



Better payment helps build a better **business**

Enhance your reputation and buying power when you commit to prompt payment

Why?

- Suppliers will be keen to work with you.
- You avoid costly late payment charges or compensation claims.
- You build better relationships with your suppliers with suppliers incentivised to ensure reliability of service.
- Late payment is often taken as an indication that the buyer is in difficulties. If you create this impression with your suppliers you may find that their terms worsen.

Why is this important?

- SMEs in Ireland waited an average of 61 days to be paid by a debtor in 2016 according to ISME, with nearly a quarter experiencing delays of 3 months or moreⁱ.
- According to research in the UK, almost a third of SMEs are forced to pay their suppliers late as a result of late payments to them.ⁱⁱ
- Almost one in five SMEs in the UK are spending up to £500 a month chasing late payments.ⁱⁱⁱ

How to get started in a small way

- Sign up to the Prompt Payment Code to demonstrate publicly your commitment to paying your suppliers on time – www.promptpayment.ie
- Ensure that all staff is aware of this commitment – especially but not only those in finance and purchasing.
- Agree terms of payment at the start of all contracts.
- Monitor your payment system regularly for timely payment.
- Have a good system for clearing disputes quickly.
- Foster good relationships with suppliers by informing them of your payment procedures and who is responsible.

ⁱ <https://www.rte.ie/news/business/2016/1028/827646-smes-waiting-61-days-to-be-paid-by-debtors-isme/>

ⁱⁱ <http://economia.icaew.com/en/news/december-2016/smes-owed-26bn-in-late-payments>

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