

WHY IT IS TIME TO STAND UP TO BIG BUSINESS MANIPULATION

So you think coercion and power, play no role in business -right? , well just maybe your Wrong.

Just like the company, I work for ([HV HIRE](#)) hundreds and if not thousands of these small to medium enterprises across Australia are family owned businesses. This often, will only consist of a handful of highly motivated employee's and their owners. All totally are reliant on the survivability of the business.

Often businesses are run without the deep pockets, to help with long term downturns in the industry they operate. As the income comes in it then also goes straight back out to meet the never ending over heads. Every month, we all hear of several small businesses liquidating and many more on the verge of it. It stated in the media, that the stress associated with the slide in economy has seen a rise in both divorce and suicide rates with many believing that there is no other suitable solution.

If this alone is not convincing enough that, the following issues need to be addressed as a matter of urgency. Then seriously, I do not know what will.



What if I told you that big business uses something as commonplace as invoice payments to manipulate small business? When it comes to big corporations deliberately delaying invoice payments to small businesses most of you will agree this is not new or unheard of. *For some, they see this as just the way it is. If you want to be involved. You have to roll with the flow.*

It is the opinion of many, that for years now some of the large Miners, Oil and Gas giants as well a few of the major construction - engineering companies that are directly associated with them. Are in some way exploiting the services of small contractors through their market power, to gain unfair benefit. This is totally despite the fact that the enormous profits made by these companies, are on the back of some of the services and equipment provided by these small firms.

It is apparent that some really have no understanding or respect of undue pressure on the liquidity and financial health of small businesses. This, in my understanding is clearly abuse of power and dominance.

These big corporations want instant delivery and perfect service on unreasonably short production deadlines. All at a price that you need to limbo under, without breaking your back to maintain. When it comes to paying their dues in a timely manner, these organizations prefer to ignore the little fact of hurdles and raging rivers you crossed to make it happen for them.

Right now across Australia, many small companies are continuing to provide specialist equipment either hired or sold. In addition, a range of engineering technical services including labour hires. It would be apparent to most that working closely with these suppliers. That these smaller entities will go far beyond what their larger competitor firms offering similar services will do. When asked, most of these suppliers will all state that they do this all in the belief and more often hope. In that the demonstrated keenness to deliver the desired customer outcomes when needed will ensure that, they continue to receive purchases orders for their services in the future. Instead of receiving some form of gratitude and or respect. These small businesses are now being rewarded with the big players extending their own payment terms.

The once normal 30 days from invoice or the extended 45 days payment terms are gone. Now with the new normal coming into play, generally we will see the payment of invoice exceed a period of 60 days. Some are even opting for an extended 90 days term.

As a small business you would not be amiss to think, that the accounting departments of these giant bureaucratic labyrinths of industry would even consider processing your trivial requests. When the small businesses that are often run on shoestring, chase up their rightful debt. They can expect to hear back from them in a month or two, if at all.

Actually, until you have sent them multiple copies of the same invoice on a weekly schedule because their flawless accounts department does not have it. If you do not follow this routine, it is more than likely you will not be paid until the next ice age (*it has almost become standard practice now*) The payment demands of small business may seem trivial to these large corporations, but they help drive the cash flow that keeps the doors open.

Does anyone believe that a small business can tell his employees they will not be paid for 90 days or can delay payments to a supplier of theirs without being placed on stop credit?

Like all businesses rates, taxes, wages, and suppliers need to be paid. *Moreover, it is the right thing to do!*



It has to be said that hundreds if not thousands of small and medium businesses seriously run into the risk of bankruptcy due to cash flow problems. Mainly due to their accounts, payable never seems to shrink. It becomes even harder to maintain capital and operational expenditure needed to sustain the small business. The cash flow problems caused are unnecessary given the fact the malicious practice of deliberate delayed payments not only jeopardizes their small business operations and services they offer but also threatens their way of life for the owners and their employees.

We all understand that business is usually today carried out on credit all around the world and that is pretty much an accepted practice. This is why it is so very important not to confuse this problem with the regular credit payment transactions. What we are talking about here are businesses that deliberately like to leave the smaller fish hanging, because they think they cannot survive without their contracts and or purchase orders.

Since when did they become banks - It seems to me that, many of the big companies are deliberately using small companies as their line of credit facility without having any regard for the small business liquidity requirements. As with all banks or line of credit offers, interest is charged at premium rates.

Another dimension of this problem that compounds the misery for small and medium businesses is the pressure from the government for tax collection. The tax office has intensified its campaign to pursue collection from non-payers, particularly targeting small and medium businesses in the process. They carry on despite [acknowledging](#) that delays in payments from bigger corporations are making it difficult to small businesses to be able to pay their dues.

This speaks volumes of the pressure that small and medium businesses are under to survive, as the dues further shrink the cash vault. This problem has grown so big because small enterprises value their business so much that they lack the courage to stand up to their malpractice.

As small and medium businesses tolerate more abuse, the more abuse they get. Thanks to the complete lack of resistance to the practice of deliberate delays in payments, this has become the norm in the industry. It is something that you just expect that would happen.

The first step toward overcoming this problem is to recognize that it is one. Something which many small businesses are not able to do for the fear of losing what they already have. While an opinion is such as, that it may not be appreciated by many other small businesses not wanting to upset the apple cart inside the industry sectors involved. Let alone the big corporations, which thrive on the very helplessness that bounds their small business hands.

It does not change the inconvenient facts, it is about time that small businesses should stop suffering in fear and must raise their voices against this unethical practice. Small and medium businesses in Australia

should come together on platforms such as the SME association of Australia, LinkedIn or through the business chambers not only to counter the manipulation of companies in the mining and resources industry and engineering companies, but all big corporations across the board.

Not only that, small and medium businesses should unite to lobby for new legislation that would require businesses to clear their invoices within a particular time period, or be liable to penalties, unless they have a genuine and reasonable explanation to offer.

As small and medium businesses, we have been withstanding the worst of tax collection campaigns from the government, while the officials in the revenue department are well aware of the reasons behind poor cash flow in small businesses. We should see the government pressure big corporations like that, to stop deliberately delaying payments to small contractors for smooth tax collection and improving the state of the economy.

While many of our friends in the business community would see such measures to be government overreach and interference in private business affairs, we must draw a line between fair dispute resolution and infringing on the freedom of private businesses. At [HV Hire](#), this issue is very close to our hearts, because we have seen families affected from the cash flow problems hurting small businesses.

We often hear people in the media and in the business community complaining about the rising unemployment. Some people cite the end of mining boom as the culprit, while the other blame the global recession. However, what many of them forget is that the small and medium enterprises and the services sector are the greatest job producers in Australia.

It is time we stand up to big corporations for the rights of small and medium businesses that drive our economy, and drop our irrational fear of government intervention to put an end to this injustice.

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Seriously, I would love to hear what others think