

# THE INGREDIENTS OF A **GOOD INVOICE**



# *The Ingredients of a Good Invoice*

When a client receives an invoice, there are a few things that should be readily visible: who you are, how much they owe you, why they owe you, and when payment is due. Including all this pertinent information could save you heaps of trouble later on. Not having the proper information on an invoice, can have a bad impact on your business.

## ***Business Details***

If you want to get paid, make sure that all your contact information is accurate - your name, address, phone number, and, email. Should your customer need to get a hold of you, they will need your contact details.

Addressing your invoice to a business and not a person is like addressing a letter to a town without writing down the street address it should go to. If the invoice gets lost in a desk or an inbox, you want it to be clear who is responsible for paying you. Numbering your invoices not only helps you search for them with ease, but it also helps you to keep track of unpaid ones. And it's important for bookkeeping purposes.

## ***Product Descriptions***

Instead of just requesting a payment, remind your customers of the services you offered them, to make sure they understand the time and work you invested. Why? There are often times when the person who processes your invoice is not the same person you interacted with when you did business. Clients always like to know what they are being charged for. Providing a clear description of the goods or services offered with a neat break-down of charges and taxes will save your clients the hassle of sifting through their records. As a result, you might get paid faster.

## ***Amount Due and Due Dates***

It's really important that the correct amount is mentioned in the invoice. It'll make it easier for your customer to find exactly how much exactly they need to pay.

Having tangible dates like "04-17-2015 " for deadlines instead of vague terms like "NET 30" grabs your client's attention of the client and makes it harder for them to miss the deadline. Plus, they won't have to calculate the date; one less thing for them to do.

## ***Terms and Conditions***

Although you may have covered your policies on refunds and returns in your initial contract, it would be better if you briefly restate your terms on the invoice. By reiterating your policies, you can reflect your professionalism and clarify any confusion about your terms.

## ***Payment Details***

Since you may provide multiple options for your customer to pay you, it's important that you specify the required details to complete the transaction. When dealing with international customers, your invoice requires additional information. Your VAT Registration Number and IBAN (International Bank Account Number) are required to get paid in foreign currency.



PART

3



PRO TIPS FOR A  
**GREAT INVOICE**

# ***PRO Tips for a Great Invoice***

Not all invoices are equal. A great invoice can help you get paid a lot faster, earn more clients and, more importantly, won't end up at the bottom the unpaid-invoice pile.

## ***Being Polite Pays***

Including a little 'please' or 'thank-you' note can improve your likelihood of getting paid faster. People are more likely to hire a polite client again, and will feel more inclined to pay them faster.

## ***Incentives and Promotions***

Your invoice is the perfect place to pitch your products and/or services to ensure future business deals. If your service is good, you might even score some of their recommendations. Also, your invoice is a great platform to let your customers know about your seasonal promotions and offers. Help your customers pay you on time by offering an incentive for early payments.

## ***Multiple Payment Options***

Make it as easy possible for your clients to pay you by offering several means of accepting payments. If you accept online payments through gateways like Stripe, PayPal, or Square include a "PAY NOW" button in your invoices to let them know that you accept electronic transfers. Let your customers decide how they want to pay. In the end, you may get paid faster.

## ***Using Colors***

Aside from conjuring pleasing emotions, using colors in your invoice can work wonders for your business when done right. People connect with colors, like green=money and red=warning. The use of colors can elicit a variety of actions. Making the PAY NOW! button green can persuade your clients to click on it. Slapping a red "overdue" on your invoice immediately grabs their attention and lets them know it is important that they pay immediately. Also, having colors and textures

## ***Outstanding Payments***

How much your client owes on the current invoice is important, but if they also have overdue invoices, it's good to let them know that. Giving a consolidated total of how much they owe you saves your clients' time, because they won't have to calculate the total themselves.

Just because it's the last document you send your client, doesn't mean you should skimp on it. Pay attention to every little detail and make the most of your invoice.

PART

4

# THE ADVANTAGES OF **ONLINE INVOICING**





# *The Advantages of Online Invoicing*

Invoicing is no easy job. Doing invoicing manually only eats away your time, which you could otherwise spend productively. Using an online system, however, can help you reduce your overhead costs and speed up payments as well.

## ***Accuracy and Automation:***

With online invoicing software, you can create and send professional invoices within minutes. No more hearing the old excuse of your invoice being "missed" by the client. You can even send automatic reminders, in case of non-payment. The invoices are also automatically numbered which makes it easier to find them for future reference.

Many invoicing solutions come with a mobile app as well, so you can invoice your client even when you're away from the office.

## ***Less Expensive***

Although online invoicing software does cost you a few bucks, in the long run, the cost of printing invoices and sending them through the mail will be much more, especially if your volume is high. The e-invoice, on the other hand, bears no extra cost, besides the initial subscription.

## ***Easy to Track***

If you use the pen-and-paper invoicing method and you want to search for an old or unpaid invoice, just imagine how long it's going to take for you to find that invoice. Online invoicing can help you with that. Run a report and you can quickly have a list of unpaid invoices.

## ***E-ternal Backup***

You can't beat the cloud when it comes to this. No matter what, you can trust that your data will always be safe on the cloud because of the secure databases SaaS companies have. And, you can access information from any place that has a decent internet connection.

## ***Business Insights***

A few pieces of data, such as, how much your customers owe you, how much they've actually paid, or who paid the fastest cannot be gleaned from a single invoice. However, with an online system, you can generate reports and know how well your business is doing, all in a few minutes.

The logo for Zoho Invoice, featuring the word 'Zoho' in a colorful, blocky font where each letter is a different color (Z: red, O: green, H: blue, O: yellow) and 'Invoice' in a white, sans-serif font to the right.

# Zoho Invoice

**Designing and tracking invoices** manually is a lot of work. Without an efficient system in place, there are many's chances that you can lose track of unpaid invoices. An online invoicing solution saves you a lot of time, eliminates errors, and streamlines your billing operations. It's something you can bank on to achieve sustainable cash flow and run a successful business.

For more details

<https://www.zoho.com/invoice/>