

LATE PAYMENTS CONTINUE TO DAMAGE SMALL BUSINESSES – ARE YOU PREPARED?

CASH FLOW PRESSURES ARE INCREASING

For many small businesses, winning new work is only part of the challenge. Getting paid on time is becoming an increasing concern and, for some firms, delayed payments are now creating serious pressure on cash flow, profitability and financial stability.

Recent Government announcements and growing media coverage have highlighted the scale of the problem. Many smaller businesses continue to wait far longer than agreed payment terms, particularly where larger organisations are involved. While larger companies may be able to absorb delays, smaller firms often rely on prompt payment to cover wages, rent, supplier costs and tax liabilities.

THE WIDER IMPACT OF DELAYED PAYMENTS

Late payment problems can quickly create a chain reaction. Businesses may struggle to pay suppliers on time, VAT and PAYE liabilities can build up and borrowing costs may rise if overdraft facilities are needed to bridge cash shortages. In some cases, otherwise profitable businesses can face serious financial difficulty simply because customers are paying too slowly.

In periods of economic uncertainty, delayed payments can also make business planning much more difficult. Owners may postpone investment decisions or become cautious about taking on additional staff because future cash receipts are uncertain.

REVIEWING YOUR CREDIT CONTROL PROCEDURES

This is also a good time for business owners to review their own credit control procedures. Many firms still rely on informal payment arrangements or delay chasing overdue debts because they are concerned about customer relationships. However, a professional and consistent approach to invoicing and debt collection can often improve payment performance significantly.

Simple steps can make a difference. These include issuing invoices promptly, agreeing payment terms in writing, monitoring aged debtors regularly, requesting deposits where appropriate and following up overdue balances without delay. Some businesses may also benefit from reviewing customer credit limits or introducing staged billing arrangements for larger projects.

SEEKING ADVICE EARLY

Businesses facing persistent late payment issues should not ignore the problem. Early action is usually far more effective than waiting for debts to escalate.



WE ARE HERE TO HELP

If your business is experiencing cash flow pressure or concerns over unpaid invoices, please contact us on **01753 888211** or email **info@nhllp.com**. We can help you review your cash flow position, strengthen credit control procedures and consider practical options to improve financial stability.