

16/05

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## **BUSINESSES URGED TO STEER CLEAR OF CASHFLOW CRISES**

With many people using the start of 2005 as an opportunity to make personal resolutions, Lloyds TSB Commercial Finance is urging business owners to do the same – and to make avoiding cashflow problems their top resolution.

Ted Ettershank, managing director, Lloyds TSB Commercial Finance, explains: "Late payment is still a serious problem for Britain's businesses even though, thankfully, cashflow problems are at their lowest level in 12 years\*. Late payment can cause as much damage as no payment; limiting growth and snatching away opportunities. I'd like to see 2005 the year that businesses really get to grips with this issue."

Lloyds TSB Commercial Finance offers the following advice to help companies make 2005 the year of avoiding a cashflow crisis:

- Make sure that your invoices are correct, to avoid time-consuming enquiries. Always state your terms of payment, including the specific date when payment is due, any discount for early payment and additional costs. Get an official purchase order, as many firms will not pay an invoice without one.
- Invoice customers as soon as you have completed the job or delivered the goods. Make sure your contact details are included so any problems can be resolved quickly.
- If you, or your member of staff dealing with invoice/payment, are going away let your customers know and advise of an alternative contact in your absence.
- Only ever agree credit limits that are a reasonable risk.

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- Follow up every invoice you issue with a phone call to ensure that it has been received and there are no problems with payment.
- If payment doesn't arrive, it's more personal and effective to chase by telephone. Don't let payments slide - keep on top of the situation with good record keeping and prompt chasers.
- Take the time to explore different options for managing cashflow. Could your company benefit from using a factoring or invoice discounting service? What new technology is available to make your payment systems quicker and more efficient?
- Find out as much information about new customers as possible, **before** taking their order. What is their exact trading name and status and will they be paying electronically or by cheque?
- Use a credit checking service, such as Lloyds TSB Commercial Finance's *Firstcheck*, an online credit opinion service that provides small to medium size businesses with a cost effective and up-to-date source of credit information about potential business customers. Set a strict credit limit. Don't be tempted into raising or exceeding this limit until the customer has built a strong track record of paying on time.

**-ends-**

### **Notes to editors:**

\* According to research conducted by Cashfriday during October/November 2004.

Lloyds TSB Commercial Finance ([www.ltsbcf.co.uk](http://www.ltsbcf.co.uk)) is part of the Lloyds TSB Group. Its services can meet the needs of businesses ranging from start-up through to major global PLCs. This holistic approach to ABL means that customers benefit from a far more tailored approach to finance where different elements of ABL can be added to the funding mix according to the needs and lifecycle of the individual business.

### **For more information:**

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