

154 - Identify Red Flag Clients... Before You Start Working Together!

Laura Moore: [00:00:00] On the show today, we talk about how to identify clients who might not pay on time before you even start working with them.

Laura Davis: Welcome back to JFDI with The Two Lauras, our weekly podcast where we talk about all things related to working in social media from marketing tips to pricing advice, content inspiration to rants about Instagram's relentless updates.

We're here in your ears every single Tuesday, and we are now also on YouTube. So if you are watching us, hello. Sorry about me Looking like a tomato. It's really hot in here, but can't open the window. Um, on the show today, we are diving into how you can spot the dodgy clients way in advance before they get chance to avoid paying you the invoice so you can avoid taking on businesses who might end up being bad payers and a pain in the arse.

And we are sharing [00:01:00] some advice on what to do if your great clients don't pay on time too.

Laura Moore: But before we get into all of that, we would love to hear from you. So if you are watching on YouTube, drop us a hello in the comments. If you are listening in the car, maybe you're out walking, whatever, maybe you're in the gym.

I mean, that would be, that's a stretch for us anyway, if you are in the gym, um, drop us over a DM on Instagram. Let us know what you thought of the show, um, what part you've enjoyed most. And if you haven't already, make sure you subscribe wherever it is that you're listening so you don't miss any future episodes. So let's start then with red flags we wanna look out for so we can avoid all of these dodging non-payers.

Laura Davis: Yeah. This is you getting your spider senses out. This is what I'm good at.

Yeah. You are good at this actually.

Yeah. It's uh. I can spot them a mile off.

Laura Moore: You don't have to be a mind reader though. There are some very specific ways you can do it. If you, if you don't have those mind reading skills, let's be very clear.

Laura Davis: Yeah. I think the, the bi, the biggest and it's gonna be, it's [00:02:00] obviously the most obvious I would say is if someone has a really, really unrealistic budget.

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Yeah. It's definitely, you know, if they come in saying, I want social media management for £200 a month.

Like, yeah. You know, even if, even if you are the greatest sales person in the world that is gonna up them to that four figures that you should be charging, you know, deep down they're probably gonna be a pain in the arse.

Laura Moore: Yeah.

Laura Davis: So there are some obviously ways that you can spot this so you can spot it on your application form, which you should all be using.

So a way for people to apply to work with you. That is, if you are asking about budget, if they're, if they're putting a really unrealistic budget, then. That's alarm bells, and that should be enough for you to go, okay, I'm not gonna go any further with this. They may say on an email. So [00:03:00] sometimes I've had emails before saying, hi, I've got, you know, 150 pounds.

What can you do for that? It's like nothing. Um, or, uh, it could be like maybe on discovery calls you start to, you know, the, the, the conversation about price comes up and you notice their kind of reaction. They might not even have to say anything. Sometimes you could just see, you know, like their eyes bulge a little bit or you know, some, there's something they say that makes you think "these people are gonna be a bloody nightmare".

And, you know, it is going with your gut, I think sometimes as well. You just get a, a feeling.

Laura Moore: Yeah, sometimes it could be a little bit later than that as well. And so if like people start to haggle on your price. Like your price is your price. If you send in a proposal with a price on it, and then they come back and they ask for a discount and they're like, oh, but what could you do if it was 200 quid cheaper or whatever.

Yeah. Like that's kind of a bit of a red flag. Yeah. You know what, why do you not think it's worth this? [00:04:00] Why do you, why are you trying to scrimp and save?

Laura Davis: It, it shows that they don't understand that. Mm-hmm. The value of social media marketing, I think.

Laura Moore: Yeah. And also maybe that they just don't have the money, which would be a worry for me.

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You know? So like you can you, and you can just say, no, you are, you are able and allowed to say no. You know, you are a freelancer, it's your own business. You can choose who you work with. So just, you can just say no. Or if you are gonna take 'em on, just be really wary and make sure that you are kind of protecting yourself and we'll talk about that in a minute.

