



BERR

Department for Business
Enterprise & Regulatory Reform

**PAYING ON TIME IS
GOOD FOR BUSINESS**

IN ASSOCIATION WITH



SUPPORTED BY

BCC CBI FPB FSB IoD



Introduction from Peter Mandelson Secretary of State for Business, Enterprise and Regulatory Reform

The **Prompt Payment Code** is another critical step in a series of structured initiatives devised by the government with **The Institute of Credit Management (ICM)** to tackle the crucial issue of late payment and help small businesses especially.

Suppliers can have confidence in any company that signs up to the Code that they will be paid within clearly defined terms, and that there is a proper process for dealing with any payments that are in dispute. This is an exciting development, and we shall regularly monitor its performance to ensure best practice is being followed.

Prompt payment can actually result in reduced costs for both debtor and creditor, and increase profitability.

Stuart Hopewell
Credit Manager
FujiFilm UK Ltd

To ensure strong commercial relationships it is essential that suppliers know when they can expect to be paid and understand any circumstances which may cause delay in payment.

Paul Bennett
Head of Purchase
to Pay Solutions, BBC

Paying suppliers promptly is critical in helping small firms maintain their cash flow and survive.

The **Prompt Payment Code** has been introduced to create more certainty around payment and prevent small businesses getting caught out by payments that don't arrive when expected.

Poor payment performance will lead to reduction in credit facilities where a good payment performance will help to increase credit facilities.

Nigel Fields, Director
of International Credit
Twentieth Century Fox



By signing up to the Code, you commit to:

Pay suppliers on time

- within the terms agreed at the outset of the contract
- without attempting to change payment terms retrospectively
- without changing practice on length of payment for smaller companies on unreasonable grounds

Give clear guidance to suppliers

- providing suppliers with clear and easily accessible

guidance on payment procedures

- ensuring there is a system for dealing with complaints and disputes which is communicated to suppliers
- advising them promptly if there is any reason why an invoice will not be paid to the agreed terms.

Encourage good practice

- by requesting that lead suppliers encourage adoption of the Code throughout their own supply chains

And you will have demonstrated by supplier references that you are doing all of the above.

Prompt payment isn't just good for the supplier. Paying promptly, especially if you have approved signature status validating good practice, also:

- ✓ earns your business respect;
- ✓ makes suppliers more comfortable to give you credit;
- ✓ enables you to negotiate better deals or agree prompt payment discount;
- ✓ helps avoid late payment or interest charges;
- ✓ ensures supplies don't get stopped;
- ✓ improves your trading relationships;
- ✓ makes you a more valued customer.

Payment performance indicators play a real part in the credit granting decision.

Brian Lewis
Credit Manager
Hanson UK

visit www.promptpaymentcode.org.uk to apply online

Prompt payment is the one way to convince a supplier to work with you, especially in today's economic climate where credit is becoming an increasingly difficult commodity for businesses to obtain.

Andrew Woodhead
Credit Manager, Marshalls plc

Paying on time means we maintain our own integrity and get priority treatment. By guaranteeing prompt payment, the best subcontractors want to work for us, they do more for the same price, and we receive referrals and recommendations as a preferred client.

Robert McTiffin, Managing Director
Nationwide Property Solutions Ltd

Paying suppliers on time means we cut out unnecessary costs from the supply chain which ensures we deliver low prices and good availability to our customers.

Monica Turner
Financial Controller, Asda



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