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SMEs Get Creative To Secure Business Cash flow

30% prepared to take out personal loan to fund business; 100% increase in SME owners turning to family and friends for business funding.

Almost a third of SME owner managers, equivalent to 1.4 million businesses UK wide, would take out a personal loan to fund their business according to Close Invoice Finance, part of the FTSE 250 merchant banking group, Close Brothers Group plc.

The latest Close Small Business Finance Barometer based on a survey of over 500 SME owner managers found that nearly one in ten (7%) of SME's also admitted in desperate times they would use a credit card to fund their business.

In the 2008 Close Small Business Finance Barometer, one in ten of those surveyed said they would approach family and friends if bank funding dried up. Latest statistics reveal this has doubled with now 20% of businesses nationwide relying on those closest to them for financial support.

David Thomson, Chief Executive Officer of Close Invoice Finance said: "SMEs continue to feel the effects of the lack of funding available from traditional sources. This has forced more and more SME owner managers to pursue risky short term strategies to secure cash flow and in the process, put themselves and those closest to them, under intense pressure." ►



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David Thomson
Chief Executive Officer,
Close Invoice Finance

David continued: “SMEs need to consider every route available to free up capital and, at the same time, be deadly serious about tackling late payment to safeguard the long term health of their business. Cashflow 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.”

Invoice finance is an alternative route to securing funding that allows companies to raise cash quickly and easily against their sales ledger, affording businesses a greater degree of flexibility and control over their cash flow. As more and more businesses are impacted by late payment and bad debt, Close Invoice Finance 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 that comes with knowing they are fully covered should any of their protected customers fail to meet payment terms.

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

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