



UK SMALL BUSINESS OWNERS SPEND 10% OF THEIR WORKING DAY CHASING PAYMENTS

Research reveals London businesses worst affected by late payments as over half of UK SMBs worry about unpaid invoices

LONDON, 5th July 2016 - New research from leading cloud accounting software company [Xero](#) (@Xero) has revealed that UK small business owners spend 10 per cent of their working day chasing payments, with an average having to wait an extra 14 days before invoices are settled.

- Over half (52%) of UK business owners worry about unpaid invoices
- Worst affected regions found to be London where businesses spend 1.5 days per month chasing payments, followed by 1.3 days by businesses in Wales
- The business sector spending the most time chasing payments was found to be HR (3 days), followed by IT & Telecoms (1.8 days) and Manufacturing & Utilities (1.7 days)

To support the research, Xero today launches chasingpayments.com, a platform that gives businesses a voice to celebrate those they work with who pay fairly and on time. Via the website, businesses can nominate prompt payers and find helpful advice, tips and tools that will help improve cashflow and end problems associated with late payments. A selection of nominated companies will be called out and celebrated on the website and through Xero's social channels each day.

Alongside the research and platform, Xero has also created a parody pop video of Adele's 'Chasing Pavements' to highlight the problems of late payments and its effect on small business cashflow. Recorded by and starring Xero customers, the video has been created as a tongue-in-cheek tool for business owners to share with late payers to encourage faster payment.

Small business cashflow is at risk across the UK

Xero's research into late payments found that London was the region where businesses suffer the most, accounting for over 14% of respondents. Other heavily affected regions included Wales (12%), Scotland (11.5%) and the North East (10%). The business sector worst affected was found to be HR (26%), followed by IT & Telecoms (16%) and Manufacturing & Utilities (15%).

The two main reasons cited by small business as being the causes of late payments were that their customers were also waiting for payments themselves (32%), as well as a lack of consistency on payment terms (27%).

Over a third (37%) of respondents named that a reduction in productivity is a knock on effect from late payments and subsequent cashflow problems, with loss of money (25%) and a backlog of work (20%) also recognised as negative affects.



“Nearly 60% of all UK small business invoices were paid late in 2015, which can cripple and often close a business within its first few years,” said Emma Jones, founder of business community Enterprise Nation. *“The late payment epidemic the UK is facing has to change so small business founders don't spend so many hours chasing doubt and worrying about cashflow on the back of late payment. With small businesses making up a staggering 99.8% of the British economic engine, this is a critical issue to sort for the betterment of the UK economy as a whole.*

Emma continued: *“chasingpayments.com gives small businesses the voice to take control of situations when the future of their business is affected by restricted cashflow. By giving businesses the opportunity to nominate their best paying companies, they can be part of encouraging change and bring the issue of late payments and restricted cashflow to the forefront.”*

Gary Turner, co-founder and UK managing director of Xero said: *“Brits spend more in online retail per shopper than any other country, but the UK has a dismal productivity rating compared to the rest of the G7 nation. Our recent research has proved that small businesses are continuing to waste time chasing payments, only adding to the problem with productivity we face in this country.*

The launch of chasingpayments.com, will not only enable small businesses can name and celebrate those that consistently pay on time, but they'll be educated about how to improve their cashflow.”

Visit chasingpayments.com and share the 'Chasing Payments' video to encourage people to pay on time. You can also nominate a good payer on the website and find out how to improve your cashflow as an SMB.

Top tips for better cashflow

To avoid late payments and improve cashflow, Gary Turner has the following tips for small business owners:

- 1. Invoice promptly:** The sooner you invoice, the sooner you'll receive payment. It's vital to get your invoicing process right from the start so that it is efficient and pain-free.
- 2. Establish a relationship:** Introducing yourself to the people in the accounts departments of the companies you are invoicing can often make a difference. At the same time, ask them to include your invoice number as a reference with every payment they make, to help you determine which invoice is being paid.
- 3. Keep accurate records:** Keep track of the time and materials expended on a client's project and make sure you invoice for everything. If you record the work done as you go, it saves you trying to remember the details at a later date.
- 4. Define your payment terms:** Consider shortening your invoice payment period to encourage your customers to pay sooner, even to one or two weeks. If you make your best efforts to supply your products and services to



your clients' deadlines, there's no reason why they shouldn't try their best to pay you just as quickly.

5. Offer easy payment methods: As a general rule, when you make it easier for your customers to pay, they'll pay sooner. Some accounting software offers a 'pay now' button on online invoices, which means you can send customers invoices online with the option of getting paid instantly.

ENDS

Notes to editors

Xero research surveyed 1,003 SMBs and sole traders across the UK in June 2016 with Censuswide.

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About Xero

Xero is beautiful, easy to use online accounting software for small businesses and their advisors. The company has over 700,000 subscribers in more than 180 countries, with more than 130,000 of those in the UK. Xero boasts more than 500 third party integrations, and was ranked No. 1 by Forbes as the World's Most Innovative Growth Company in 2014 and 2015.