

Challenges can be overcome

A rising number of businesses are failing as the Government's pandemic support is withdrawn and banks push their credit score limits higher, making it harder to borrow.

The Office for National Statistics has reported that there were 5,600 registered company insolvencies from April to June this year, a 13 per cent increase from the first quarter of 2022. But what is more disturbing is that it represents an 81 per cent increase from the same period last year.

Help has disappeared

When COVID-19 appeared on the scene, many businesses applied successfully for Government support to help them through that difficult period. But that help is no longer there and for many businesses, it is exposing cracks that had been papered over. At the same time Experian has noted a nine per cent drop in credit scores across SMEs, making the challenge of borrowing money to sustain a business even more difficult.

With banks increasing the credit score threshold for borrowing money, businesses have nowhere to turn to find the financing to keep them afloat.

The current political situation with controversial mini-Budgets, U-turns and PM resignations is adding to the problem as risk-averse banks hold back from

lending until the economic outlook becomes more stable.



What can you do?

The question is, what steps can a business owner take to try to avoid their company becoming another statistic?

- Look for efficiencies within your business. No matter how small they may seem, it will all add up.
- Take a good look at your finances. Analyse where the money is going and work out if it is all necessary expenditure.
- Keep a good cashflow. Have you got outstanding debtors? Chase the money in.
- Loyalty is a fine attribute, but if your regular supplier can't match the quote of a competitor, you need to put your business needs first.
- Talk to your accountant. They are there to advise and may be able to see something that you have overlooked.
- Don't give up. Nothing lasts for ever. Batten down the hatches and wait for the storm to pass.

Published in the Wigan Observer 8th November 2022.