

Managing Cashflow Guides

4. Treating suppliers fairly



Cashflow is critical to business survival but all too often the day-to-day challenge of running a business, particularly a smaller business, can mean losing sight of some of the skills for successful cashflow management. This series of guides, developed in partnership with the Institute of Credit Management, is part of a series of initiatives providing practical support to help businesses help themselves through these difficult times. They are designed to provide straightforward and speedy advice with simple checklists and top tips. I hope you find them useful.

Peter Mandelson
Secretary of State for Business

Cashflow keeps business in business and if you don't pay your suppliers on time you risk damaging their business or – worse – causing, or contributing to, their failure. You want your invoices paid on time, and you should do the same. It's not just good business practice and ethical behaviour; it's also a demonstration of corporate social responsibility.

Can you answer yes to all these questions?

- Do you agree payment terms with your suppliers before you place an order?
- Do you pay bills on or before the due date?
- Do you tell your supplier immediately if you have a query with their invoice so that they can resolve the problem and still be paid on time?
- Do you let your suppliers know immediately if anything is going to prevent payment by the day they expect it?
- Do you make sure your suppliers know what information and detail you require on their invoices to enable you to approve and pay them promptly?
- Do you check in advance where and how your supplier needs to be paid?

Five Top Tips

1. Make sure payments due are in your cashflow forecast so they don't catch you by surprise.
2. Talk to suppliers early if you have a problem preventing prompt payment.
3. Paying promptly:
 - earns your business respect
 - may allow you to negotiate better deals or agree a prompt payment discount
 - helps you avoid late payment or interest charges
 - ensures supplies don't get stopped
 - improves your trading relationships
 - makes you a more valued customer.
4. Give your key customers a copy of this guide.
5. Treat your suppliers as you want your customers to treat you.

The Guides in this series:

1. Knowing your customer
2. Payment terms
3. Invoicing
4. Treating suppliers fairly
5. Credit insurance
6. Factoring and financing options
7. Chasing payment
8. When cash runs short
9. When all else fails
10. When your customer goes bust



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For tips on getting paid and advice on best practice in credit management, call the Institute of Credit Management on **01780 722 911** email **tech@icm.org.uk** or visit **www.creditmanagement.org.uk**

For further information and advice on starting up, running and growing a business, call Business Link on **0845 600 9006** or visit **www.businesslink.gov.uk**



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