



Institute of Credit Management

3 September 2012

Lord Young
10 Downing Street
London
SW1A 2AA

Email ellie.mond@bis.gsi.gov.uk

Dear Lord Young

**RESPONSE OF THE INSTITUTE OF CREDIT MANAGEMENT TO:
LORD YOUNG REPORT - KEY ISSUES AFFECTING SME GROWTH**

Thank for your letter of 15 June inviting input for your report on the key issues affecting SME growth.

As indicated in our email exchange with Ellie Mond in July, the majority of the ICM's members are working in larger organisations and therefore only tend to see SMEs through their eyes as a supplier. We are not a representative body for SMEs as other organisations might be.

As we expected, the response from our members was very limited and identified generic issues without providing the sort of supporting evidence you seek.

The primary issues our members see affecting SME growth relate to obtaining the right sort of finance and managing cashflow and include such issues as:

- Obtaining funding to grow the business is difficult in the current climate and banks continue to show a reluctance to do so.
- The terms attached to traditional invoice discounting and factoring are onerous and act as a disincentive.
- Late paying customers impact cashflow and create a distraction for business owners; they also impact on the availability of cash with which to growth the business and make owners wary of expanding.

I am sorry that we have been unable to elicit more detailed responses or examples but hope this will contribute to the overall picture that emerges from your research.

With best wishes, and we'll no doubt meet again at a Board Meeting of the SUL Co in the not too distant future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip J King', written over a light blue horizontal line.

Philip J King FICM
Chief Executive