



UPDATED BEST PRACTICES FOR BILLING & COLLECTIONS

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The EACA recognizes that its members have a need to be vigilant about billing & collections practices in the trade show industry, particularly after industry slowdowns and shutdowns. In 2022, there is no greater time for this vigilance as we emerge from the COVID pandemic.

While members fully recognize that they must each use their own best judgment in making billing & collections policies and procedures in their respective organizations, many members have indicated an interest in welcoming recommendations on how to improve their internal efforts.

In 2017 the EACA formed an Ad Hoc Committee to establish billing & collection recommendations for members to improve cash flow through enhanced billing and collection procedures. The EACA Executive Committee of 2022 formed an Ad Hoc Committee and have reviewed and modified these recommendations as outlined below.

NEW RECOMMENDATIONS

A. Advance Deposits for New Accounts is Highly Recommended

Cash flow management is mandatory for all EAC companies. No one can afford to provide products and services at their expense and then wait for up to 180 days for payment or reimbursement. *It is imperative to have clear terms set forth and included on invoices.*

There is no need to have concern about getting acceptance to the advanced deposit policy. Whether it's the plane ticket, hotel reservation, or general contractor service orders, every other purchase made by your customer's participation in trade shows has the same, or similar, terms. Remember, you are not the bank.

The best approach for managing this vital aspect of your business is to require advance deposits for all new accounts. In doing so, please be sure to follow these guidelines:

Step 1 – should be to establish a Deposit Program. This would be a standard procedure for what your company's expectations are regarding accepting work from new accounts. While many request 100% deposits, new accounts can be requested to deposit as much as 120% to help cover items such as materials, taxes or any unexpected overage in hours.

Step 2 – Communicate deposit requirement to customer according to your company procedures, and in consideration of the estimated charges which you should generate internally.

- 1. Be aware that clients have a tendency to under-estimate the total number of men and hours which causes problems with show floor operations, and then collections later. and create a deposit invoice. Outlining the labor call with the rates that will be charged, ensuring to breakdown ST, OT & DT.*
- 2. Deposit payments can be accepted by company check, wire transfer/ ACH or credit card.*

B. Advance Deposits for Existing Accounts is Also Recommended

Recognizing that existing accounts have a payment history with you which could entitle them to a modified approach on billing and collections, it is still recommended to take advance deposits whenever possible. *Upon the industry reopening after pandemic shut down; this does seem to be more of the norm. It does seem to be based upon the relationship with the customer. Instead of asking for the full amount, it tends to range from 50% or 75%.*

As stated previously, when advance deposits are requested, these guidelines are recommended:

- Take deposits as money transfer as credit card charges can be disputed. *Deposit payments can be accepted by company check, wire transfer/ ACH or credit card.*
- Generate estimates for jobs internally *(or deposit invoice which can be sent to client)*. Clients have a tendency to under-estimate the total number of men or hours which causes problems with show floor operations and then collections later.

C. Expedite Customer Final Invoices

There is one final recommendation that cannot be overemphasized. Amending internal systems to expedite the process of generating invoices may be the single most important factor toward improving your company's collections success. This is particularly important since this is the primary component of the billing and collections process that is entirely in your control.

Set up clear parameters for the billing department. Have a specified number of business days after the work has been completed (or show end date) to have the invoice sent to the customer. This will enable the billing department to anticipate what is needed to properly invoice the customer in a timely manner.

In addition, ensure that you have established terms. Standard is 30 days; however, it does seem to be based upon the customer. These terms should be clearly indicated on your invoice.

D. Collections

Internal follow up is done once an account has an outstanding balance past their set terms. Recommend at least three touchpoints before placing a customer in collections.

- The 1st form of follow up is done by email to the customer. Reminder email about their invoice and asking if there may be any questions on the job. This happens typically 1-15 days past the payment term. Try and obtain an Accounts Payable email address, if possible. Many companies have email boxes for the entire AP department, for example accountspayable@company.com or ap@company.com. Often, the Accounts Payable department isn't aware an invoice is to be paid. This information can be retrieved upon initial conversations with the client.
- If no response after the follow up email, then a phone call will be made. This phone call happens anywhere from 7-14 days after email. Keep in mind that employee leave companies and positions change so finding the right person to communicate with can involve some diligence. This is why a phone is needed. Try calling the company's main phone line if unable to reach your point of contact.
- Follow up that phone call with one more email summarizing the conversation or voicemail. Request a read receipt on the email. This is a good way to ensure they have actually received and read your email.
- If there is no response to either email or then the phone call, and as a last resort the account would be put into collections. By this point quite a bit of time will have passed and it will likely be around the 180-day mark.

The EACA has a preferred vendor recommended for Collections – Commercial Collections Corporation that provides services as well as preferred rates to EACA members. More information on this vendor can be found on the EACA website.