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Question: How can I minimise the impact of payment delays and ensure the liquidity of my business in light of the current financial storm?

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Increasingly businesses, both large and small, are finding themselves under threat by extended payment terms and wondering how they can possibly stay afloat in these difficult economic times. The number of days that large firms take to pay an invoice has increased from 81 to 88 since June*, with some even predicting this could rise to more than 100 days during 2009.

Corporate giants are taking longer to pay their small suppliers, and the fact is that some businesses are going to have difficulty in financing their short-term debt. Banks aren't helping, with their

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expensive overdrafts and loans, not to mention an unmistakable tightening in their lending criteria, and so I would urge companies who are struggling to consider alternative methods of borrowing, if they haven't already done so.

Invoice finance is becoming an increasingly attractive option – and in some cases the only option - for small and medium sized enterprises, proving an excellent solution to overcome their funding challenges. Simply put, invoice finance works when a company sells its unpaid invoices

and in return receives immediate payment of up to 95 per cent of the worth of those unpaid bills. The beauty of it is that businesses have instant access to cash flow and if necessary we chase the payment of the debt leaving them to get on with the running of their business. ►

* Research undertaken by financial information company Experian. These are national statistics.

Small enterprises in particular are traditionally vulnerable to financial downturns because they operate on tight margins, but that's not to say that larger companies are immune. My advice would be for all businesses to review their financial requirements, especially those with financing arrangements that will need to be renegotiated in the next 18 months. Companies that adopt a wait-and-see approach face the greatest risk. Businesses need to refinance early to ensure their liquidity.

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For further information on Close Invoice Finance and our portfolio of products, contact us on 0800 220 257 or info@closeinvoice.co.uk. www.closeinvoice.co.uk ●

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