

# Managing Cashflow Guides

## Treating suppliers fairly

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The Managing Cashflow Guide series is produced by the Chartered Institute of Credit Management (CICM) in association with the Department for Business, Energy and Industrial Strategy (BEIS).



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# #4

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.

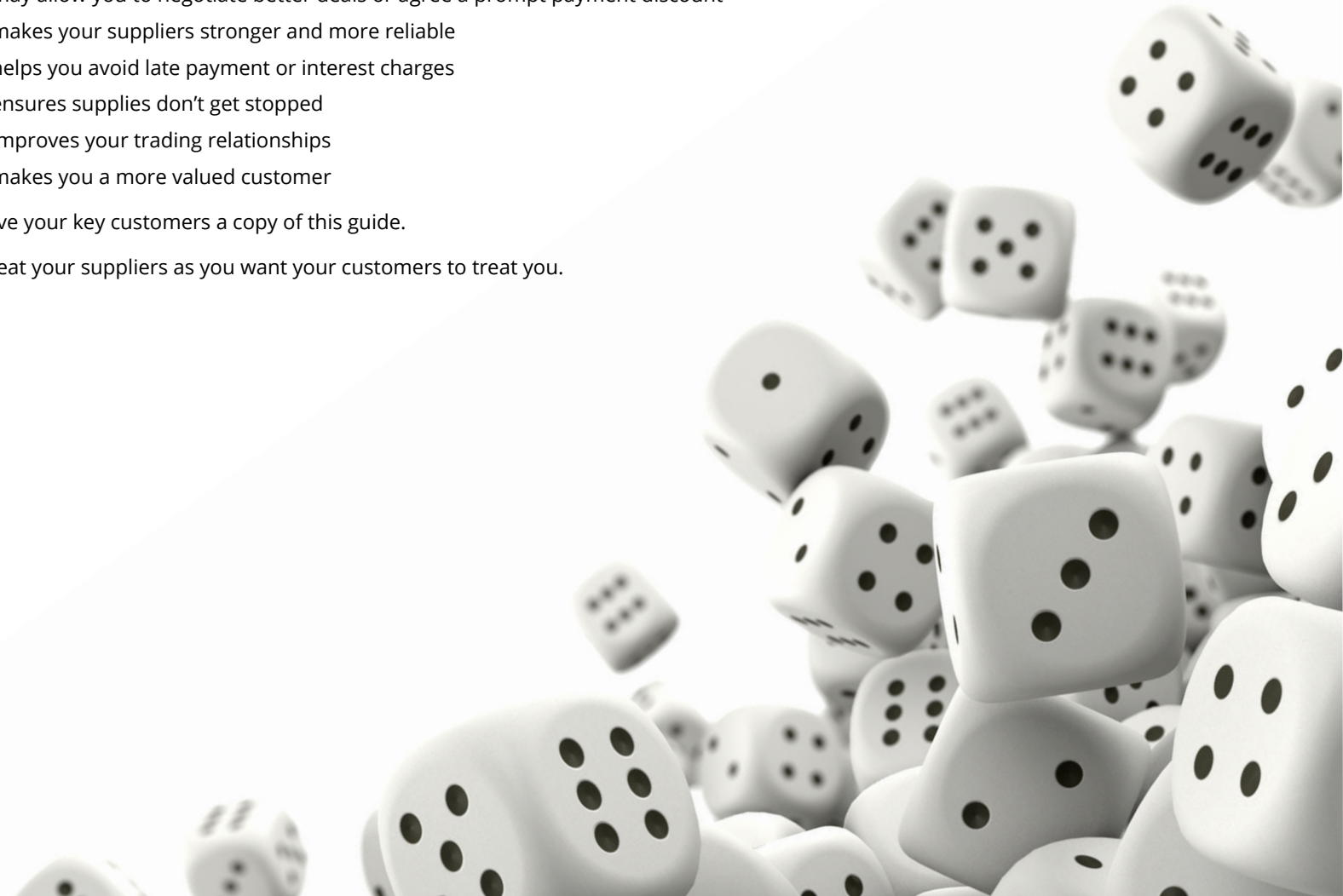
## CAN YOU ANSWER YES TO ALL THESE QUESTIONS?

- ▶ 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?

# Treating suppliers fairly

## 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
  - ▶ makes your suppliers stronger and more reliable
  - ▶ 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.



# Contacts and suppliers



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*The Chartered Institute of Credit Management (CICM) is the largest recognised professional body in the world for the credit management community. Formed over 75 years ago, the Institute was granted its Royal Charter in 2014. Representing all areas of the credit and collections lifecycle, it is the trusted leader and expert in its field providing its members with support, resources, advice, and career development as well as a networking and interactive community. In addition to its comprehensive suite of qualifications and learning opportunities, events and magazine 'Credit Management', the CICM administers the Prompt Payment Code for BEIS. Independently, and through collaboration with business organisations, it provides vital advice to businesses of all sizes on how best to manage cashflow and credit.*

## **Chartered Institute of Credit Management**

The Water Mill, Station Road, South Luffenham,  
Oakham, LE15 8NB

T: 01780 722900 / E: [info@cicm.com](mailto:info@cicm.com)

[www.cicm.com](http://www.cicm.com)

*Note – inclusion of supplier details in the above list does not constitute endorsement or recommendation of that company, its products or services.*

Credit Services Providers – To be included in this page, please email [cashflowguides@cicm.com](mailto:cashflowguides@cicm.com) for further details.



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## Guides in this series:

1. Knowing your customer
2. Payment terms
3. Invoicing
- 4. Treating suppliers fairly**
5. Credit insurance
6. Invoice Finance and Asset Based lending Options
7. Chasing payment
8. When cash runs short
9. When all else fails
10. When your customer goes bust
11. Managing cash through Brexit
12. Investing in equipment

For tips on getting paid and advice on best practice in credit management, call the Chartered Institute of Credit Management on **01780 722912** email **helpline@cicm.com** or visit **http://www.cicm.com/member-helpline/** For information and advice on starting up, running and growing a business visit **www.gov.uk**

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## Prompt Payment Code

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