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## Mark Leach, Regional Sales Director at Close Invoice Finance, looks at the year ahead for local businesses

Making economic predictions is never an exact science, but it is rendered even more difficult this year by the vast level of global uncertainty impacting on our local marketplace.



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The overwhelming focus has been – and continues to be – on the negative effects of the sub-prime mortgage crisis across the Atlantic. Inevitably, this will lead to a further tightening of lending conditions in the UK and an increase in the cost of debt.

As a result, Midlands companies will start to look more closely at their balance sheets to identify where capital is tied up and how it can be released. Indeed, we are already seeing major moves in this direction, with businesses now far more aggressive about using their assets to fund the business.

As the current credit crunch continues to make its presence felt, there is little doubt that SMEs will increasingly face more severe late payment difficulties as their customers default on payment terms.

In order to avoid the disastrous effects that unpaid invoices can have on a business, companies will have to focus more keenly on their debtor schedule to ensure they have the capital they need for the business to thrive.

However, despite much of the doom and gloom commentary surrounding the onset of 2008 and the burgeoning credit crunch, there are some positives for Midlands businesses to focus on. ►

Remember that the last time there was a big international financial crisis, in 1998, the UK overturned the predictions of the doom-merchants by growing more strongly than the year before.

Furthermore, current moves by the Bank of England and four other powerful central banks to inject £50 billion into global money markets should help to ease the mounting strain threatening to tip the world's leading economies into recession.

Overall, there is no doubt that this year will be a testing time for most businesses, but with a strong focus on cashflow management and a careful eye on both local and international marketplaces, 2008 could be far more positive than many might predict.

For further information on Close Invoice Finance and our portfolio of products and services, contact us on 0800 220 257 or [info@closeinvoice.co.uk](mailto:info@closeinvoice.co.uk).  
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