CORE CONCEPT

Accounts Receivable and Credit Control: Customer Credit, Collections and DSO

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Introduction:

Weak accounts receivable and credit control ties up working capital: customers receive credit without assessment, invoices trigger disputes, unapplied cash distorts balances and overdue accounts drift until they are written off. This five-day practitioner course from CoreConcept trains credit and receivables staff to control the order-to-cash cycle on the customer side, from credit vetting and limits through billing accuracy, cash application, ageing review and structured collection escalation to doubtful debt provisioning and DSO tracking. Working on customer files and ledger extracts, each participant builds a Credit and Collections Playbook for their own organisation.

Course Objectives:

- Assess new and existing customers using financial ratios, trade references and credit reports, and set and review credit limits and terms
- Apply a written credit policy covering approval authority, security, credit holds and exceptions
- Prevent billing disputes through invoice accuracy checks and resolve customer deductions and claims within agreed timeframes
- Allocate customer receipts to open items, clear unapplied cash and reconcile customer statements to the receivables ledger
- Run ageing-based collection strategies with dunning cycles, promise-to-pay tracking and escalation to external recovery
- Estimate doubtful debt allowances using an ageing provision matrix and report DSO and collection effectiveness at month end

Target Audience:

- Staff who assess customer creditworthiness and recommend credit limits and payment terms
- Staff who maintain customer accounts, raise invoices and manage billing queries
- Staff who allocate incoming customer receipts and reconcile the receivables ledger
- Staff who contact overdue customers, negotiate payment plans and escalate delinquent accounts
- Team leaders who monitor receivables ageing, DSO and collection targets for a finance operations unit

Course Outline:

Day 1: Receivables Foundations and the Order-to-Cash Cycle

- Order-to-Cash Process Map from Customer Onboarding to Cash Receipt
- Trade Receivables and Working Capital: The Cash Conversion Link
- Customer Master Record Set-Up: Terms, Credit Limit and Billing Contacts
- Credit Controller and Collector Responsibilities Across Sales and Finance
- Receivables Health Check: Overdue Share, Disputed Items and Unapplied Receipts

Day 2: Credit Policy, Customer Assessment and Provisioning Models

- Credit Policy Document: Approval Levels, Security and Credit Hold Rules
- Five Cs of Credit Assessment Worksheet
- Customer Financial Ratio Screening and Credit Bureau Reports
- Credit Scoring Model and Risk-Rated Limit Setting
- IFRS 9 Simplified Approach: Lifetime Expected Credit Losses on Trade Receivables

Day 3: Billing Accuracy, Cash Application and Customer Reconciliation

- Invoice Accuracy Checklist: Pricing, Purchase Order Reference and Delivery Proof
- Dispute and Deduction Log with Root-Cause Coding
- Cash Allocation Rules: Remittance Matching, Short Payments and On-Account Receipts
- Unapplied Cash Clearing Procedure
- Customer Statement Reconciliation and Balance Confirmation Letters

Day 4: Collection Strategy, Escalation and Receivables Risk

- Aged Debtors Report Analysis by Bucket and Customer Segment
- Dunning Cycle Design: Reminder Letters, Calls and Final Demand
- Collection Call Script and Promise-to-Pay Tracking
- Escalation Path: Credit Stop, Payment Plan, Collection Agency and Legal Referral
- Ageing Provision Matrix Build and Bad Debt Write-Off Approval

Day 5: Receivables Case Study, DSO Reporting and the Collections Playbook

- Multi-Sector Case: Distributor Portfolio with Rising Overdues
- DSO, Best Possible DSO and Collection Effectiveness Index Calculation
- Month-End Receivables Close: Allowance Review, Credit Note Clearance and Ledger Tie-Out
- Credit and Collections Playbook Drafting for an Own Portfolio
- Playbook Presentation to a Peer Panel with Challenge Questions

Skills You Will Gain:

- Customer Credit Analysis
- Credit Limit Setting
- Dispute Root-Cause Analysis
- Cash Application
- Debtor Ageing Analysis
- Collection Negotiation
- Expected Credit Loss Estimation
- Receivables Performance Reporting

Why Attend This Course:

- Reduce overdue balances by working a segmented collection plan instead of chasing every account the same way
- Stop repeat disputes at source by tracing deductions back to billing, pricing and delivery errors
- Practise credit and escalation decisions on customer files drawn from distribution, construction and services cases
- Return with a peer-reviewed Credit and Collections Playbook covering policy, limits, dunning steps and DSO targets

Conclusion:

Receivables turn into cash only when credit, billing, allocation and follow-up work as one controlled cycle. Across five days, participants move from mapping the order-to-cash cycle and assessing customer risk, through billing accuracy and cash application, to ageing-based collection escalation and doubtful debt allowances. The final day applies these methods to a multi-sector customer portfolio and to each participant's own ledger, producing a Credit and Collections Playbook that sets limits, dunning steps and DSO targets for the months ahead.