



Tip Of The Day

Is Your Customer A Deadbeat?

Maureen Farrell, 06.05.08, 5:37 PM ET

It can be hard to get paid in an economic downturn. Indeed, the average number of days that receivables lounge on the books of small businesses in the U.S. has crept up to 27.6 from 24.5 in 2006, according to data collected by Sageworks on thousands of small businesses in different industries throughout the country. How can you figure out which customers are more likely to come up short?

Dun & Bradstreet, the Short Hills, N.J.-based private-company data tracker, aims to help small businesses do just that by letting them rat out deadbeat customers.

D&B sells credit reports on private companies for \$119 a pop. About a year ago, it launched something called the Trade Exchange, a service that allows D&B subscribers to share their customers' payment histories in exchange for free reports on others. Prompt payers get a boost to their overall D&B PAYDEX rating, from 0 to 100; deadbeats get dinged.

"Small-business data is tough to come by, but point-of-payment experiences are very representative of how a small business conducts business," says Ida Wainschel, program director for Trade Exchange.

See Also:

[Ten Risks To Keep You Up At Night](#)

To participate in the program, small businesses must be registered with D&B and use QuickBooks accounting software from Intuit. (Registering with the Trade Exchange online takes about five minutes.) D&B's software syncs with the accounts-receivable ledger within QuickBooks. (If certain customers get special payment terms, you can omit them from the reporting.)

So far D&B has registered about 1,700 small businesses on the Trade Exchange. To entice more, the company is offering free credit reports every month that subscribers choose to tattle on their customers. Subscribers can obtain their own credit report, or that of another company.

D&B has offered these ratings to large corporations for decades but only recently decided to let small businesses in on the game. One recent improvement: a label that appears on QuickBooks-generated digital invoices, alerting customers they are being watched. Yet even more incentive for them to pay their bills on time.