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Not all SMEs are equal when it comes to risk management

Companies with between 100 and 250 employees are 20% more likely to have ageing debt than their smaller cousins.

Smaller businesses are far more effective at managing risk, according to research released today from Close Invoice Finance, part of the FTSE 250 merchant banking group, Close Brothers Group plc.

As part of its regular Small Business Finance barometer, Close Invoice Finance asked a series of questions on risk management to over 500 owners of SMEs of varying sizes. The survey found that three in five smaller SMEs (with between 1 and 50 employees) have less than 10% of debt on their books for longer than 60 days (termed 'ageing debt').

In comparison, two in five larger SMEs (with between 100 and 249 employees) have this low level of ageing debt. The majority of larger SMEs admitted they hold ageing debt contributing between 11% and 50% of their debt book.

David Thomson, Chief Executive Officer of Close Invoice Finance said, "This study proves that smaller SMEs have been more successful than their larger cousins at successfully managing exposure to the risk of bad debt. In such poor market conditions, it is imperative that factors such as cash flow supervision are managed closely." ►



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He continued: “Cash flow management tools can give companies complete peace of mind and provide protection against the impact of issues such as late payment and even bad debt.”

Close Invoice Finance is known for responding quickly to meet the changing needs of clients. As more and more businesses are impacted by late payment and bad debt, Close recently upgraded its award-winning invoice discounting product, IDeal™, to include bad debt protection cover. IDeal™ now offers clients all the benefits of the real-time exchange of payment, plus the extra peace of mind of that comes with knowing they are fully covered should any of their customers fail to meet payment terms.

To find out more about IDeal™ or Close Invoice Finance call 0800 220 257 or visit www.closeinvoice.co.uk ●

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