It could also be that you've done all of those things. They seem fine. They've, you know, on their application form, it was fine when you sent the proposal all fine. You send over the invoice and they just don't pay it on time. You are like, hang on a minute, this invoice is now two weeks overdue. Like, that's not a great first impression on their behalf, is it?

That could be a sign of things to come. So that would make me be like, this is not good. You know, kind of those spidey senses would then, you know, sort of start to light up. 'cause [00:05:00] why are they not paying this on time when it's the first invoice that's worrying.

Laura Davis: Yeah. Yeah. And I think in the same, the same vein, at that point when you send that first invoice, you are also gonna be sending your, uh, contract over.

And if there's someone who starts asking lots of questions, maybe about notice periods about cancellation clauses. Like, don't get me wrong, like they, they could just be doing their due diligence. They could just be wanting to check. I'm not saying that people who question invoices or question contracts are all gonna be bad payers, but they are signs, aren't they?

Yeah. They're things to make us just think. Okay. And it may be they've never worked with a freelancer before. They've maybe never outsourced, so they are just doing their due diligence and that is fine. So don't just suddenly go, okay, back away. Back away. Like. But you just wanna be mindful of it so you know what, you know, how, how to move forward and, and maybe make it really clear about your boundaries in terms [00:06:00] of your, you know, your invoice deadlines, those kind of things. Um, may just need to be reiterated.

Laura Moore: Yeah, for sure. I think there's also things that you can do from like a, a proactive kind of standpoint to go and check on businesses. So all of that stuff might look all great. They might have put a nice number in the application form. They didn't haggle on your price, they paid you on time.

All of those things could be great. But if you can do something proactive to go and check as well first, then you're in an even better kind of position. So there's things that you can do

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to kind of conduct a credit check. You don't have to be a big business to conduct a credit check. You know, you can do that yourself.

Um, businesses like Business Experian, Identico, there's one called CreditSafe, I think. Some of these will be paid. You have to pay for these things, these services and what was the one you used to use?

Laura Davis: That was Identico. And they're not, they're not expensive. In the grand scheme of kind of protecting yourself, they're well worth it. It's small, small amounts of money.

Laura Moore: Yeah. You can [00:07:00] also look on Companies House, which we love to do.

Laura Davis: Yeah.

Laura Moore: And go and be a bit nosy there. You do have to do a little bit more digging. But that's worth a look as well because you will kind of wanna see, okay, well this business looks all right, but have they actually got the money that they're saying they've got?

And that can often tell you some, some of those answers.

Laura Davis: Yeah, and you can, with all of those things, I don't think you should ever really take one of those things on its own in isolation. It would be a few of those things that would make you, you know, maybe have to take some kind of action, which as I say, it may just be about repeating some of your kind of terms and conditions of working with you.

But yeah, so, but let's. Let's kind of discuss how we can kind of protect ourselves so we stand the best chances possible of getting paid and paid on time, preferably.

Laura Moore: Yeah.

Laura Davis: And I think as I've just mentioned, having some terms and conditions with your payment terms in there is like number one.

Laura Moore: Yeah.

Laura Davis: Um, [00:08:00] you want it official. You don't just want it to be this kind of sweeping, like passing comment, oh, by the way, you've gotta pay me in advance. And you

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know, you need that kind of legally written down in a contract so people know that you are not kind of messing about and they can't play around.

Laura Moore: It's important to say as well, it's not just for now and for protecting yourself so they pay you on time. If you have to take legal action and your terms and conditions weren't clear, you won't win on your legal action. It has to be really, really clear for that kind of stand as well, like if you're going to take legal action or you're gonna use a debt recovery firm, and those terms weren't clear.

Laura Davis: Yeah.

Laura Moore: You haven't got a leg to stand on.

Laura Davis: No misinterpretation, I think. It has to be really crystal clear what those kind of rules are. If you don't have a contract or you don't have a template in place, you can head to thetwolauras.com/legal. There are lots of templates available on there, and [00:09:00] there's also some 10% discounts also.

Laura Moore: Yeah, definitely. The other thing to say is that it's not just about having these formalities, these terms, and then that's it, we're just gonna stand by and if they don't adhere to the terms, we're not gonna do anything. You need to have open and honest conversations with your clients right from day one, so they understand how this works, right?

They understand your payment terms. They understand what they've gotta do, but you need to know stuff. So you need to have a conversation with your clients. So you need to know what do they need from you so that you can be paid on time. It might be that they have to have an invoice by a certain date because they only process invoices on certain times of the month.

It might be that they have to have PO numbers, purchase order numbers. It might be that, that the contact you are speaking to isn't the person who pays the invoice. You need to send the invoice to somebody else. Because if you, the person you are speaking to goes on holiday and it's just sitting in their inbox, you're never gonna get paid on time if you haven't sent it to the right department.

Right? It might be that you have to have certain information on that invoice, and you will have to have [00:10:00] certain information on your invoice if you wanna take legal

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action. So that's important as well. But there might be information that the client has to have on that invoice as well, so. You know, the service that you're providing, they might have to have it written in a specific way, for example. So think about all of those things that you need to have.

Laura Davis: And the time, the timeframe as well. Some, some people, like if someone I invoices us, I generally pay it that day.

Laura Moore: Yeah.

Laura Davis: If not the next day. But some businesses obviously have better systems. Um, but they need a long –

Laura Moore: I dunno, I think that's a fairly good system.

Laura Davis: But they need a longer window because they, you know, it's gotta be authorised. It's got, you know, so ask them that, you know, if I need to be paid on the first of the month, when do you need that invoice by to ensure that that happens. Yeah. Um, and so ask that question. You know, don't assume everyone pays the, the day that you send it, just make sure you are really clear on that.

Laura Moore: And one thing that a business might [00:11:00] say to you is, oh, we operate on a 90 day payment term. Well, I, I, you're not a credit card, you're not a credit agency. You don't have to give people credit. You can just be, say, say, well that's great, but I operate on a 14 day payment term, so my payments have to be made within 14 days.

Otherwise, this, this, this, and this will happen. What do I need to do to make you accommodate that? And you need to have these conversations because their payment terms, that's their problem to solve. They wanna hire you, they have to adhere to how you need to be paid. It's really important that, that they know that.

Laura Davis: Yeah. And there can, there can be some compromise in that.

Laura Moore: For sure.

Laura Davis: I've compromised in the past, but not in that I don't get paid in advance. I just allow. A bigger window, which means that I just have to invoice slightly ahead. It's, than I normally would. So it's not like I'm –

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Laura Moore: If they've got a 90 day payment term, great, here's my next three invoices.

Laura Davis: Yeah. Yeah. So have an open and honest conversation with them, but the end of the day, you shouldn't be un-, [00:12:00] unpaid and pay for 90 days.

Laura Moore: Yeah.

Laura Davis: It's ridiculous.

Laura Moore: And, and it's not your job to give them credit if they can't afford to pay you because they don't have the money in the bank, then they need to get credit from a credit agency.

Laura Davis: Yeah, absolutely.

Laura Moore: And what Laura just said is another really important point is to invoice in advance, but get paid in advance of your work. That way if they don't pay you, you are not working for free. You haven't already done the work unpaid. You can stop working, stop delivering whatever it's you're delivering.

And they are the ones that lose out 'cause they don't get the deliverables. It's not you that loses out 'cause you don't have the income, right.

Laura Davis: And I would say though on this, you have to be careful. There's lots of people who do lots of work in advance, which I find a bit cringey anyway. Like I get it in terms of we wanna fill the scheduler if we're going on holiday.

But we shouldn't be filling the scheduler for like the next 90 days, no, with content. And then that client goes, [00:13:00] you know what, actually I'm need to give you your 30 day notice. And then you're like, well, hang on. I've done, I've done three months of work. That's not their fault. You shouldn't have been doing that. And really, that's not how we do social media.

How do you need, how do you know what? Where the land lies in 90 days, it's so, I get working in advance. I'm all for that, and I'm all for putting things in schedulers, but just, you know, if that client was to ditch you and you've done essentially three months work in advance, you are not gonna get paid for that.

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It's, you'll get paid for that 30 day not-, or whatever your notice period is. So if you've already done that extra, then that's on you, really. So just always be mindful of that when you are thinking, oh, I'm gonna get really organized and do loads of extra work. It's, could be tricky if there's any chance that they could get rid of you, but that's -

Laura Moore: Definitely.

Laura Davis: You know, that's a side note.

Laura Moore: And like if you've got, if it's because you've had loads of ideas, just write the ideas down. Yeah. You don't have to do the actual work. You still store those ideas for when you're ready to do [00:14:00] it, you know?

Laura Davis: Absolutely. Yeah.

Laura Moore: Just, just be clever about it. Okay, so you've done all that. You kind of protected yourself. What happens then if a client still doesn't pay you on time? Apart from crying into your breakfast?

Laura Davis: Well, I think you can take it one step before that. It's like, what do you have to do to remind people to pay you? And I was like, pretty insistent. Like I would always be like the day before. I think I'd do the week before.

So just a reminder, my invoice is paid next week, the day before. Just a reminder, my invoice is due tomorrow. And some there are systems that can automate all of this. I never bothered, but the next day, the day of, then it would be like the, the day after, this is late, the day after that, this is still late.

Like I would be because, the more annoying you are to that finance team or whoever, the more likely it is, they'll just pay you to shut you up. So don't hold back. Don't be like, oh, I don't wanna be a pain, or I don't wanna pester them. You, you need to be paid.

Laura Moore: Yeah. [00:15:00] And you can automate that. You can, like, there's loads of things you can pay for to automate that.

You could do it in Airtable, like you can literally just set up some automations yourself. And then that takes the emotion away from doing it so you don't feel awkward because it's just automatic. You've just set it up once. You probably won't even remember that those emails have gone out. You know, you, you won't look in your sent items and see that they've gone.

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So just automate it. Like take, and it's also another job off your plate that you don't have to worry about doing 'cause you've got other things to do. So I definitely would do that. Um, the system that I used to use used to do that, it doesn't do that anymore, which is annoying that it used to send all those automated emails.

Um, like, you know. The day in advance, three days in advance. Everything that you just said, which was brilliant, but I think also don't, don't feel, feel like you can't chase them because you are being a pain like you just said. But remember that it's them that are in the wrong, not you. It's not you that are in the wrong, it's them that's in, ignored the invoice or hasn't paid. It's not you that's being annoying. It's them that's being annoying.

Laura Davis: Yeah, they're the annoying one.

Laura Moore: Yeah. Like Laura Davis pays everything on [00:16:00] time. That's great. That's what we want. If somebody isn't paying on time, that's like, why haven't you, you selfish person. Nearly swore then, then thought I better not.

Laura Davis: I also think it's, I also think it's um, when you're doing this chasing, obviously we rely a lot on these, you know, emails or automated systems pick up the phone. They hate it. They hate it.

Laura Moore: Yeah.

Laura Davis: Because when you are on the phone and you're saying, why have you not paid my invoice? They can't ignore you when you are there.

Laura Moore: No, and that is a really good question to ask rather than, did you get my invoice? Oh, can you pay my, why haven't you paid it? 'cause then they're like, uh, um, because, uh, and it's like, that's a hard question to answer without sounding like a complete knob.

Yeah. So they can just go, oh crap, I'm sorry, I forgot. I'll do it right now. What, how else can you answer that question?

Laura Davis: There was this, one of my older clients, they, I managed to get hold of their, there was a problem once with their ads and the, I think they needed a new payment card put on. [00:17:00] She, I was having to kind of help her, the finance lady, so she ended up WhatsApping me.

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So I got her mobile number, like it was her personal mobile number. Oh, I assume it was actually, it may have been a work one, but, um. And I never did anything with that, apart from on the days that the invoice was late. So I like kept it in my back pocket. So she was never, if I, anything else I ever needed to communicate with her was always like on email.

But whenever the invoice was late, I would drop her a WhatsApp. It like hits a bit harder I think when it's on a message on their phone. So if you can get the finance person's, uh, mobile number, keep that in your back pocket.

Laura Moore: And if you're dealing with, if you're dealing with a company where there's a finance team who pay the invoices and you've got a contact, speak to both.

Yes. 'cause your contact will not like that finance haven't paid it. Yeah. That will annoy them. So tell them, but also speak to finance and then say to them, I've spoke to finance, they still haven't paid it. And then they'll be like, for Christ's sake, especially if you [00:18:00] say, I can't, I can't carry on working.

And they're like, oh my God, I need you to. The first thing they're gonna do is get out of their little office, go down, walk down to finance, pay this bloody invoice.

Laura Davis: Yeah. I used to put it in like the team WhatsApp group that I was in. Does anyone know why my invoice hasn't been paid?

Laura Moore: Love a passive aggressive little mo message there. Nice. Yeah. Anyone know? Brilliant. Love it. And then there are obviously routes that you can go down. If none of that works now, nine times outta 10, that will work. You just sometimes have to just pull your big girl pants up. And, you know, just like get the emotion out and just chase it up. But when it doesn't work, when you do need to like take the next step, there are things you can do.

You know, you can like, uh, what's it called? A small business claim. All of those sorts of things that you can do. You can also go to a, a debt recovery company, which surprisingly it's not as expensive as you think. Um, and they could help you to, to go and do all of those things, but both of those things rely [00:19:00] on you having had a good contract in place.

Invoice being correct and sent to the right people and you having followed whatever procedure was on your contract. So you need to make sure you're doing everything right in the first place. And always like don't just have them not pay you and you haven't chased

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it up. And then you try and take the next step, do all those things in between 'cause nine times outta 10 you will get paid.

Laura Davis: Yeah, absolutely. Remember, they are the ones in the wrong. Just to kind of reiterate that, you are not a pain in the arse. You are just wanting to be paid to do the job that they asked you to do.

Laura Moore: Yeah. Yeah. Um, we have got another episode that will help you on this.

So go back and listen to episode 40. For more information on this, or you can read the blog, which will help you more. We'll make sure that that is linked in the show notes as well. I really hope that you don't get into these situations where you are chasing invoices, but if you are, hopefully this has helped you.

And if you are stuck right now chasing one drop into our messages or leave us a comment here and we'll see if we can give you any more strategic [00:20:00] advice that will help you to move forwards as well.

Laura Davis: Yeah. It shouldn't happen, but unfortunately it does. And sometimes it's for just genuine like mistakes. You know, these things happen and that's fine, but if it's kind of repeated and people are kind of taking the piss, then you know you need to deal with that head on. As awkward as it can be sometimes.

Laura Moore: Yeah, definitely.

Laura Davis: Right? We will see you and hear. No, you'll see us or hear us depending on where you are catching up on this.

Laura Moore: God imagine if we could see them listening, that would like freak me right out. I'm glad I was, no offense, but I'm glad we can't see you while we're recording this. Hard enough to do it as it is.

Laura Davis: Or see in someone's ear.

Laura Moore: – without an audience. Oh yeah.

Laura Davis: Um, yeah. So we'll be back, same time next week. That's it.

Laura Moore: Toodles!

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Laura Davis: Bye.

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